

1 JESSE W. MARKHAM, JR. (CA SBN 87788)  
WILLIAM L. STERN (CA SBN 96105)  
2 JENNIFER LEE TAYLOR (CA SBN 161368)  
KEITH L. BUTLER (CA SBN 215670)  
3 JMarkham@mofocom  
MORRISON & FOERSTER LLP  
4 425 Market Street  
San Francisco, California 94105-2482  
5 Telephone: 415.268.7000  
Facsimile: 415.268.7522

6 Attorneys for Plaintiff  
7 COALITION FOR ICANN TRANSPARENCY INC.

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

12 COALITION FOR ICANN TRANSPARENCY  
INC., a Delaware corporation,

13 Plaintiff,

14 v.

15 VERISIGN, INC., a Delaware corporation;  
16 INTERNET CORPORATION FOR ASSIGNED  
NAMES AND NUMBERS, a California  
17 corporation,

18 Defendants.

Case No.

**DECLARATION OF TARYN  
NAIDU IN SUPPORT OF THE  
COALITION FOR ICANN  
TRANSPARENCY'S  
APPLICATION FOR AN *EX*  
*PARTE* TEMPORARY  
RESTRAINING ORDER**

19  
20 I, Taryn Naidu, hereby declare:

21 1. I am the president of Pool.com, Inc. ("Pool.com"). I have personal knowledge of  
22 the facts stated herein and could testify competently to them if called to do so.

23 2. As president of Pool.com, I have responsibility for operations. Prior to working  
24 for Pool.com, I worked as a web developer for Momentous.ca ("Momentous.ca") and as a  
25 software consultant for Koni Ameri Tech Services Inc. (KATSI), a time-material consulting  
26 practice. As a result of my work at Pool.com, Momentous.ca, and KATSI, I am very familiar with  
27 the domain name registration system and the technical operation of the Internet in general.  
28



1 each of whom has seven connections to the registry, it would be able to use simultaneously  
2 seventy connections to the registry to register domain names.

3 5. When a potential registrant sees that a particular .com or .net domain name has not  
4 been renewed and is about to expire and be released, the potential registrant can contact his or her  
5 registrar and "back order" the domain name. The registrar will work with its back order service  
6 provider to attempt to register the domain name when it is released by VeriSign. VeriSign's  
7 system automatically releases the expired domain names daily, starting at 2:00 p.m. Eastern time  
8 and continuing until all of the expired domain names are released. In the meantime, the back  
9 order service providers who have orders for any of the domain names to be released on a  
10 particular day will use all of their pooled registry connections to attempt to register the domain  
11 name on behalf of the registrant. Back order service providers compete to maintain the most  
12 extensive and effective connections to enhance their customers' prospects for winning ownership  
13 of the domain names that they seek. Thus, if a back order service provider has seventy permitted  
14 connections, all seventy connections will attempt to register the domain name as it is released by  
15 VeriSign. The back order service provider that is successful in obtaining the domain name  
16 through one of its registrar partners will then turn the domain name over to the interested  
17 customer. If there is more than one back order placed on a particular domain name through  
18 registrars partnered with a single back order service provider, the back order service provider  
19 usually will put the domain name up for auction on its website. The auction is open to anyone  
20 who placed an order on the domain name prior to the domain name being acquired by the back  
21 order service provider.

22 6. The back order service is a robust and competitive business, with millions of  
23 dollars in revenue and hundreds of registrars competing in the market. In some instances, no  
24 back order service is required, and in those transactions recent prices have ranged approximately  
25 between \$6.95 and \$7.50 to register a new or previously released domain name. Of this, VeriSign  
26 collects \$6.00 in the case of the .com registry fee and \$4.25 in the case of the .net registry fee,  
27 which amount is set pursuant to the current .com and .net registry agreements that VeriSign has  
28 with ICANN. The balance is retained by the new owner's registrar. When a domain name is

1 considered valuable, it is likely to be registered through use of a back order service. Recent  
2 competitive prices for these services have been in the range of \$60. Of this, VeriSign collects  
3 \$6.00 for the registry fee for .com domain names and \$4.25 for .net domain names. The  
4 remaining amount is split between the back order service provider and all of its registrar partners.  
5 Under current competitive conditions, it is common for the back order service provider to retain  
6 (after deducting VeriSign's fee) 50% of the amount and for the registrar partners to split the  
7 remaining 50%. If a domain name is auctioned by a back order service, the amounts are split in  
8 the same fashion. VeriSign still receives its set \$6.00 or \$4.25 registry fee, the back order service  
9 provider still receives 50% of the auction price (after deducting \$6.00) and the registrar partners  
10 still split the remaining 50% of the auction price (after deducting \$6.00).

11 7. If a domain name has been placed up for auction because there was more than one  
12 potential registrant that placed a back order, the back order service provider will indicate on its  
13 website that the domain name is being auctioned. In addition, the back order service provider  
14 will link a web page to the domain name while the auction is in process. The web page will  
15 advise individuals who come across the website that the domain name is currently in an auction,  
16 and will also include a variety of links to related websites that might be of interest to individuals  
17 who came across the web page in the course of an online search.

