

Neustar Response to **2013 .us Solicitation**

No. SB1335-13-RP-0086

Volume 1: Technical Proposal



November 14, 2013

Redacted Version

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**SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS
OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, & 30**

1. REQUISITION NUMBER NT000000-13-03227		PAGE 1 OF 85			
2. CONTRACT NO.	3. AWARD/EFFECTIVE DATE	4. ORDER NUMBER	5. SOLICITATION NUMBER SB1335-13-RP-0086		
7. FOR SOLICITATION INFORMATION CALL: 		a. NAME ALICIA HENSON ahenson@ntia.doc.gov	b. TELEPHONE NUMBER (No collect calls) (202) 482-4079		
8. OFFER DUE DATE/LOCAL TIME NOV 15, 2013 2:00 PM ET					
9. ISSUED BY NATIONAL INST OF STDS AND TECHNOLOGY 100 BUREAU DRIVE STOP 1640 BUILDING 301 ROOM B129 GAITHERSBURG MD 20899-1640		10. THIS ACQUISITION IS <input checked="" type="checkbox"/> UNRESTRICTED OR <input type="checkbox"/> SET ASIDE: _____ % FOR: <input type="checkbox"/> SMALL BUSINESS <input type="checkbox"/> WOMEN-OWNED SMALL BUSINESS (WOSB) ELIGIBLE UNDER THE WOMEN-OWNED SMALL BUSINESS PROGRAM NAICS: <input type="checkbox"/> HUBZONE SMALL BUSINESS <input type="checkbox"/> EDWOSB <input type="checkbox"/> SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS <input type="checkbox"/> 8 (A) SIZE STANDARD:			
11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED <input type="checkbox"/> SEE SCHEDULE	12. DISCOUNT TERMS n/a	13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) <input type="checkbox"/>	13b. RATING		
14. METHOD OF SOLICITATION <input type="checkbox"/> RFQ <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP					
15. DELIVER TO See Schedule	CODE	16. ADMINISTERED BY CODE			
17a. CONTRACTOR/ OFFEROR. Neustar, Inc. 21575 Ridgetop Circle Sterling, VA 20166-6579 TELEPHONE NO. 571-434-5772		18a. PAYMENT WILL BE MADE BY CODE			
<input type="checkbox"/> 17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN OFFER		18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED <input checked="" type="checkbox"/> SEE ADDENDUM			
19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
Please	see continuation page for line item details.				
(Use Reverse and/or Attach Additional Sheets as Necessary)					
25. ACCOUNTING AND APPROPRIATION DATA See Schedule				26. TOTAL AWARD AMOUNT (For Govt. Use Only)	
<input type="checkbox"/> 27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52.212-1, 52.212-4. FAR 52.212-3 AND 52.212-5 ARE ATTACHED. ADDENDA <input checked="" type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED				<input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED	
<input type="checkbox"/> 27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52.212-4. FAR 52.212-5 IS ATTACHED. ADDENDA <input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED					
<input checked="" type="checkbox"/> 28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN COPIES TO ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED		29. AWARD OF CONTRACT: REF. _____ OFFER DATE _____ YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN, IS ACCEPTED AS TO ITEMS:			
30a. SIGNATURE OF OFFEROR/CONTRACTOR 		31a. UNITED STATES OF AMERICA (SIGNATURE OF CONTRACTING OFFICER)			
30b. NAME AND TITLE OF SIGNER (Type or print) Lisa Hook President and CEO		30c. DATE SIGNED 11/14/2013		31b. NAME OF CONTRACTING OFFICER (Type or print) 31c. DATE SIGNED	

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT

32a. QUANTITY IN COLUMN 21 HAS BEEN

☐ RECEIVED
 ☐ INSPECTED
 ☐ ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED: _____

32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE	32c. DATE	32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE
--	-----------	---

32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE	32f. TELEPHONE NUMBER OF AUTHORIZED GOVERNMENT REPRESENTATIVE
	32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE

33. SHIP NUMBER	34. VOUCHER NUMBER	35. AMOUNT VERIFIED CORRECT FOR	36. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	37. CHECK NUMBER
<input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL				

38. S/R ACCOUNT NO.	39. S/R VOUCHER NUMBER	40. PAID BY
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41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT	42a. RECEIVED BY (Print)
41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER	42b. RECEIVED AT (Location)
41c. DATE	42c. DATE REC'D (YY/MM/DD)
	42d. TOTAL CONTAINERS

SCHEDULE Continued

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	<p>BASE PERIOD: Date of Award through 12/31/2016</p> <p>The Contractor shall provide centralized management and coordination of registry, registrar (where specified), database, and information services for the usTLD in accordance with the Statement of Work (SOW).Period of Performance: Base 3 year period plus two (2) one (1) year option periods (5 years).</p> <p>PR NUMBER: NT000000-13-03227 DELIVERY DATE: 12/01/2013 SHIP TO: US DEPARTMENT OF COMMERCE NATIONAL TELECOMMUNICATIONS & INFO ADMIN 1401 CONSTITUTION AVENUE NW HCH BUILDING WASHINGTON DC 20230 FOB : Destination</p>	1.00	EA	NTE _____	NTE _____
0002	<p>OPTION PERIOD ONE: 01/01/2017 through 12/31/2017</p> <p>The Contractor shall provide centralized management and coordination of registry, registrar (where specified), database, and information services for the usTLD in accordance with the Statement of Work (SOW).</p> <p>PR NUMBER: NT000000-13-03227 DELIVERY DATE: 01/01/2017 SHIP TO: US DEPARTMENT OF COMMERCE NATIONAL TELECOMMUNICATIONS & INFO ADMIN 1401 CONSTITUTION AVENUE NW HCH BUILDING WASHINGTON DC 20230 FOB : Destination</p>	1.00	EA	NTE _____	NTE _____
0003	<p>OPTION PERIOD TWO: 01/01/2018 through 12/31/2018</p> <p>The Contractor shall provide centralized management and coordination of registry, registrar (where specified), database, and information services for the usTLD in accordance with the Statement of Work (SOW).</p> <p>PR NUMBER: NT000000-13-03227 DELIVERY DATE: 01/01/2018 SHIP TO: US DEPARTMENT OF COMMERCE NATIONAL TELECOMMUNICATIONS & INFO ADMIN 1401 CONSTITUTION AVENUE NW HCH BUILDING WASHINGTON DC 20230 FOB : Destination</p>	1.00	EA	NTE _____	NTE _____



November 15, 2013

Ms. Alicia Henson, Contracting Officer
U.S. Department of Commerce
NTIA, Room 4893
1401 Constitution Avenue, NW
Washington, D.C. 20230

Re: Neustar response to SB1335-13-RP-0086, 2013 .us Solicitation

Dear Ms. Henson:

Enclosed please find a copy of NeuStar, Inc.'s (Neustar) response to the above-referenced solicitation. We will comply with all requirements set forth in the Request for Proposal, SB1335-13-RP-0086. As required herein:

- Neustar has submitted one proposal via electronic mail in a text searchable format using Adobe Portable Document Format (PDF) print-to-PDF format to AHenson@ntia.doc.gov.
- In addition to submittal by electronic mail, Neustar submits three (3) originals and five (5) copies of the proposal to you at the above specified address. All offerings are marked with Solicitation No. SB1335-13-RP-0086 on the outside of the packages.

As the current Administrator of usTLD, Neustar is uniquely positioned to deliver the best technical, operational and administrative solution to the DOC in accordance with all contractual requirements. Since 2001, Neustar has worked diligently in cooperation with the DOC to responsibly administer the usTLD space while drafting, implementing and enforcing rich policy unique to the space such as those relating to delegated managers of locality names, the WHOIS accuracy program and the requirements for U.S. Nexus. Neustar understands that the highest priority must be given to security and was proud to adopt DNSSEC for the usTLD in 2009. Additionally, unlike most top level domains, Neustar has implemented an aggressive, pro-active registry-level program to combat abusive practices such as phishing, botnets, malware and other abusive behaviors that leverage the DNS. Going forward, Neustar has the experience and technical expertise that will be critical in the coming days that accompany the unprecedented expansion of the top level domain space. Additionally, Neustar welcomes and embraces the multistakeholder process which we expect will provide robust and vital input to enhance the usTLD.

Neustar hereby certifies that we agree with all terms, conditions and provisions included in this solicitation.

If there are any questions regarding this proposal or any of Neustar's capabilities, please contact Jeff Neuman, Vice President, Registry Services at (571) 434-5772 or via e-mail at jeff.neuman@neustar.us.

