

Melbourne IT to acquire VeriSign's Digital Brand Management business for US\$50m

- Creating #1 global provider of digital brand services
- EPS neutral in 2008
- Expected to be EPS accretive full year 2009

Melbourne IT Limited (ASX:MLB) today announced it will acquire the assets of VeriSign, Inc.'s (NASDAQ:VRSN) global Digital Brand Management Services (DBMS) business for US\$50m, effective 1 May 2008.

The acquisition will significantly boost Melbourne IT's scale and market share in the digital brand protection and performance market. The VeriSign DBMS business and Melbourne IT's existing Corporate Brand Services division will be integrated to create the global number one digital brand services company. The combined business will help enterprise clients to manage, monitor, protect and optimise the performance of their digital brands.

The deal will be funded by a US dollar denominated credit line with the National Australia Bank and is expected to be EPS accretive in 2009. The purchase price of US\$50m represents a multiple of less than 10 times EBITDA for the 12 months to 31 March 2008.

Acquisition expected to quadruple current enterprise client base to more than 2,500

"We firmly believe that the importance of the internet as a medium for business, communications and marketing will continue to develop and that digital brands will form the cornerstone of e-commerce transactions within this critical medium. By acquiring the DBMS business from VeriSign we will boost our current Corporate Brand Services division to number one position in this growing global market. We have seen some consolidation in this arena in the past 12 months and we wanted to decisively position Melbourne IT as the leading global provider in this field. Melbourne IT already has a market leadership position in this space in the Asia Pacific region and Europe. The acquisition of VeriSign DBMS is expected to quadruple our current enterprise client base, provide a leading market position in the Americas and deliver a 200% increase in the number of digital brands managed on behalf of our clients," said Mr Theo Hnarakis, Melbourne IT CEO and Managing Director.

Mr Hnarakis added "Our combined Digital Brand Services division is expected to manage brands for over 2,500 corporations, and provide global coverage for our clients with local service via more than 200 staff across 14 offices in the Americas, Europe, and the Asia Pacific region."

Importance of managing, monitoring, protecting and optimising digital brands growing

Trends driving growth in the digital brand protection and performance market include online advertising, search engine marketing and e-commerce, which experienced growth in excess of 20% in 2007. At the same time as digital brands are booming, the vulnerability of these brands to malicious attack is escalating. In 2007, the incidence of cybersquatting increased 18% and more than US\$3.2b was extorted by phishing scams in 2007 in the US alone.

"The performance and security of digital brands is of growing importance for enterprises across the world. Digital brand management, monitoring, protection and performance optimisation are critical services to help companies safeguard their brands and their customers from fraudulent activity," Mr Hnarakis said.

Division incorporating acquisition to be named Melbourne IT Digital Brand Services

Melbourne IT's existing Corporate Brand Services division has a strong tradition of delivering excellent service to its global client base, boasting client satisfaction metrics in excess of 90% and a 99.5% client retention rate. In recognition of the strengths and heritage of both businesses, Melbourne IT will rename the newly combined business Melbourne IT Digital Brand Services.

"The sale of VeriSign's DBMS business is part of a strategic effort to focus on our core strengths in Internet infrastructure," said Russell Lewis, senior vice president, strategic development, VeriSign. "We believe that Melbourne IT is a great fit for DBMS customers and employees."

It is currently expected that in 2008 the acquisition of DBMS will deliver a neutral contribution to Melbourne IT's financial results, following the expensing of anticipated one-off integration and transition costs (for the eight month period) of approximately US\$2.8m. In addition, Melbourne IT intends to establish world class data centre facilities and digital brand support services during the year, which is expected to require approximately US\$1.5m capital expenditure. It is expected that in 2009 the acquisition will be EPS accretive, contributing more than US\$30m in revenue as well as annualised cost synergies in excess of US\$1.5m.

Acquisition to enhance product development and global customer service capabilities

Mr Hnarakis said, "Our plans are to accelerate future product development in this part of our business. We will be able to provide more sophisticated monitoring and analysis services; leverage our new dedicated domain recovery teams; expand our range of web site optimisation and performance tools; introduce new international domain names; create best practice customer support tools; and invest in further innovation to maintain our position as the global leader in this field."

"Melbourne IT is a provider of choice for online services in a range of markets across the globe. The digital brand protection and performance market has many opportunities to drive further growth and success for our company, our staff and our shareholders. Through this acquisition, we are not only expanding our client base, we are also very pleased to be welcoming the staff of VeriSign DBMS to the global Melbourne IT Group. We strongly believe that the commitment, talent & enthusiasm of our people is critical to our success and we have a culture that encourages and rewards excellence, integrity, innovation, collaboration and commercial discipline within our business," Mr Hnarakis said.

"Our commitment to accelerating growth through mergers & acquisitions in the corporate brand services and hosting markets has delivered strong returns for our shareholders over the past 5 years. We are looking forward to integrating the DBMS business into the Melbourne IT Group to drive further growth and cement our position as a leading global online services company," Mr Hnarakis said.

Melbourne IT has been advised on this acquisition by Mooreland Partners LLC.

About Melbourne IT

Melbourne IT Limited (ASX:MLB) is a world leader in the supply of domain name registration and other online solutions with a strong commitment to the delivery of high value internet services and web-based solutions to organisations of all sizes across the globe. Melbourne IT was listed on the Australian Stock Exchange in 1999 and has a network of offices in locations across the world.

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