18 8. These links are set up through agreements with Yahoo!, Google and other search  
19 engines that offer sponsored links through their web sites to companies who are willing to pay the  
20 search engines for increased traffic. A sponsored link is created as a result of an agreement  
21 between a vendor and a search engine whereby the search engine agrees to display a link to the  
22 vendor's website any time an Internet user searches for a particular term. For example, if one  
23 searches for "shoes" on Google, one might find sponsored links to JCPenney, Overstock, and  
24 Zappos.com. If the Internet user clicks on the sponsored link, the vendor will pay the search  
25 engine a contracted fee. This service is called Pay Per Click, and has proven a very effective  
26 advertising technique for vendors and very profitable for search engines. The Pay Per Click  
27 service also aids Internet users to find their way to helpful and relevant websites by permitting  
28

1 them to use generic terms in their searches rather than forcing them to memorize long domain  
2 names.

3 9. The Pay Per Click service is growing market. According to VeriSign's August  
4 2005 *The Domain Name Industry Brief*, which is available on its website, the Pay Per Click  
5 advertising market is a driver of new domain name registrations. Recognizing the value in the  
6 Pay Per Click market, domain name registrants are increasingly setting up parked web pages that  
7 merely display sponsored links through which they receive revenue. These parked websites may  
8 use common generic terms in their domain names, or may use misspellings of such terms, such as  
9 www.asprin.com. Rather than wade through lengthy listings in search results for generic terms,  
10 Internet users take advantage of the previously selected sponsored links found through parked  
11 web pages that are accessible through generic or misspelled domain names. Each time an Internet  
12 user clicks on a sponsored link through one of these websites, the domain name registrant  
13 receives a portion of the fee that the vendor has agreed to pay to the search engine through which  
14 the sponsored link was placed. Vendors are willing to pay these fees because the sponsored links  
15 increase traffic to their websites, which may result in increased sales. According to VeriSign's  
16 August 2005 *The Domain Name Industry Brief*, the average amount paid per click is about \$1.72,  
17 but it can vary from pennies to \$15.00 or more. VeriSign recognizes the Pay Per Click market as  
18 a growth opportunity for registrants. Attached hereto as Exhibit A is a true and correct copy of  
19 VeriSign's August 2005 *The Domain Name Industry Brief*.

20 10. The Pay Per Click market is also a growth opportunity for back order service  
21 providers. During the period when recently expired domain names are being auctioned as a result  
22 of multiple back orders being placed for the same domain name, back order service providers  
23 offer a Pay Per Click service by posting sponsored links on websites linked to the domain names  
24 under auction. Through their agreements with search engines such as Yahoo!, Google, and other  
25 providers, back order service providers receive a portion of the fee that the vendor has agreed to  
26 pay to the search engine each time that an Internet user clicks on a sponsored link. For example,  
27 if an Internet user was looking for computers and typed www.computers.com, it might receive a  
28 web page indicating that the domain name was for sale and including sponsored links to a variety

1 of websites offering computer products for sale. If the Internet user clicks on one of the linked  
2 websites, the back order service provider will receive a portion of the Pay Per Click fee from the  
3 vendor.

#### 4 VeriSign's Proposed New Services

5 11. Under the terms of the new .com and .net registry agreements, VeriSign will be  
6 permitted to offer additional services that may affect the services offered by registrars, registrants,  
7 and back order service providers. Two such services have already been identified by VeriSign:  
8 the Central Listing Service ("CLS") and the SiteFinder service. As a result of numerous  
9 conversations I have had with individuals at VeriSign and in the industry, including at a VeriSign  
10 engineering conference a few weeks ago in Washington, D.C., and my attendance at discussions  
11 about the CLS service at the ICANN conferences held earlier this year in Argentina and in  
12 December 2004 in Cape Town, South Africa, I am familiar with the CLS service. I am familiar  
13 with the SiteFinder service from having reviewed it when VeriSign launched it last year and from  
14 my knowledge of how the domain name industry works. Both of these services will affect the  
15 ability of registrars, registrants, back order service providers and even browsers to compete in the  
16 marketplace. The CLS service in particular will eliminate the back order service provider market,  
17 which is Pool.com's primary business. Attached hereto as Exhibit B is a copy of a VeriSign  
18 WebEx presentation describing the CLS service.

#### 19 1. VeriSign's CLS Service

20 12. The CLS service will affect the manner in which expired .com and .net domain  
21 names are released to the public and will eliminate the back order service market. Under the  
22 current system, when a .com or .net domain name is not renewed by the registrant it enters the  
23 "expiry period." The expiry period is designed to protect registrants from the accidental deletion  
24 of a domain name. Although a registrant may have no more interest in a domain name and may  
25 have decided not to renew it, the registry automatically renews all domain names upon expiration  
26 and gives the registrar up to forty-five days to inform the registry that the domain name is to be  
27 deleted. Once the registrar confirms with the registry that the domain name is to be deleted, the  
28 domain name enters the redemption grace period. During this period, a registrant who failed to

1 renew its domain name may do so upon payment of a fee above the standard \$6.00 or \$4.25  
2 registry fee. At the end of the redemption grace period, the domain name is added to the pending  
3 delete file and all of the registrars are notified that it is pending deletion. At that point, they may  
4 use their back order service providers to try to register the domain name on behalf of their  
5 registrants, as discussed above in paragraph 5.