We look forward to continuing our relationship with the DOC as Administrator and Operator of the usTLD.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Lisa A. Hook".

Lisa A. Hook
President and Chief Executive Officer
Neustar

A handwritten signature in blue ink, appearing to read "Jeffrey J. Neuman".

Jeffrey Neuman
Vice President, Registry Services
Neustar

Enclosures

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FARS/DFARS Compliance/Cross Reference Matrix

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
B.3	FAR 9.106 AND 9.106-4(A)	Pre-award site visit; 7 days notice	Neustar will comply.
E2	FAR 52.246-4	Inspection of Services	Neustar will comply.
H2C	FAR Subpart 9.5	Conflict of Interest definition	Neustar will comply.
H2(f)	FAR Part 9.507-1	Subcontractors disclosures	Neustar will comply.
Section I.1	FAR 52.227-17	Rights in Data – Special Works. Government to receive unlimited rights (as defined) in all data (as defined) delivered to Government via the Service or first produced in the performance of the contract. “Data” includes computer software.	Neustar will comply.
Section I.2	FAR 52.232-25	Prompt Payment. Does not apply if Government is not making any payments.	N/A
Section I.3	FAR 52.232-33	Payment by Electronic Funds Transfer. Per the above, not applicable.	N/A
Section I.4	FAR 52.243-1	Changes-Fixed Price. Contracting Officer may change requirements for goods manufactured to government specification. Not applicable here.	N/A
Section I.5	FAR 52.204-7	System for Award Management. Requirements once the	Neustar will comply.

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		award is made.	
Section I.6	FAR 52.204-8	<p>Annual Representations and Certifications: Includes the following:</p> <ul style="list-style-type: none"> - 52.203-2. Certificate of Independent Price Determination. - 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions. - 52.204-03. Taxpayer Identification - 54.204-5. Women-Owned Business (Other than Small Business) - 52.209-2, Prohibition on Contracting with Inverted Domestic Corporations—Representation. - 52.209-5, Certification Regarding Responsibility Matters. 	<p>52.203-2. Neustar so certifies.</p> <p>52.203-11. Neustar so certifies</p> <p>54.204-03. Neustar so certifies</p> <p>54.204-5. N/A</p> <p>52.209-2. Neustar so certifies</p> <p>52.209-5.A.1.i: (A) Neustar is NOT presently debarred. (B) have "NOT" (C) are "NOT" presently indicted (D) have NOT</p>

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		<ul style="list-style-type: none"> - - 52.209-5.A.1.ii - 52.214-14. Place of Performance—Sealed Bidding. - 52.215-6. Place of Performance. - 52.219-1. Small Business Program Representations - 52.219-2. Equal Low Bids. - 52.222-22, Previous Contracts and Compliance Reports. 	<p>52.209-5.A.1.ii –Neustar so certifies.</p> <p>52.214-14. Neustar so certifies. See section xxyy of the proposal for a list of addresses of facilities.</p> <p>52.215-6 Neustar so certifies. See section xxyy of the proposal for a list of addresses of facilities.</p> <p>52.219-1. <i>Representations.</i>(1) The offeror represents as part of its offer that it is not a small usiness concern.</p> <p>52.219-2 NA</p> <p>52.222-22 The offeror represents that— It HAS participated in a previous contract or</p>

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
			<p>subcontract subject to the Equal Opportunity clause of this solicitation; It HAS filed all required compliance reports; and Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.</p>
		- 52.222-25 Affirmative Action Compliance.	<p>52.222-25 – Neustar so certifies.</p> <p>The offeror represents that— (a) It HAS developed and has on file, at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2).</p>
		- 52.223-1 , Biobased Product Certification.	52.223-1. Neustar so certifies.
		- 52.223-4 , Recovered Material Certification.	52.223-4. Neustar so certifies.

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		<ul style="list-style-type: none"> - 52.225-2, Buy American Act Certificate. 	52.225-2. Neustar so certifies.
		<ul style="list-style-type: none"> - 52.225-4, Buy American Act—Free Trade Agreements—Israeli Trade Act Certificate. 	52.225-4. Neustar so certifies.
		<ul style="list-style-type: none"> - 52.225-6, Trade Agreements Certificate. 	52.225-6. Neustar so certifies.
		<ul style="list-style-type: none"> - 52.225-20, Prohibition on Conducting Restricted Business Operations in Sudan— Certification. 	52.225-20. Neustar so certifies.
		<ul style="list-style-type: none"> - 52.225-25, Prohibition on Contracting with Entities Engaging in Certain Activities or Transactions Relating to Iran-Representation and Certifications. 	52.225-25. Neustar so certifies.
		<ul style="list-style-type: none"> - 52.226-2, Historically Black College or University and Minority Institution Representation. 	52.226-2. Neustar represents it is NOT a Historically Black Institution.
		52.219-22 , Small Disadvantaged Business Status.	52.219-22. Neustar is NOT a Small Disadvantaged Business

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		<p>52.222-18, Certification Regarding Knowledge of Child Labor for Listed End Products.</p> <p>52.222-48, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment Certification.</p> <p>52.222-52, Exemption from Application of the Service Contract Act to Contracts for Certain Services—Certification.</p> <p>52.223-9, with its Alternate I, Estimate of Percentage of Recovered Material Content for EPA–Designated Products (Alternate I only).</p> <p>52.227-6, Royalty Information.</p> <p>52.227-15, Representation of Limited Rights Data and Restricted Computer Software.</p>	<p>52.222-18. Neustar so certifies.</p> <p>52.222-48. NA.</p> <p>52.222-52. Neustar so certifies.</p> <p>52.223-9. Neustar so certifies. NA</p> <p>52.227-6. NA. No charges for royalties.</p> <p>52.227-15. Neustar so represents.</p>
I.7	FAR 52.212-4	Contract Ts and Cs – Commercial items	Neustar will comply.
I.8	FAR 52.212-5	<p>Ts and Cs required to implement Statutes or Executive Orders, Commercial Items</p> <p>52.219-9, Small Business Subcontracting Plan (JUL 2013) (15 U.S.C. 637(d) (4)).</p>	<p>Neustar will comply.</p> <p>52.219-9 Neusar will comply if plan</p>

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		<p>52.219-28, Post Award Small Business Program Rerepresentation (JUL 2013) (15 U.S.C. 632(a) (2)). Comply</p> <p>52.239-1, Privacy or Security Safeguards (AUG 1996) (5 U.S.C. 552a).</p> <p>52.203-13, Contractor Code of Business Ethics and Conduct (APR 2010) (Pub. L. 110-252, Title VI, Chapter 1 (41 U.S.C. 251 note)).</p> <p>52.219-8, Utilization of Small Business</p>	<p>is requested by Contracting Officer.</p> <p>52.219-28 The Contractor represents that it IS NOT a small business concern under NAICS Code 518210 assigned to contract number [REDACTED].</p> <p>52.239-1 Neustar will comply.</p> <p>52.203-13. Acknowledged and agreed. Neustar already has in place a Corporate Code of Business Conduct establishing a business ethics awareness and compliance policy.</p> <p>52.219-8. Neustar will comply</p>

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		52.222-17 , Nondisplacement of Qualified Workers	52.222-17. Neustar will comply.
		52.222-26 , Equal Opportunity (MAR 2007) (E.O. 11246).	52.222-26. Neustar will comply.
		52.222-35 , Equal Oppor tunity for Veterans (SEP 2010) (38 U.S.C. 4212).	52.222-35. Neustar will comply
		52.222-36 , Affirmative Action for Workers with Disabilities (October 2010) (29 U.S.C. 793).	52.222-36. Neustar will comply
		52.222-40 , Notification of Employee Rights Under the National Labor Relations Act (DEC 2010) (E.O. 13496).	52.222-40. Neustar will comply.
		52.222-41 , Service Contract Act of 1965, (NOV 2007), (41 U.S.C. 351, et seq.).	52.222-41. Neustar will comply.
		52.222-50 , Combating Trafficking in Persons (FEB 2009) (22 U.S.C. 7104(g)).	52.222-50. Neustar will comply.
		52.222-51 , Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment--Requirements (FEB 2009) (41 U.S.C. 351, et seq.).	52.222-51. Neustar will comply.
		52.222-53 , Exemption from Application of the Service Contract Act to Contracts for Certain Services--Requirements (Nov 2007) (41 U.S.C. 351, et seq.).	52.222-53. Neustar will comply.