6 13. Under the proposed CLS service, the pending delete period, as well as the daily  
7 release of deleted domain names, will be eliminated. Instead, VeriSign will notify all registrars  
8 who have signed the CLS service agreement of the domain names to be deleted, and will hold a  
9 five-day auction for all of the domain names. If there are no bids on a particular domain name, it  
10 will be released by VeriSign and can be registered as with any other previously unused domain  
11 name. If there is a successful bid for the domain name, VeriSign will deduct the bid amount (plus  
12 the \$6.00 or \$4.25 registry fee) from the successful registrars' account and the domain name will  
13 enter a ten-day grace period. This grace period is designed to permit the registrars to collect the  
14 bid amount from the successful registrant to complete the auction. If the auction is completed,  
15 the domain name will be transferred to the registrar of the successful registrant. If the auction is  
16 not completed, perhaps because the bid amount is not paid, the domain name will be relisted for  
17 auction for another five-day period.

18 14. Although a registrar has no ownership interest in a domain name, if the registrar  
19 that released the domain name has signed the CLS agreement, then the registrar will receive 90%  
20 of the auction bid. VeriSign will receive the remaining 10%. If the registrar that released the  
21 domain name has not signed the CLS agreement, then VeriSign will place 90% of the bid amount  
22 in a fund to be used for marketing. Neither the prior registrant nor the registrar for the successful  
23 bidder will receive any portion of the bid amount, and the back order service provider market will  
24 be eliminated.

25 15. In addition, under the current system, a registrar is permitted to return a newly  
26 registered domain name within five days of registration and be refunded the full \$6.00 or \$4.25  
27 registry fee. Under the proposed CLS service, this "grace period" will be eliminated, although it  
28 is an important feature for operators in the Pay Per Click market. As mentioned above, domain

1 name registrants are increasingly setting up parked web pages that merely display sponsored links  
2 through which they receive revenue and guide internet users to targeted websites. This is one of  
3 the primary and innovative new forms of advertising permitted on the Internet. Each time an  
4 Internet user clicks on a sponsored link through one of these websites, the domain name registrant  
5 receives a portion of the fee that the vendor has agreed to pay to the search engine through which  
6 the sponsored link was placed. Numerous Pay Per Click service providers currently use the five-  
7 day grace period to test domain names to see if they are suitable for use in the Pay Per Click  
8 market. If they do not generate sufficient traffic, the registrants are permitted to return the  
9 domain names to the registry within five days to receive a full refund of the registry fee. The  
10 CLS service will eliminate this grace period, curtailing this service that has been successful in the  
11 competitive marketplace as it currently exists.

## 12 2. VeriSign's New SiteFinder Service

13 16. VeriSign has also announced a new service that it calls SiteFinder. VeriSign has  
14 the unique position of being able to control the content for all unregistered .com and .net domain  
15 names. Under the current system, if an Internet users types in a domain name that is not  
16 registered, a standard error page will be returned. Under the proposed SiteFinder service, the  
17 standard error page will not be returned. Instead, VeriSign will have use of the entire untapped  
18 domain name market to display targeted marketing sponsored links to all Internet users.

19 17. Under the SiteFinder service, VeriSign is proposing to replace the standard error  
20 page with a customized VeriSign page that states that the desired page could not be found and  
21 offers some links to domain names with similar spellings (the "VeriSign SiteFinder page"). For  
22 example, if an Internet user types in www.bokkstore.com and the domain name is not registered,  
23 the user will be directed to a VeriSign SiteFinder page at www.bokkstore.com listing links such  
24 as www.bookstore.com or www.bkstore.com. If VeriSign has an agreement with the owners of  
25 these websites, either directly or through a search engine, it might be paid a Pay Per Click fee for  
26 anyone who clicks through from the VeriSign SiteFinder page. This VeriSign SiteFinder page  
27 would be displayed as an active website. Thus, when an Internet user tries to access  
28

1 [www.bokkstore.com](http://www.bokkstore.com) through a web browser, the web browser will return the VeriSign SiteFinder  
2 page.

3 18. Because of VeriSign's unique position as the depository of all unregistered .com  
4 and .net domain names, only VeriSign will be able to offer consumers a "sitefinder" service, and  
5 only VeriSign (and its search engine partner) will receive revenue from sponsored links offered  
6 through "sitefinder" services. Moreover, VeriSign's proposed price increase will drive some of  
7 those who are currently active in the Pay Per Click market out of the market, resulting in more  
8 unregistered domain names that VeriSign can use for its SiteFinder service. As mentioned above,  
9 domain name registrants are increasingly setting up parked web pages that merely display  
10 sponsored links through which they receive revenue. These parked web pages are profitable only  
11 if they derive more revenue than they cost (with the primary cost being the registration fees). If  
12 the registry fees payable to VeriSign increase by 7% a year, as proposed under the new .com  
13 registry agreement, registrants will permit a number of previously profitable domain names to  
14 expire because they will no longer be profitable. Once they expire, VeriSign, which will not have  
15 to pay registry fees, will be able to use these domain names to derive revenue under its new  
16 SiteFinder service. Thus, VeriSign's new pricing structure, combined with its SiteFinder service,  
17 will put VeriSign in the unique position where it can take domain names that were previously  
18 profitable to third parties and use them to derive a profit for VeriSign.