RFP Section	FAR//CAR	Short title, provision language, or notes.	Reviewed by Neustar Legal
		52.222-54 , Employment Eligibility Verification (AUG 2013). 52.225-26 , Contractors Performing Private Security Functions Outside the United States (Jul 2013) 52.226-6 , Promoting Excess Food Donation to Nonprofit Organizations. 52.247-64 , Preference for Privately Owned U.S.-Flag Commercial Vessels	52.222-54 . Neustar will comply. 52.225-26 . Neustar will comply. 52.226-6 . Neustar will comply.NA 52.247-64 . Neustar will comply. NA
1.9	FAR 52-217.8	Option to Extend – right of contracting officer to extend for 6 month periods.	Neustar will comply.
I.10	FAR 52.217-9	Option to Extend the Term of the Contract	Neustar will comply.
I.11	FAR 52.233-2	Service of Protest	Neustar will comply.
I.12	FAR 52.237-3	Continuity of Services	Neustar will comply.
I.13	CAR 1352.209-72	Restrictions against disclosure	Neustar will comply.
I.14	CAR 1352.209-73	Compliance with Laws	Neustar will comply.
I.15	CAR 1352.233-70	Agency Protests	Neustar will comply.
I.16	CAR 1352.233-71	GAO and Cort of Federal Claimts Protests	Neustar will comply.
I.17	CAR352.270-70	Period of Performance	Neustar will comply.

EXECUTIVE SUMMARY

Why Neustar

- Neustar is the industry leader with a record of exceptional performance as the usTLD Administrator
 - Neustar has a vision for the future of the usTLD informed by past successes as well as valuable lessons learned - and we have the experience to deliver on that vision
 - The usTLD is unique, as is the role of the usTLD Administrator - and Neustar is uniquely qualified to perform that role now and into the future
 - Neustar is a proactive steward of the usTLD brand with the relationships and sector-specific knowledge needed to effectively market this unique name space
 - In an era of rapid change, Neustar's proposal will deliver concrete rewards without transition-related risk
-

A Record of Exceptional Performance

As the usTLD Administrator, Neustar has leveraged its production-proven infrastructure to deliver core registry stability and exceptional management services. We measure our performance against 180 individual service levels per year as well as a wide variety of external audits and regular certifications, and consistently deliver the highest levels of performance available:

- During the current contract period, Neustar met or exceeded 927 out of 930 total service level measurements for the usTLD ;
- ICANN's Governmental Advisory Committee (GAC) modeled its new gTLD safeguards recommendations on Neustar designed, implemented, and enforced policies and procedures for the usTLD;
- Neustar has received the overwhelmingly support of usTLD registrars – registrars sponsoring 86% of usTLD registrations have urged the DOC to award the 2013 usTLD contract to Neustar;
- ICANN's independent evaluators awarded Neustar the highest ratings of any registry service in the new gTLD program – including for Neustar's shared registration system,

"Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime." –Jeff Eckhaus, SVP
Corporate Development, eNom

DNS, WHOIS, data escrow, DNSSEC, IPv6, security, architecture and measures to prevent domain name registration abuse;¹

- New gTLD applicants selected Neustar more often than any other provider to provide back-end registry services for new gTLDs – Neustar is the back-end registry services provider for 350 new gTLD applications;
- Neustar won New York City's competitive procurement to administer, operate and market the .nyc gTLD;²
- ICANN selected Neustar as the only Emergency Backend Registry Operator from North America;³
- Neustar delivers maximum accountability to the usTLD community – using dedicated in-house resources with unique industry experience to deliver delegated manager administration, registrar accreditation, malicious abuse mitigation, customer support, policy administration, reporting, performance monitoring, root cause analysis, and security evaluation. No part of our operation is outsourced to third parties or subcontractors.

"Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence." –Theo Hnarakis, CEO, Melbourne IT

And Neustar is constantly raising the bar.

For the next contract term, Neustar commits to not only sustain and enhance the reliable, scalable, secure, and neutrally-administered service on which the United States Internet community relies, but also to deliver a comprehensive series of higher service levels designed to address our customers' most critical strategic priorities.

¹ See <http://domainincite.com/12372-neustar-leading-the-new-gtld-back-end-scores-so-far>.

² See <http://www.neustar.biz/about-us/news-room/press-releases/2012/neustar-selected-as-registry-services-provider-for-358-top-level-domain-applications> and <http://www.informationweek.com/government/state-local/nyc-to-apply-for-nyc-domain/232700077>.

³ See <http://www.icann.org/en/news/announcements/announcement-02apr13-en.htm> and <http://www.icann.org/en/news/press/releases/release-02apr13-en.pdf>.

A Vision for the Future

Neustar's mission is to ensure that the usTLD embodies the American dream, providing a trusted, stable, and secure namespace for all Americans, fostering economic growth and innovation, and preparing the next generation of Americans for leadership in the global digital economy.

The usTLD is a national resource. It must remain a trusted domain space for all Americans and a stable, secure, and safe environment to foster economic growth, promote innovation, and prepare young Americans for leadership roles in the global digital economy. This requires responsible management, careful oversight, and policies that are clear, reliably enforced, and sufficiently flexible to respond over time to changing needs, emerging technology, new ideas, and cyber security challenges.

Under Neustar's leadership, the usTLD has evolved from an obscure engineering experiment in "deep hierarchy" with a legacy of administrative neglect into an acknowledged model of TLD management, delivering a safe, reliable, and policy-rich name space operating in the public interest. Today, the usTLD has an unparalleled WHOIS accuracy program, which includes complaint resolution tracking, audits, and pro-active inspection of registrars' WHOIS functionality. Registrants in the usTLD are reliably subject to the jurisdiction of U.S. courts, and users of usTLD web sites enjoy the protection of Neustar's pro-active registry-level program to combat abusive practices such as phishing, botnets, malware, domain tasting and other abusive behaviors that leverage the DNS.

Having addressed the name space's legacy administrative, managerial, and operational deficits, Neustar has grown second-level registrations in the usTLD from near zero to more than 1.86 million today. The usTLD requires continued highly capable leadership to navigate a rapidly changing and increasingly competitive environment, introduce multistakeholder policy development processes, support innovative use of the usTLD in the public interest, and respond nimbly to emerging and increasingly complex technical, market, and security challenges. The unprecedented expansion of the top-level domain space introduces both opportunity and uncertainty for the global Internet, and requires intently focused leadership that possesses all of the skills needed to navigate a rapidly changing environment.

Neustar is uniquely qualified to continue to shepherd the usTLD and meet the demands of the American Internet community in today's increasingly complex DNS landscape. Alone among potential offerors:

- Neustar has an in depth understanding of the usTLD and its stakeholder community, and a demonstrated track record in the policy-rich TLD environment that usTLD stakeholders expect;
- Neustar has the established support of a network of usTLD registrars;

- Neustar has a demonstrated track record of operating the usTLD in partnership with the Department of Commerce, having earned through hard work the respect of its peers providing country-code top-level domain services around the globe;
- Neustar employees directly responsible for the usTLD contract bring a unique skill-set and international credibility to the usTLD's support for responsible stewardship of the domain name system and the multistakeholder model of Internet governance; and
- Neustar repeatedly out-performs its competitors in formal evaluations and market performance, receiving the highest marks for its tailored approach to registry service delivery that guarantees the very highest levels of stability, security, reliability and performance.

A Unique Role; a Unique American Company to Fulfill It

"[T]he consistently professional manner in which Neustar has operated .US clearly demonstrates that it is the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD". –National Arbitration Forum

The usTLD Administrator – A Unique Role

The structure of the usTLD is truly one-of-a-kind in the domain name space, combining a second-level registration space with a deeply hierarchical locality-based namespace operated by a system of delegated managers. In addition, the policies and procedures that distinguish the usTLD in terms of integrity and reliability add complexity to the operation and administration of the space. Because the policies and procedures that support a more robust, predictable, and reliable DNS are unique to the usTLD, only Neustar has the requisite expertise, gained over 12 years of hands-on experience, to manage that complexity in a responsible and efficient manner.

- **Locality-based structure** – Unlike any other TLD, the usTLD has nearly 13,000 locality-based domains. These domains are deeply hierarchical – for example, an elementary school in Fairfax, Virginia, might be registered with the following address: [elementary school name].fairfax.k12.va.us. Neustar has ensured the stability and integrity of the locality-based system by developing working relationships with the usTLD's legacy delegated managers that are backed up by enforceable contracts with 1,292 (out of 1,300) usTLD delegated managers responsible for 3,653 of these locality-based domain names. Neustar has assumed responsibility for managing approximately 9,300 individual locality-based domains directly. The administration of the locality-based structure is personal, highly complex, and labor-intensive, requiring significant ongoing attention from the usTLD Administrator. Only Neustar possesses the experience and knowledge needed to manage this completely unique TLD structure and ensure continuity for the usTLD's earliest registrants.