19 19. In addition, because VeriSign has eliminated the five-day grace period described  
20 above in paragraph 15, VeriSign will be in the unique position of being able to test .com and .net  
21 domain names to see if they are suitable for use in the Pay Per Click market without paying a  
22 registry fee. If they generate sufficient traffic, VeriSign can use this information (which is solely  
23 available to VeriSign as the registry) to select .com and .net domain names that it might want to  
24 retain or to offer to an associated entity. No one will be able to compete with VeriSign in this  
25 market because every other registrant will have to pay the nonrefundable \$6.00 or \$4.25 registry  
26 fee even to test traffic on an expiring domain name.

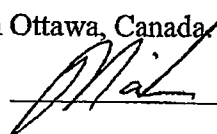
1 **Pool.com's Irreparable Harm**

2 20. VeriSign has stated that it intends to offer its new CLS service in early December,  
3 after the new .com registry agreement is signed. If VeriSign does so, the harm to Pool.com and  
4 other back order service providers will be immediate and irreparable. In the case of Pool.com, we  
5 derive approximately 90% to 95% of our revenue from the back order services that we provide.  
6 If VeriSign launches the CLS service, the CLS service will displace (and shut down) the back  
7 order services offered by Pool.com and we will immediately lose nearly our entire revenue  
8 stream. Pool.com has certain financial obligations, such as rent, internet connectivity and co-  
9 location costs associated with our servers, that we would likely not be able to meet without any  
10 revenue from our core back order service business. This will result in the immediate layoff of  
11 trained and skilled employees, the termination of beneficial contracts between Pool.com and  
12 numerous registrars, and possible insolvency.

13 21. Even a temporary offering of the CLS service will irreparably harm Pool.com. A  
14 temporary launch of CLS by VeriSign will force Pool.com to cease generating revenue from its  
15 core back order service business and result in layoffs and a possible inability to meet our financial  
16 obligations. We will not be able simply to restart our back order services after a temporary  
17 offering of CLS. Before we can resume offering back order services, we will need to  
18 renegotiate contracts with registrars and hire employees. We may be able to rehire some of our  
19 former employees, but some of the most valuable employees will likely have found alternative  
20 employment and will no longer be available. It would take Pool.com a significant amount of time  
21 to reestablish our position from even a short temporary shut down of our core back order service  
22 business. If the shut down lasted more than a month, I am doubtful that we would be able to wait  
23 out the period and restart the business.

24 I declare under penalty of perjury under the laws of the United States that the foregoing is  
25 true and correct.

26 Executed this <sup>25<sup>th</sup></sup> day of November, 2005, in Ottawa, Canada.

27   
28 \_\_\_\_\_  
Taryn Naidu

# EXHIBIT A



## The Domain Name Industry Brief

Volume 2 - Issue 3 - August 2005

### The VeriSign Domain Report

As the global registry operator for .com and .net, VeriSign closely monitors the state of the domain name industry through a variety of statistical and analytical research. As the leading provider of intelligent infrastructure for the Internet, VeriSign provides these key trends to educate industry analysts, media, and businesses on important trends in domain registrations. This brief details current trends in the industry, highlighting key performance indicators and growth opportunities.

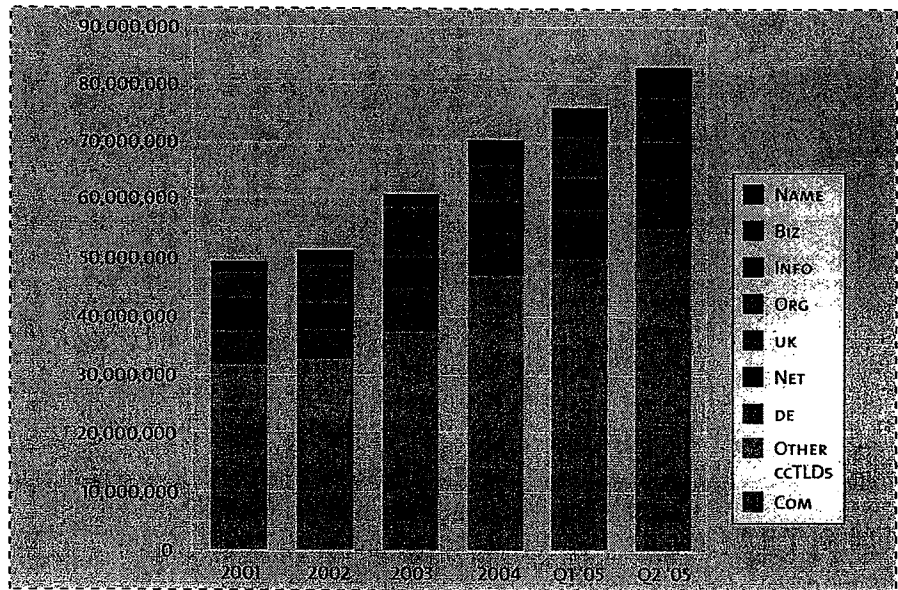


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**+ Executive Summary**

The number of domain names worldwide reached a record 82.9 million at the end of the second quarter 2005. This reflects an eight percent growth in the base over the first quarter of 2005 and a 28 percent increase year over year. The quarter over quarter growth has remained at about eight percent since the fourth quarter of 2004. In terms of the total registrations, .com remained the largest Top Level Domain (TLD). The German Country Code TLD (ccTLD), .de, was the second largest with .net and the British ccTLD, .uk, taking the next two spots. These rankings have remained unchanged since second quarter 2004 when .net surpassed .uk.

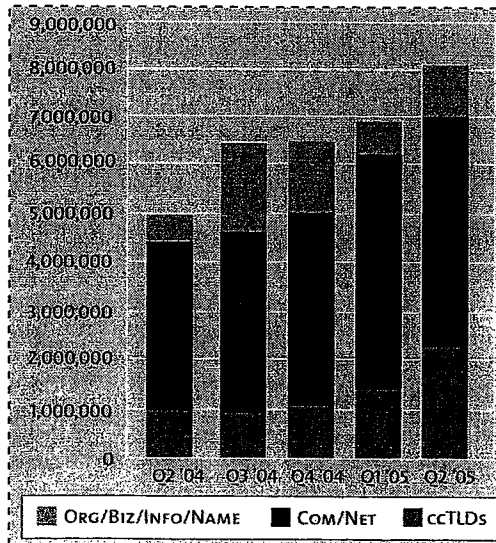
Total Domain Name Registrations



**Total Domain Name Registrations**

Sources: Zooknic, July 2005; VeriSign, July 2005

New Registration Growth



**+ Industry Growth and Composition**

**Growth**  
As measured by the number of new registrations, the domain name industry experienced continued strong growth. More than 8.1 million new domain names were registered in the second quarter of 2005. This is an increase of 16 percent over the first quarter of 2005 and a 63 percent increase year over year. The continued acceleration of using domain names to generate Pay-Per-Click advertising revenues was a big driver of the new unit growth.

**New Registration Growth**

Sources: Zooknic, July 2005; VeriSign, July 2005; Cyveillance, August 2005; ICANN Monthly Reports

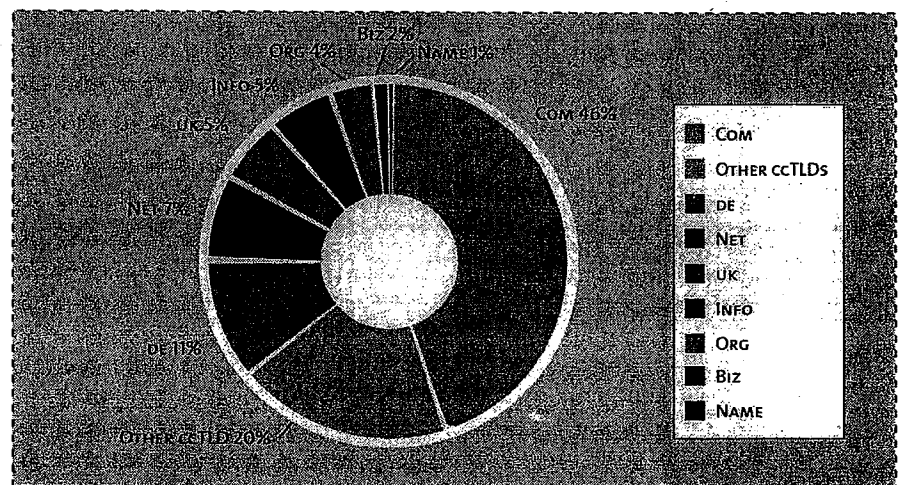
Growth was also driven by price promotions and discounts. Several registrars offered domain name registration at an extremely low price if registered as a part of a bundle of other products and services.

Domain name registries are offering domain names at low prices with .info at \$0.75 and .org at \$1.00 for registrants from Latin America and India, both for one-year terms. VeriSign reduced .net registration fees on July 1 to \$4.25 for a one-year term, inclusive of a \$0.75 ICANN fee. Registries are also trying new promotion tactics. For example, .name is offering a bulk registration program with a 60-day trial period. The program has contributed to a 118 percent increase in the registered names as of the second quarter 2005.

**Industry Composition**

At 46 percent of all domain names, .com maintained its position as the largest TLD. The ccTLDs, as a group, accounted for 35 percent followed by .net at 7 percent. The alternate Generic Top Level Domain Names (gTLDs) such as .org, .biz, .info and .name, collectively accounted for 11 percent. The overall composition of the domain name industry has remained relatively constant for the last few quarters.

Industry Composition\*



**Industry Composition**

Sources: Zooknic, July 2005; VeriSign, July 2005

<sup>1</sup> Due to numerical rounding, percentages may not equal 100%

**ccTLD Breakdown**

The vast majority of ccTLD registrations are attributable to a small number of ccTLD registries. Out of the more than 240 ccTLDs, the top ten account for 71 percent of all ccTLD registrations. With an impressive 23 percent growth in domain names quarter over quarter, the Chinese ccTLD (.cn) entered the top ten displacing .dk (Denmark). All of the top ten ccTLDs with the exception of .us (United States) saw growth in the second quarter.