- **A Policy-Rich Environment, including WHOIS Accuracy, Proxy Registration Prohibition, and the United States Nexus Requirement** – The usTLD WHOIS policy is unique among existing top-level domains in that it requires Neustar to check the data for accuracy and completeness. Also unique are the usTLD's prohibition on proxy or "private" registrations and the "Nexus" requirements designed to ensure usTLD registrants are reliably subject to U.S. law and the jurisdiction of U.S. courts. Neustar has the demonstrated combination of technology, experience and expertise to deliver the high degree of registrant accountability that distinguishes the usTLD and from existing TLDs and accounts for its selection as a policy model for new gTLDs.
- **Proactive Abuse Prevention** – Neustar developed, proposed, and deployed sophisticated proprietary tools to prevent, identify, and mitigate the use of usTLD registrations for fraud, online identity theft, phishing, pharming, and email spoofing, including the use of botnets to perpetrate these activities. Since successfully implementing this first-of-a-kind program in 2006, Neustar continues to offer industry-leading tools to protect the integrity of the usTLD and established relationships with the law enforcement and DNS security communities to mitigate these threats.
- **Kids.us** –Although the Kids.us space is currently suspended, only Neustar has developed and deployed policies, procedures and enforcement mechanisms mandated by Congress for this name space. Neustar places a high priority on addressing the safety and educational needs of children on the Internet and proposes to leverage the newly proposed usTLD multistakeholder policy development process, informed by experts in education, children's media, and online safety.

"Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena." –Web.com

The new Challenge: A Multistakeholder Model for the usTLD

As forward thinking as usTLD policies are today, they must continue to evolve and develop in response to changing needs of the usTLD community, emerging technology, and cybersecurity challenges. That is why we are particularly enthusiastic about the 2013 RFP requirements to foster multistakeholder participation in decision-making for the usTLD. Neustar proposed and created a usTLD Policy Council in 2001 in response to the Department of Commerce's first RFP for usTLD management services (the "usTLD RFP"). Although the structure of the contracts awarded in 2001 and 2007 did not support a multistakeholder policy process for the usTLD, we have long felt that this was a key missing ingredient for the long-term success of the American namespace.

To assist and guide policy development for the usTLD, Neustar proposes to create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the usTLD's diverse stakeholders with an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and participate in the management of the usTLD. The Council will serve as an independent forum and mechanism for future development of the usTLD, working directly with usTLD stakeholders and helping Neustar identify public needs and develop policies, programs, and partnerships to address those needs.

Neustar has managed multistakeholder processes since its inception, from its services to the telecom industry's Number Portability Administration, through its provision of Common Short Code services to CTIA, operation of Pathfinder services to the GSM Association, and on to operation of the entertainment industry's digital rights management platform, UltraViolet. Our proposed approach for the usTLD is informed by these proven models, and by the extraordinary expertise on DNS-related multistakeholder processes that Neustar brings to the usTLD table. Neustar employees were involved with the earliest experiments in the multistakeholder approach to Internet governance, have worked tirelessly to grow, refine, and improve the model, and have provided leadership for some of the most controversial, creative, and successful uses of the multistakeholder model.

DOC will not find a better partner to introduce and manage multistakeholder management in the usTLD.

Neustar, A Unique American Company

Neustar is a trusted, neutral provider of real-time information and analysis to the communications services, financial services, retail, media, and advertising sectors. The FCC and the U.S. telecommunications industry have trusted Neustar since 1999 to provide neutral, even-handed, and reliable third-party services for critical functions including Local Number Portability, the North American Numbering Plan, and the iTRS Telephone Numbering Directory Administrator. Today, Neustar:

- Serves more than 14,000 customers around the world, offering a broad range of innovative services, including registry services, managed domain name system services, Internet Protocol services, Internet security services, and Web performance monitoring services, and information analytics
- Provides real-time information and analytics data for almost 7 billion physical and virtual addresses, including telephone numbers, IP addresses, domain names, and business listings.
- Provides instantaneous answers to over 30 billion queries – almost 400 thousand queries every second - from the internet, telecommunications, entertainment, and marketing industries, including 18 billion daily DNS query resolutions, 7 billion daily text messages, 4 billion daily phone calls, 3 billion daily geo-location searches, and 2 billion daily on-demand real-time analytic queries
- In addition to the usTLD, operates the authoritative Internet domain name registries for .biz, .co, .tel, and .travel, and was selected by applicants to provide registry services for 358 of the proposed new gTLDs, including .nyc
- Delivers UltraDNS[®], the industry-leading managed DNS and traffic management service, which directs, prioritizes and manages Internet traffic, and finds and resolves Internet queries and top-level domains on behalf of its enterprise customers
- Provides a suite of services to our enterprise customers that play a key role in directing and managing Internet traffic flow, resolving Internet queries, providing security protection against Internet breaches called Distributed Denial of Service attacks, providing location services used to enhance fraud prevention and online marketing, and monitoring, testing and measuring the performance of websites and networks
- Provides directory services for the 5-digit and 6-digit number strings used for all U.S. Common Short Codes (CSC) and operates the digital rights media platform - UltraViolet™ - to deliver “buy once, play anywhere” convenience to [REDACTED] digital entertainment content consumers

As a publicly traded company, Neustar is subject to all relevant SEC, FASB, and Sarbanes Oxley reporting requirements, with an outstanding credit rating and a strong balance sheet to absorb and manage unforeseen risks. We take corporate responsibility seriously and work extensively with educators, governments, and others to improve and expand STEM education while also helping to increase the number of individuals choosing careers in technology. Neustar supports numerous programs that are aimed at improving science, technology, engineering and mathematics (STEM) education, including Ever-Fi, Year-Up, CyberWatch's Mid-Atlantic Collegiate Cyber Defense (CCDC) competition, George Washington University's Teacher in Industry program, and the Anita Borg Institute.

A Proactive Steward of the usTLD Brand

Neustar's administration of the usTLD starts from our commitment to reliability, security, stability, scalability, integrity, innovation and responsible growth. Delivering on those commitments is the way we measure success, and our innovative marketing strategy focused directly on end-users reflects our values.

Through our "Kickstart America" campaign, Neustar successfully positioned the usTLD as "America's Address" for business. By focusing on educating small businesses and building strong relationships with the registrars and resellers that serve them, we have increased awareness of and respect for the usTLD among U.S. businesses and consumers. Neustar has aggressively leveraged community and organizational partnerships to promote the usTLD to the American business community, including the National Small Business Association (NSBA) and the Association of Chamber of Commerce Executives, in order to build a strong value proposition to registrants through clear messaging and bundling .US names with supporting tools and offers. In endorsing Neustar's bid for the re-award of the usTLD, the NSBA stated:

"Neustar, as a registry services provider has become a strong and dedicated partner in our efforts, by creating and promoting programs which simultaneously promote the growth of American business and the global brand recognition of the ccTLD, .US."

We strive to associate the usTLD with pride, integrity and responsible participation in the American community. To raise consumer awareness, we have partnered with USA Track and Field to sponsor the .US National Road Racing Championship. The 12-kilometer (12 km) event will be a season-capping race to the USA Running Circuit (USARC), providing opportunities to reach both prominent American runners as well as non-competitive fitness devotees.

Going forward, we intend to continue our outreach to American business and to expand that outreach to include non-profit organizations, educators and educational institutions involved in science, technology, engineering and math (STEM) education, and other organizations engaged in preparing young Americans for leadership roles in in the global digital economy. For example, we are exploring expanded use of the usTLD for the My Digital Life digital literacy program and other EverFi online education programs.

"As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider." –Safenames Ltd.
Simon Mcmanus, Director, Safenames Ltd.

Neustar's Promise for the usTLD: Concrete Rewards Without Transition-Related Risk

"A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities." –Tucows

Proven performance within a complex multifaceted environment; unassailable neutrality and corporate credentials; committed investments to support the industry's most critical requirements: Neustar offers all this and more to an industry undergoing significant market and technological change over the next decade.