The largest ccTLD continues to be .de (Germany) in terms of the total base of domain name registrations with .uk (United Kingdom) as the second largest. Together, .de and .uk represent 44 percent of the ccTLD base with the growth rates of three percent and five percent in the second quarter 2005 over the first quarter 2005, respectively. This represents a slight dip in the .uk growth rate.<sup>1</sup>

<sup>1</sup> Zooknic, July 2005.



ccTLD Breakdown

Source: Zooknic, July 2005

TOP CCTLD REGISTRIES BY DOMAIN NAME BASE, SECOND QUARTER 2005

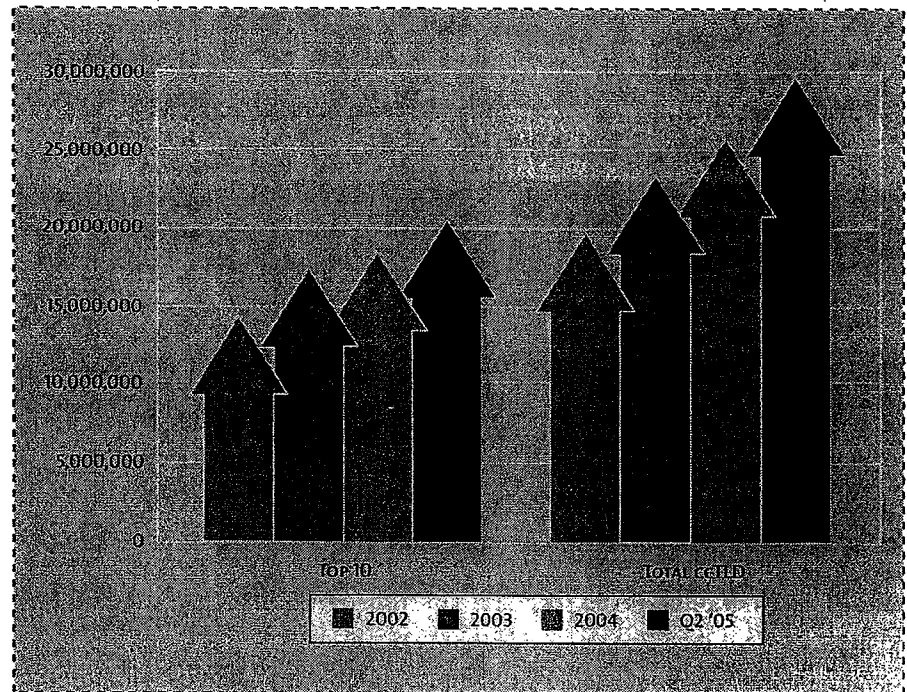
1. .de (Germany)
2. .uk (United Kingdom)
3. .ar (Argentina)
4. .nl (Netherlands)
5. .it (Italy)
6. .us (United States)
7. .br (Brazil)
8. .ch (Switzerland)
9. .cn (China)
10. .jp (Japan)

Zooknic, July 2005

<sup>2</sup> VeriSign statistics on daily queries reported for Business Week at [http://www.businessweek.com/technology/tech\\_stats/nettraffic050703.htm](http://www.businessweek.com/technology/tech_stats/nettraffic050703.htm).

<sup>3</sup> For .com and .net domain names due to the dramatic increase in new registrations related to the PPC industry, VeriSign will now report an adjusted base of active names which adjusts the active base number to include potential deletions that occur within the five-day Add Grace Period beyond the quarter end. This figure may differ from other publicly available sources.

ccTLD Breakdown



+ .Com/.Net Dynamics

VeriSign processed an average of 14.9 billion .com and .net queries per day in second quarter of 2005, resulting in millions of Internet users accessing Web sites or sending email.<sup>2</sup> The VeriSign Domain Name System (DNS) continued to maintain operational accuracy and stability for 100 percent of the time during the second quarter of 2005.

The .Com and .Net Base

There were 44.2 million .com and .net domain names at the end of the second quarter 2005.<sup>3</sup> This was an increase of seven percent over the first quarter of 2005 and a 30 percent increase year over year.

New Registrations

By the end of second quarter 2005, 4.2 million new .com and .net domain names were registered. This is a one percent increase over the first quarter of 2005 and a 39 percent increase year over year. One of the drivers behind this growth in new registrations is registrants setting up websites to derive revenue from PPC advertisements placed on the websites.

Renewals

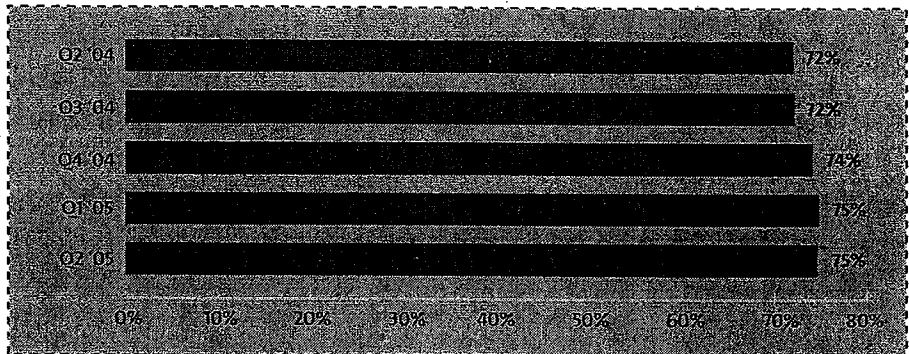
Continuing an upward trend that began in 2003, registry renewal rates for .com and .net reached 75 percent in the second quarter of 2005. This high renewal rate indicates the continuing strength of the domain name industry.



**.Com/.Net  
Registry Renewal Rates**

Source: VeriSign. August 2005

**.Com/.Net Registry Renewal Rates**

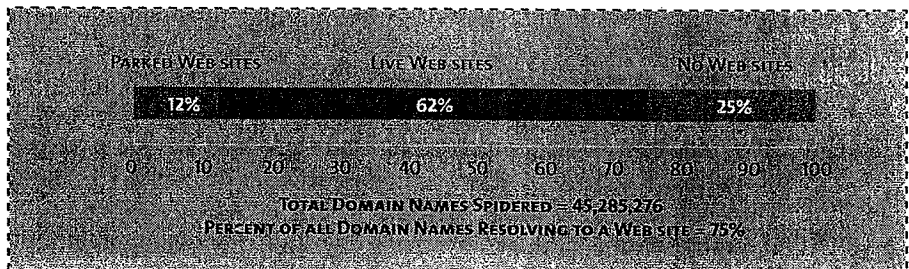


Domain name usage, or the number of domain names that are associated with a Web site, is a key contributor to the high renewal rates. In a recent study of all .com and .net domain names, 75 percent of these names are currently associated with a Web site; 62 percent are live sites and 12 percent are parked sites. Live Web sites are those being used by an organization or an individual. Parked Web sites are defined as Web sites that are not actively being used, but are associated with a domain name.<sup>4</sup>

**.Com/.Net Web Sites\***

**.Com/.Net Web Sites**

Source: Cyveillance. August 2005



<sup>4</sup> Due to numerical rounding, percentages may not equal 100%.

**+ Opportunities for Growth**

The online advertising market, particularly the Pay-Per-Click (PPC) advertising market, is a driver of new domain name registrations. In the PPC advertising model, advertisers agree to pay a certain amount each time someone clicks on an advertising link. Advertisers bid on the keywords to which their advertising links will be associated. Through programs like Google's AdSense and more recently, Yahoo Search Marketing's Content Match, content sites can apply to place contextual advertising links on their Web site and generate revenue. The advertising links appear on content sites that are contextually associated with the keywords. Thus, on a Web site about baseball, the Internet user may see advertising links related to baseball.

Domain name registrants are registering domain names to set up parked Web pages that display these contextual advertising links - and then benefiting from the advertising revenue when visitors click on the advertising links. The company that serves the advertisements shares revenue with the domain name registrant according to a negotiated split. The average amount paid per click is about \$1.72.<sup>5</sup> Some keywords are more valuable than others as exemplified by the term "home equity loan" having a maximum bid price of more than \$15.00 per click while the term "shoes" is at \$0.59.<sup>6</sup>

<sup>4</sup> "Live" Web sites include sites that are classified as live, redirected, under construction, or for sale.

<sup>5</sup> Fathom Online Keyword Price Index \* (KPI™). <http://www.fathomonline.com>, June 2005.

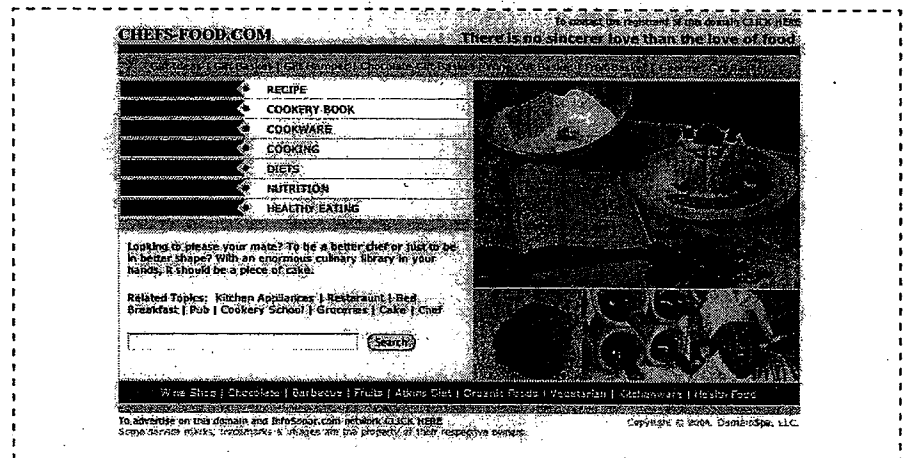
<sup>6</sup> Yahoo Search Marketing Bid Tool, July 2005.

Internet users generally arrive at these so called PPC-purposed Web sites via direct navigation, directly typing in a domain name in the browser's address bar. In direct navigation, Internet users are using the address bar much the way they might use a search engine except in this case, they end their query with a domain name extension, typically .com. Recent research in North America revealed that business and consumer Internet users typically locate a Web site for the first time by typing directly into the browser's address bar between 51 and 59 percent of the time<sup>7</sup>.

Sample Domain Name Parking Page

Sample Domain Name Parking Page

Source: DomainSpa, August 2005.



The online advertising market is expected to be \$14.7 billion in 2005 with the paid search market growing 33 percent this year.<sup>8</sup> Recent studies show that Internet users spend about the same time online as they do watching television. As Internet users spend more time online, advertising dollars are beginning to follow user behavior and shift away from traditional channels like televisions and magazines to the Internet. This growth in PPC advertising offers a growth opportunity for registrants as they seek to monetize their domain name registrations directly via parked Web pages with advertising links or via sale in the secondary market.

+ 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), operates intelligent infrastructure services that enable individuals and businesses to find, connect, secure, and transact across today's complex global networks.

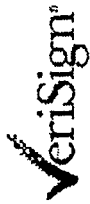
Zooknic Methodology

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 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).

<sup>7</sup> North America Domain Name Market Study. Wardward Directive, June 2005.