The introduction of up to 1400 new top-level domains over the next few years represents a sea change for the domain name system. Any decision to change the usTLD Administrator involves significant risk, requiring the Department of Commerce, registrars, registrants and the United States Internet community to divert resources to replicate the present service before even beginning to move the usTLD forward. Neustar's continued stewardship of the usTLD offers the best path for building on today's success to focus on future priorities.

Neustar has existing contractual relationships with usTLD-accredited registrars that establish clear and comprehensive parameters for the management of the expanded usTLD space and support the smoothest transition to more robust registrar requirements based on input from law enforcement, rights holders, consumer advocates and others. usTLD registrars are clear – they see no tangible benefit from that kind of transition. *usTLD registrars overwhelmingly support Neustar's proposal to provide continued usTLD management services.* Given that much of the burden and risk of the transition from one usTLD Administrator to another would fall most heavily on the domain name registrars and their customers, their views should carry great weight.

The usTLD is not just another domain name registry. Its structure and policy requirements are both unique, and require specialized knowledge and technical skills that no other major TLD operator in the world can claim to have. Neustar is the only respondent with direct experience in the administration of usTLD-specific policies and procedures needed to meet the critical technical, operational, policy and business needs of the legacy hierarchical locality space and the (2) the second-level space, including the accreditation of registrars and dispute provider. In each of these areas, our policies support predictable, equitable, transparent and reliable domain name registration and resolution, and every other respondent would require significant education, training and oversight from the Department of Commerce to assume these critical responsibilities.

The risk inherent in any technology transition is greatly magnified by the biggest expansion in the Internet space on the horizon, which will place exceptional competing demands on the time, resources, and energy of registrars, resellers, delegated managers, dispute providers, service enhancement providers, DNS providers and registrants.

Stable administration of the usTLD is mission critical at a time when registries and registrars are likely to be occupied with new gTLD launches. ICANN accredited registrars, including the largest usTLD registrars, GoDaddy, Demand Media/eNom, Melbourne IT, Web.com, have focused available resources, time and energy in preparing for, and launching hundreds of new gTLDs. This means, among other things, that they are responsible for:

1. Developing new software, systems, and processes to come into compliance with all of the new requirements set forth in the ICANN 2013 Registrar Accreditation Agreement;
2. Testing with the ICANN-sponsored Trademark Clearinghouse (TMCH) required for launching each of the new gTLDs;
3. Integrating with the dozens of new gTLD technical registry providers, many of which have never launched a gTLD before; and
4. Preparing their technical, operational, business, legal and support systems to launch all of the new gTLDs, each having their own unique launch processes, accreditation procedures and implementation policies associated with them.

Put simply, domain name registrars are time, personnel, and resource-constrained at this highly volatile time. They do not have the bandwidth to simultaneously transition of millions of domain name records from one usTLD registry provider to another. **Only Neustar's continued operation of the usTLD ensures that there will be no disruption of usTLD operations and no disruption in the usTLD registration pipeline.**

"Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers." —MarkMonitor

Conclusion

Neustar has a decade-long track record of exceptional service in operating the usTLD and is uniquely qualified to ensure its continued success. We have ensured the stability, security and reliability of the usTLD infrastructure, the integrity of usTLD policy administration and registrant data, and guaranteed equitable treatment to our customers. Looking ahead, our plan builds on our legacy of managing public resources in a responsible and neutral manner, continues to guarantee the highest level of service to usTLD registrars, registrants, and locality space users, and enables the further introduction of enhanced services. Neustar is committed to working collaboratively with usTLD stakeholders through the new multi-stakeholder policy process that reflects both the needs of the community and of the U.S. Government.

1. TECHNICAL APPROACH (M.7, Factor 1)

Neustar is the leading provider of the Registry services, consistently outperforming its competitors as demonstrated by service level measures, independent evaluations, and market performance. Neustar receives the highest marks for its tailored approach to registry service delivery that guarantees the very highest levels of stability, security, reliability and performance. For the next contract term, Neustar commits not only to sustaining and enhancing the reliable, scalable, secure, and neutrally-administered service for the usTLD on which the United States Internet community relies, but also to deliver a comprehensive series of higher service levels designed to address our customers' most critical strategic priorities. This technical expertise, combined with in depth understanding of the usTLD stakeholder community and demonstrated track record in the policy-rich usTLD uniquely enables Neustar to continue to manage the usTLD in the public interest.

Highlights:

- Neustar will meet or exceed all of the needs and requirements as detailed in the Statement of Work.
- Neustar will implement a multistakeholder process to facilitate consultation with stakeholders to propose, comment, and provide input into the management of the usTLD, including policy development that reflects the tenets of the multistakeholder approach.
- Neustar has an extensive Conflicts of Interest Policy that describes Neustar's proactive steps for preventing Conflicts of Interest as well as the steps Neustar will take to mitigate, to resolve identified or apparent or actual Organizational conflicts of Interest during the performance of the contract.

Current Achievements:

- During the current contract period, Neustar met or exceeded 927 out of 930 total service level measurements for the usTLD for the current contract period;
- ICANN's Governmental Advisory Committee (GAC) modeled its new gTLD safeguards recommendations on Neustar designed, implemented, and enforced policies and procedures for the usTLD;
- Neustar has received the overwhelmingly support of usTLD registrars – registrars sponsoring 86% of usTLD registrations have urged the DOC to award the 2013 usTLD contract to Neustar;
- ICANN's independent evaluators awarded Neustar the highest ratings of any registry service in the new gTLD program – including Neustar's shared registration system, DNS, WHOIS, data escrow, DNSSEC, IPv6, security, architecture and measures to prevent domain name registration abuse¹
- New gTLD applicants selected Neustar more often than any other provider to provide back-end registry services for new gTLDs – Neustar is the back-end registry services provider for 350 new gTLD applications

1 See <http://domainincite.com/12372-neustar-leading-the-new-gtld-back-end-scores-so-far>.

- Neustar won New York City's competitive procurement to administer, operate and market the .nyc gTLD²
- ICANN selected Neustar as the only Emergency Backend Registry Operator from North America.³
- Neustar delivers maximum accountability to the usTLD community – using dedicated in-house resources with unique industry experience to deliver delegated manager administration, registrar accreditation, malicious abuse mitigation, customer support, policy administration, reporting, performance monitoring, root cause analysis, and security evaluation. No part of our operation is outsourced to third parties and subcontractors.

A Record of Exceptional Technical Service:

"Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence." –*Theo Hnarakis, CEO, Melbourne IT*

Neustar has established a tailored approach to registry service delivery that guarantees domain name registrars, resellers, registrants and end users the very highest levels of stability, security, reliability and performance.

Tasks such as delegated manager administration, registrar accreditation, malicious abuse mitigation, customer support, policy administration, reporting, performance monitoring, root cause analysis, and security evaluation are performed by dedicated experts with unique industry experience. Because of the high level of industry expertise required to provide the usTLD services, **no part of our operation is outsourced to third parties and subcontractors, which provides the usTLD Internet community with maximum absolute accountability.**

Although others may claim to have the technical ability to operate domain name registries, the reality is that there is no other major TLD operator in the world that could claim to have the depth of experience and knowledge to meet the critical technical, operational, policy and business needs of the: (1) legacy hierarchical locality space; (2) the second-level space, including the accreditation of registrars and dispute provider, (3) reserved name, and (4) kids.us. In each of these areas, our policies support predictable, equitable, transparent and reliable domain name registration and resolution. Nor would a new provider already have all the systems developed and tested with the community needed to operate the usTLD.

Neustar is the only respondent with direct experience in the administration of these unique, critical and highly visible policies. Every other respondent would require significant education, training and oversight from the Department of Commerce to assume these critical

² See <http://www.neustar.biz/about-us/news-room/press-releases/2012/neustar-selected-as-registry-services-provider-for-358-top-level-domain-applications> and <http://www.informationweek.com/government/state-local/nyc-to-apply-for-nyc-domain/232700077>.

³ See <http://www.icann.org/en/news/announcements/announcement-02apr13-en.htm> and <http://www.icann.org/en/news/press/releases/release-02apr13-en.pdf>.

responsibilities, with no guarantee of reliable implementation. It would require a steep learning curve for the successor operator that the American Internet Community could not afford. In addition, the costs and risk of a transition would fall most heavily on the registrars, whom would receive no benefit at all from the transition of the usTLD to a new operator.

For the next contract term, Neustar commits to not only sustain and enhance the reliable, scalable, secure, and neutrally-administered service on which the United States Internet community relies, but also to deliver a comprehensive series of higher service levels designed to address our customers' most critical strategic priorities. The proposed new service levels set forth in this response are not only higher than those offered during the previous term, but represent the highest level of service levels offered by any provider under ICANN's new gTLD program.

"Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers." –MarkMonitor

1.1 SCOPE OF SERVICES (C.2)

1.1.1 Ensure Community Consultation Multi-stakeholder (C.2.1, C.2.1.1)

As forward thinking as usTLD policies are today, they must continue to evolve and develop in response to changing needs of the usTLD community, emerging technology, and cybersecurity challenges. That is why we are particularly enthusiastic about the 2013 RFP requirements to foster multistakeholder participation in usTLD policy development processes. Neustar proposed and created a usTLD Policy Council in 2001 in response to the Department of Commerce's first RFP for usTLD management services (the "usTLD RFP"). Although the structure of the contracts awarded in 2001 and 2007 did not support a multistakeholder policy process for the usTLD, we have long felt that this was a key missing ingredient for long term success of the usTLD.

To assist and guide policy development for the usTLD, Neustar proposes to create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the usTLD's diverse stakeholders with an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and provide input into in the management of the usTLD. The Council will serve as an independent forum and mechanism for future development of the usTLD, working directly with usTLD stakeholders (including Federal, State, and local government stakeholders) and helping Neustar identify public needs. Neustar has managed multistakeholder processes since its inception, and the Department of Commerce will not find a better partner to roll-out multistakeholder management in the usTLD.

Proposal Volume 1, Section 1.3.15 describes:

- The role of the usTLD Stakeholder Council,
- Guiding principles and policies of the Council;
- Membership in the Council;
- Council Member Activities;

- Meetings of the Council;
- Policies within the Council's Purview;
- Guidelines for Council Deliberations;
- Decision-Making process;
- Transparency of Council Activities; and
- Consideration of Council Action by Neustar

1.1.2 Neustar's procedures and policies provide an accountability framework that supports a more robust, certain and reliable DNS. (C.2.1.2)

Under Neustar's leadership, the usTLD has evolved from an obscure engineering experiment in "deep hierarchy" with a legacy of administrative neglect into an acknowledged model of TLD management, delivering a safe, reliable, and policy rich name space operating in the public interest. In 2001 the usTLD was entirely confined to the locality-based naming structure. There was no centralized registration database, no central WHOIS service, no registrar sales channel and virtually no policy or contractual structure governing the use of a usTLD domain name. Over that period, the space has emerged as one of the premiere ccTLDs on the Internet. The usTLD is now composed of two distinct domain name spaces (the Legacy Hierarchical Locality Space that provides continuity for some of the earliest usTLD registrants, and the Expanded Second level-Space). Each of these spaces is described in detail in *Proposal Volume 1, Section 1.3*.

These core usTLD segments are collectively managed by a comprehensive Shared Registry System (SRS) which is among the most advanced and reliable in the industry. Key features of the SRS are:

- Centralized database of all registrations
- Highly robust and secure DNS infrastructure
- Publicly accessible WHOIS database
- A registry-registrar model enabling a robust registrar sales channel
- An extensive suite of features to support registrars including reporting tools, testing environment, secure web-based registration tool, etc.
- A very robust and redundant system—exceeding some of the highest SLAs in the industry

A key component of our successful management of the usTLD has been the development, implementation and enforcement of unique policies and procedures that support a more robust, predictable and reliable DNS. Effective enforcement of the usTLD's unique policy-rich environment contributes significantly to the high quality of the registrations found in the space today. The principle policies governing the usTLD space today include:

- The usTLD Nexus requirements ensure that registrants are reliably subject to U.S. law and the jurisdiction of U.S. courts;
- A requirement for accurate, reliable and up-to-date WHOIS data backed up by tools and procedures to pro-actively identify and address inaccurate and/or incomplete data;
- True registrant accountability is ensured by a prohibition on proxy, anonymous or privacy registrations ;

- Certain objectionable words may not be registered;
- Locality Delegated Managers must now agree to and abide by the enforceable terms of the Delegated Manager Agreement;
- Locality Registrants must meet agree to and abide by the terms of the Locality Registrant Agreement;
- Prohibitions on use of usTLD registrations for malicious, abusive, and/or illegal activity are backed up by sophisticated technology tools to identify and respond to cybersecurity threats; and
- Prior to the suspension of Kids.us, all kids.us registrations were required to meet all the guidelines concerning usage and content.

1.1.3 Increased Usage of usTLD (C.2.1.3)

Neustar will promote increased usage of the usTLD, including kids.us, through the introduction of enhanced technology and other services, developing partnerships with the registrars and their resellers, as well as alternate distribution channels.

Neustar is committed to the continued development and expansion of the usTLD. Since assuming responsibility for the administration of the usTLD in October 2001, Neustar has overseen steady and responsible growth while ensuring the long-term integrity of the domain. Neustar launched the expanded second-level space in April 2002 and has since increased usTLD second-level registrations from zero to over 1.86 million names. A key component of our successful management has been the development, implementation and enforcement of unique usTLD policies and procedures that support the steady, responsible growth of registrations in the second-level expanded space while also ensuring compliance with all required policies and registration procedures.

In addition to the technical and operational activities, Neustar implemented a variety of product initiatives and promotional, sales, and marketing programs to grow both the second-level usTLD and kids.us volumes (prior to its suspension), increase visibility, and build usage. These activities, which are discussed in more detail in *Proposal Volume 1, Section 1.3.8*, have proven successful and the usTLD space continues to show growth and increased usage. The marketing activities of kids.us prior to its suspension are discussed in *Proposal Volume 1, Section 1.8*, and usTLD Nexus Requirement in *Proposal Volume 1, Section 1.4*.

1.1.4 Centrally Administered Structure for Confidence and Stability (C.2.1.4)

Neustar operates a centrally administered and efficiently managed structure that ensures registrant and consumer confidence.

Since assuming responsibility for the usTLD in October 2001, Neustar has overseen steady and responsible growth while deploying the technical, administrative, and policy infrastructure necessary to ensure the long-term integrity of the domain. In 2001 the usTLD was entirely confined to the locality-based naming structure. There was no centralized registration database, no central WHOIS service, no registrar sales channel and virtually no policy or contractual structure governing the use of the usTLD domain name. During the past decade, the space has undergone a dramatic transformation into one of the premiere ccTLDs on the Internet.

The usTLD is now composed of two distinct domain name spaces (the Legacy Hierarchical Locality Space and the Expanded Second level-Space). A third space, kids.us, was suspended in 2012. Each of these spaces is described in detail in *Proposal Volume 1, Section 1.3*.

These core usTLD segments are collectively managed via Neustar's comprehensive Shared Registry System (SRS), which is among the most advanced and reliable in the industry. Key features of the SRS are:

- Centralized database containing all registrations
- Highly robust and secure DNS infrastructure
- Comprehensive, publicly accessible WHOIS database
- A registry-registrar model enabling a robust registrar sales channel
- An extensive suite of features to support registrars including reporting tools, testing environment, secure web-based registration tool, etc.
- A very robust and redundant system—exceeding some of the highest SLAs in the industry

A key component of our successful management of the usTLD has been the development, implementation and enforcement of unique policies and procedures that support a more robust, predictable and reliable DNS. As discussed above, effective enforcement of the usTLD's unique policy-rich environment, which mandate the highest level of registrant accountability through Nexus requirements, WHOIS accuracy, prohibitions on proxy registrations and abusive conduct, contributes significantly to the high quality of the registrations found in the space today.

Neustar's centralized registry system is not only an integral part of ensuring consumer confidence and trust in the expanded space, but is also central to the modernization of the locality space. More information on the coordinated functions and activities in the locality space can be found in *Proposal Volume 1, Section 1.5*, including the following:

- Negotiating contracts with Locality Governments
- Enforcing unique Delegated Manager policies
- Maintaining and supporting the Delegated Manager Tool for Delegated Managers to administer their names
- Process for Rescinding Delegation
- Services for Un-delegated Third Level Sub-Domains
- Coordinate Locality-Based usTLD Users
- WHOIS Database of usTLD Delegated Managers
- WHOIS Database of usTLD Locality Registrants
- Ensuring the Accuracy of Data; and
- usTLD Take-Back Activities

1.1.5 A Stable and Flexible usTLD Environment (C.2.1.5)

Neustar is uniquely positioned to promote the usTLD as “America’s Address” - a home for American businesses, civic and educational organizations, individuals, localities, and interest communities. The foundation for this strength stems from Neustar’s exceptional delivery of a

stable, secure, and scalable infrastructure that has gained the trust and confidence from nation's Internet community.