<sup>8</sup> Ad Executives Are Upping Online Ad Budgets. eMarketer, May 2005.

# EXHIBIT B



# Software Development Kit (SDK) Review for Central Listing Service October 13, 2005



Jim Gould, Engineering – Research & Development  
Will Shorter, Customer Service

Where it all comes together.

Participants | Polling

- Participants: 3
- Jessica Clark (Host)
- Ben Levac
- wshorter

Raise Hand Mute

Chat

Send to: All Participants

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Info CLS SDK 3.2.0.2

# Logistics and Agenda

- + Logistics for CLS Webinar
  - Conference Call Number 1.719.955.0567 or 1.800.884.7896 Participant code 669338
  - Please place your phones on mute. Thank you.
  - Question and Answer Period to follow presentation
- + Central Listing Service Launch
  - Timeline for SDK, OTE and Project Launch
- + Updates in the Domain Name Lifecycle
- + Highlights of the CLS Service
  - Bid Process Mechanics
- + Name Store Manager Functionality
  - Updates to NameStore Manager Tool
- + SDK Information and Instructions
  - New SDK information and instructions contained in the latest release of the Name Store SDK 3.2.0.2
- + Questions and Answer Period



Meeting number: 335 022 181

Connected

Participants 4 / Polling

- Participants: 4 /
- Jessica Clark (Host)
  - ◆ Ben Levac
  - James Gould
  - wshorler

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POWERED BY

## Central Listing Service Overview and Timeline

- + Overview
  - The Central Listing Service addresses the need for a more orderly and efficient process to manage the demand for deleting domain name registrations.
  - Through the Central Listing Service, all deleting .com and .net domain name registrations, including Internationalized Domain Names (IDNs), will be automatically included in the Central Listing Service at the beginning of the pending delete period to facilitate the registration of deleting domain names through an auction-style process.
- + Timeline: Pending ICANN Approval
  - October 10: CLS Information and Instructions Released in Name Store SDK 3.2.0.2
  - October 13: SDK/CLS Review Webinar for Registrar Engineering Staff
  - November 2: CLS Business and Marketing Webinar
  - Late November: CLS goes live in NameStore OT&E
  - Early December: CLS goes live in NameStore Production



Participants 5 / Polling

- Participants: 5 /
- Jessica Clark (Host)
  - Ben Levac
  - James Gould
  - thldm
  - wshorter

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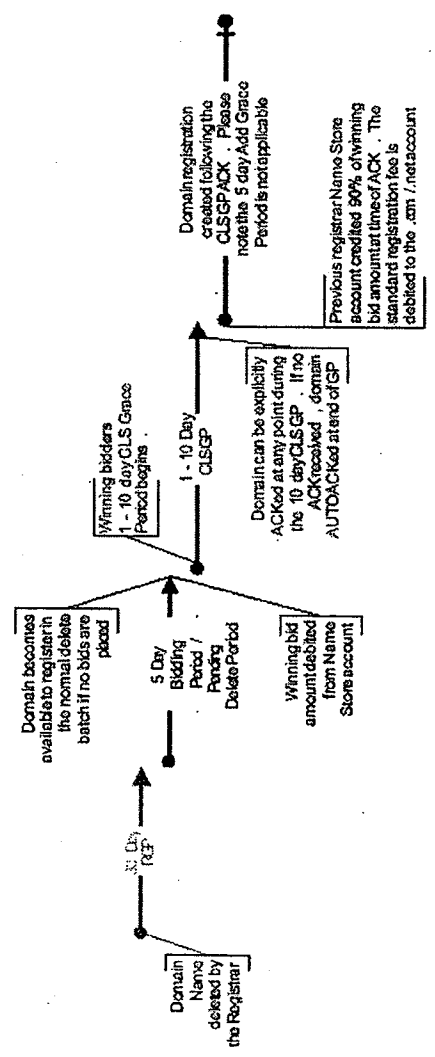
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# Central Listing Service Operations Timeline

Timeline for Central Listing Service



Participants: 5

Participants: 7

- Jessica Clark (Host)
- Ben Levac
- James Gouid
- thidm
- wshorier

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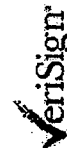
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## Highlights – Bid Process Mechanics

- + Ascending proxy model
  - Registrar submits the highest price a customer is willing to pay and the service acts as a proxy submitting the lowest price needed to be winning bid.
  - Only the registrar who has submitted the bid will have visibility into their submitted highest bid – CSRs will not have this visibility
- + Starting price of Zero Dollars (\$0)
  - The sole bidder would receive the domain name for the price of a registration fee
- + Winning price will increase by tiered increments
  - \$0.00 - \$49.99 \$0.50
  - \$50.00 - \$99.99 \$2.50
  - \$100.00 - \$499.99 \$5.00
  - \$500.00 - \$999.99 \$25.00
  - \$1,000.00 - \$2,499.99 \$50.00
  - \$2,500.00 - \$9,999.99 \$100.00
  - \$10,000.00 and up \$250.00
- + Bidding Process ends after there has been 5 minutes of no change to the winning bid following the published end time of 2pm EST of day 5
- + Registrars will be notified via email alerts and EPP poll queues of changes to their bids – including being outbid and winning the bidding process



Participants 5 / Polling

- Participants: 5 /
- Jessica Clark (Host)
- Ben Lévac
- James Gould
- Jolly Park
- wshorter

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