Highlights

- Met or exceeded service levels for 927 out of 930 performance measurements
- Neustar is adopting a higher level of SLA adherence that far exceeds requirements imposed by ICANN as well as current usTLD requirements
- World-class DNS infrastructure with 30 DNS nodes all supported by carrier grade DDoS mitigation services capable of managing hundreds of gigabits of attack traffic
- Endorsed by registrars representing 86% of usTLD domains, all expressing dire concerns about the incredible risk incurred from transitioning operation of the usTLD
- Neustar is a pioneer in Internet security, providing world-class DNSSEC, DDoS mitigation, and threat mitigation services. Neustar developed, proposed, and deployed sophisticated proprietary tools to prevent, identify, and mitigate the use of usTLD registrations for fraud, online identity theft, phishing, pharming, and email spoofing, including the use of botnets to perpetrate these activities.
- To assist and guide policy development for the usTLD, Neustar proposes to leverage its experience in facilitating multistakeholder management and create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the many constituencies whose members have an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and provide input into the management of the usTLD
- In an era of rapid change, Neustar's proposal will deliver concrete rewards without transition-related risk

Neustar will continue to operate a highly stable and flexible usTLD environment that can be leveraged to meet the future demands of potential registrants and take advantage of new opportunities and growth. More information on the flexible environment, including details on promoting the awareness and usage can be found in *Proposal Volume 1, Section 1.3.8*.

1.1.6 Ensuring the stability of usTLD and DNS (C.2.1.6)

"Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers." —MarkMonitor

The introduction of up to 1400 new top-level domains over the next few years represents a sea change for the domain name system. Any decision to change the usTLD Administrator involves significant risk, requiring the Department of Commerce, Registrars, Registrants and the United States Internet community to divert resources to replicate the present service before even beginning to move

"As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider." —Safenames Ltd.
Simon Mcmanus, Director, Safenames Ltd.

the usTLD forward. Neustar's continued stewardship of the usTLD offers the best path for building on today's success to focus on future priorities.

Neustar has existing contractual relationships with usTLD-accredited Registrars that establish clear and comprehensive parameters for the management of the expanded usTLD space and **support the smoothest transition to more robust Registrar requirements based on input from law enforcement, rights holders, consumer advocates and others.** usTLD Registrars are clear – they see no tangible benefit from that kind of transition. *usTLD Registrars overwhelming support Neustar's proposal to provide usTLD management services.* Given that much of the burden and risk of the transition from one usTLD Administrator to another would fall most heavily on the domain name registrars and their customers, their views should carry great weight.

The usTLD is not just another domain name registry. Its structure and policy requirements are both unique, and require specialized knowledge and technical skills that no other major TLD operator in the world can claim to have. Neustar is uniquely positioned with expertise gained from 12 years of hands-on experience that no other registry operator in the world can claim. Every other respondent would require significant education, training and oversight from the DOC to assume these critical responsibilities with no guarantee of reliable implementation. It would require a steep learning curve for the successor operator that the American Internet Community could not afford:

- **Locality-based Structure management.** Unlike any other TLD, the usTLD has nearly 13,000 locality-based domains. These domains are deeply hierarchical – for example, an elementary school in Fairfax, Virginia, might be registered with the following address: [elementary school name].fairfax.k12.va.us. Neustar has ensured the stability and integrity of the locality-based system by developing working relationships with the usTLD's legacy Delegated Managers supported by documented contractual requirements through contracts with 1,292 (out of 1,300) usTLD delegated managers responsible for 3,653 of these locality-based domain names, while Neustar has assumed responsibility for managing approximately 9,300 individual locality-based domains directly. The administration of the locality-based structure is personal, highly complex, and labor-intensive, requiring significant ongoing attention from the usTLD Administrator. Only Neustar possesses the experience and knowledge needed to manage this completely unique TLD structure and ensure continuity for the usTLD's earliest registrants.
- **A Policy-Rich Environment, including WHOIS Accuracy, Proxy Registration Prohibition, and the United States Nexus Requirement,** policies on abusive conduct and reserved names. The usTLD WHOIS policy is unique among existing top-level domains in that it requires Neustar to check the data for accuracy and completeness. Also unique are the usTLD's prohibition on proxy or "private" registrations and the "Nexus" requirements designed to ensure usTLD registrants are reliably subject to U.S. law and the jurisdiction of U.S. courts. **Neustar has the demonstrated combination of technology, experience and expertise to deliver the high degree of registrant accountability that distinguishes the usTLD and from existing TLDs and accounts for its selection as a policy model for new gTLDs.**

- kids.us registrations, content review, and management. Although the Kids.us space is currently suspended, only Neustar has developed and deployed policies, procedures and enforcement mechanisms mandated by Congress for this name space. Neustar places a high priority on addressing the safety and educational needs of children on the Internet and proposes to leverage the newly proposed usTLD multistakeholder process, informed by experts in education, children's media, and online safety.

Neustar is the only respondent with direct experience in the administration of usTLD-specific policies and procedures needed to meet the critical technical, operational, policy and business needs of the legacy hierarchical locality space and the (2) the second-level space, including the accreditation of registrars and dispute provider. In each of these areas, our policies support predictable, equitable, transparent and reliable domain name registration and resolution, and every other respondent would require significant education, training and oversight from the Department of Commerce to assume these critical responsibilities.

The risk inherent in any technology transition are greatly magnified by the biggest expansion in the Internet space on the horizon, which will place exceptional competing demands on the time, resources, and energy of registrars, resellers, delegated managers, dispute providers, service enhancement providers, DNS providers and registrants. **Stable administration of the usTLD is mission critical at a time when registries and registrars are likely to be occupied with new gTLD launches.**

1.1.7 usTLD Administration Consistent with established technical and administrative requirements (C.2.1.7)

Neustar is an active leader in both the Internet Engineering Task Force (IETF) and the Internet Corporation for Assigned Names and Numbers (ICANN). We have a long-standing commitment to enforcing and complying the policies developed within those organizations including RFC 1480.

The policies and standards produced by the IETF and ICANN form the basis for effective functioning of the global Internet. Neustar complies with all such applicable policies and standards, including RFC 1480, in its operation of the usTLD. We will continue to do so throughout the term of the contract.

Neustar goes beyond simple compliance with these standards and policies. As the Administrator of the usTLD, we work diligently across multiple stakeholders and policy bodies to guide the development of the Internet as it continues its rapid expansion. As such, we collaborate with a diverse array of national and international standards bodies, including the Department of Commerce, ICANN, IETF, ccNSO Council, ccNSO IANA Working Group, IETF Provisioning Registry Protocol, NANOG, DNS OARC, IETF WHOIS-based Extensible Internet Registration Data Services (WEIRDS), anti-phishing working group, and the Center for Safe Internet Pharmacies to develop and introduce improvements to not only the usTLD but the Internet in general. Participation in helping develop those policies and standards cover a diverse range of important issues ranging from privacy, security and encryption to process and procedures for rights protection mechanisms.

Through our participation in these groups, Neustar is exceptionally positioned to contribute to the overall evolution of the usTLD space as new standards and requirements are

introduced. *Proposal Volume 1, Section 1.3.7* highlights some key standards and policies that with which Neustar complies.

1.1.8 Protection of Intellectual Property and Support of Sunrise (C.2.1.8)

As the owner of a large patent, copyright and trademark portfolio, Neustar believes that the protection of intellectual property assets on the Internet is of fundamental importance to any entity that derives income from the use of its intellectual property. Neustar has been among the most active of all domain name registry operators in advocating the rights of trademark owners, has an exceptional record of responding to their needs, and has been extremely innovative in its approach in providing additional rights protection mechanisms above and beyond those offered in the existing ccTLDs and gTLDs.

In addition to multitude of protections provided by Neustar to combat abusive registrations of domain names set forth in *Proposal Volume 1, Section 1.4.6.7*, Neustar proposes to offer the following services described in *Proposal Volume 1, Section 1.4.3* aimed at the protection of intellectual property owners:

- The usDRP: A marked improvement over the UDRP – In 2002, Neustar successfully implemented and continues to operate the usDRP in accordance with all requirements set forth in the current agreement. The usDRP sets forth the terms and conditions in regards to a dispute between trademark owners and usTLD over domain names that have been registered or used in bad faith. Neustar has proven its ability to successfully administer this policy and we will continue to do so throughout the new contract term.
- The usRS: A Newly proposed rights protection mechanism -- In response to complaints by trademark owners that the UDRP (the usDRP equivalent in gTLDs) was too cost prohibitive and slow, and the fact that more than 70 percent of UDRP cases were “clear cut” cases of cybersquatting, ICANN adopted a recommendation made by an implementation review team (“IRT”) that all new gTLD registries be required to take part in a Uniform Rapid Suspension System (“URS”). The purpose of the URS is to provide a more cost effective and timely mechanism for brand owners than the UDRP to protect their trademarks and to promote consumer protection on the Internet. As the only ccTLD or gTLD Registry Operator participant in the IRT, Neustar believe that the United States Internet Community would benefit from the implementation of the URS described below.
- The Sunrise Process: In early 2002, Neustar became the first registry operator to launch a successful authenticated Sunrise process that permitted qualified trademark owners to pre-register their trademarks as domain names in the second-level usTLD space prior to the opening of the second-level usTLD space to the general population. Unlike any other “Sunrise” plans implemented or even proposed before that time, Neustar validated the authenticity of Trademark applications and registrations with the United States Patent and Trademark Office (USPTO). Neustar subsequently successfully rolled out a similar Sunrise mechanism for the launch of the kids.us domain names space and commits to launch a Sunrise process in the event future developments necessitate such action.

1.1.9 Consistent Communications with Critical Stakeholders (C.2.1.9)

Neustar has established and maintains consistent communication with the Contracting Officer's Representative (COR) and the usTLD community.

Neustar has managed and maintained the usTLD space under NTIA's close supervision. Neustar has maintained a close relationship with the COR and other DOC staff and look forward to actively consult and participate in the multi-stake holder group.

Neustar's designated point of contact with the COR, Terri Claffey has been actively engaged with the COR on a regular basis and closely involved with the management and operation of the usTLD registry. Ms. Claffey serves as the primary point of contact for the usTLD; however, as set forth in *Proposal Volume 1, Section 1.2.3.2*, management of the usTLD is a team effort and relies on a number of functional areas within Neustar to achieve its goals in serving as a steward for the United States and global Internet communities.

In addition, during the current term Neustar has provided a substantial number of reports to the COR, including the monthly and periodic reports described in *Proposal Volume 1, Section 1.12*. We have continuously improved the reporting structure and delivery of the reports including adding new elements and posting aggregated high-level data for the public to be compliant with ICANN and other industry standards. These reports provide DOC with greater visibility into the Registry, in particular the activities of individual registrars with respect to transactions and Registrar Status.

On a going forward basis, Neustar is proposing to publish a number of these reports on its primary website, as appropriate.

usTLD Community

Neustar has a variety of mechanisms to communicate with the usTLD community, including through traditional websites (www.neustar.us, and about.us), a registrar extranet, the usTLD Blog, and a variety of social media tools described in *Proposal Volume 1, Section 1.3.8*. We currently also list certain statistics at www.neustar.us/statistics which include the:

- Number of monthly domain name registrations, renewals, deletions and transfers
- Total number of domain names under management,
- Number of nameservers, and
- Number of registrars

During the next term, to assist and guide policy development for the usTLD, as described in *Proposal Volume 1, Section 1.3.15*, Neustar proposes to create a usTLD Stakeholder Council (the "Council") to serve as a vehicle through which the many constituencies whose members have an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and provide input into the management of the usTLD. Using a multistakeholder approach, the Council will provide regular feedback on usTLD management and may propose policies for the usTLD. The Council will also provide an independent forum and mechanism for future development of the usTLD, working directly with usTLD stakeholders, including Federal, State, and local government stakeholders, and helping Neustar identify public needs and develop policies, programs, and partnerships to address those needs.

1.1.10 Abide by Existing Policy Frameworks and Best Practices (C.2.1.10)

Since assuming responsibility as Registry Operator for the usTLD in October 2001, Neustar has fully complied with best practices for ccTLD Administration including, without limit, RFC 1591 and all relevant ICANN Government Advisory Committee (GAC) principles and procedures.

Neustar recognizes, consistent with Government Advisory Committee Principles and Guidelines for the Delegation and Administration of Country Code Top Level Domains (2005) (the "GAC Principles") that "ultimate public policy authority over the relevant ccTLD rests with the relevant government or public authority; how this authority is exercised is determined by applicable law." Neustar administers the usTLD in the public interest under the supervision of the U.S. Department of Commerce. Our management services are grounded in the framework of US national public policy and relevant laws and regulations as determined by the U.S. Department of Commerce, which ensure effective and fair conditions of competition, at appropriate levels and scale of activity.

Throughout its tenure as the Registry Operator for the usTLD, Neustar has demonstrated its commitment to participate in the ICANN process as a partner to the U.S. Department of Commerce. Neustar is an active participant in the ICANN Country-Code Name Supporting Organization ("ccNSO") and has played a leadership role within the ccNSO and on the ccNSO Council. As an active member of the ICANN Country-Code Name Supporting Organization ("ccNSO") Neustar has actively promoted continuous improvement in ccTLD best practices. The usTLD representative on the ccNSO Council, Neustar's Deputy General Counsel Becky Burr, is the Vice-Chair of, and is a key contributor to, the work of the ccNSO's Framework of Interpretation Working Group (the "FOIWG"). This Working Group, in consultation with the GAC, is tasked with developing interpretive guidance regarding the requirements of RFC 1591 as applied to country-code TLDs.

As the usTLD representative to the ccNSO, Neustar has also been actively engaged in upholding and fostering the GAC principles, which state that the ultimate public policy authority over a ccTLD rests with the relevant government or public authority. Neustar has also worked to educate and inform ccNSO members about the role of the U.S. Department of Commerce with respect to the Internet Assigned Name and Number ("IANA") functions. For example, as the usTLD representative on the ccNSO Council, Neustar contributed to the ccNSO's constructive response to NTIA's Notice of Inquiry and Further Notice of Inquiry on the IANA Functions Contract, much of which was reflected in the final requirements issued by the Department of Commerce for that contract. Neustar has also participated in numerous ccNSO workshops regarding best practices for technical management of ccTLDs.

More information on Neustar's involvement with the ccNSO and adherence to abiding by existing policy frameworks can be found in *Proposal Volume 1, Section 1.4.4*.

1.1.11 Robust usTLD Competition Promotes Choice and Service (C.2.1.11)

Neustar promotes robust competition within the usTLD, including registration services, to ensure greater choice and improved services for usTLD users.

Neutrality and the promotion of competition are part of Neustar's DNA. Under FCC rules and orders establishing the qualifications and obligations of the North American Numbering Plan (NANP) Administrator and National Pooling Administrator, and under our contracts with North

American Portability Management, LLC to provide telephone number portability services, Neustar is required to comply with rigorous neutrality regulations and policies. Neustar's commitment to neutrality carries over to all parts of our business through the company's Code of Business Conduct. The Neustar Code of Business Conduct, and the conflict of interest provisions of that code are discussed in further detail in *Proposal Volume 1, Section 1.10* (Conflicts of Interest). Neustar has also proposed a Conflicts of Interest Policy applicable to the work of the usTLD Stakeholder Council. For purposes of this policy, Neustar employees who interact with the Stakeholder Council, including employees participating in the deliberations of the Council itself of performing Secretariat functions will be "covered persons" subject to the policy and the requirements. The policy discussed in further detail in *Proposal Volume 1, Sections 1.10 and 1.3.15*.

Neustar currently supports 136 active .us-accredited registrars, each of whom rely on Neustar's neutral administration of the usTLD to enable them to compete effectively with one another to best serve users of the usTLD. We look forward to continuing our promotion of competition, greater choice and improved service within the usTLD.

Neustar is fully committed to providing equivalent access to registrars and will continue to operate under a stringent code of conduct, described in *Proposal Volume 1, Section 1.4.7* to ensure that all ICANN-accredited registrars have equivalent access to registry services and marketing programs. In our comments in response to the NOI, Neustar recommended that consideration be given to relaxing the prohibition of direct registration of usTLD names through the registry, particularly in connection with specific programs aimed at non-profit organizations and governmental entities to facilitate no/low cost registrations to achieve specified education and public policy goals. Based on our experience as the usTLD Registry Operator, we believe that some non-profit and educational organizations might benefit from a low/no cost reseller "in a box" service that would enable organization-sponsored usTLD registrations and promote innovation in the usTLD name space. While any such service would need to be carefully structured to maintain appropriate incentives for continued distribution by the usTLD Registrar community, this concept may be of interest to the usTLD Multistakeholder Stakeholder Council. Any such consideration will, of course, take place in compliance with the Council's Conflicts of Interest Policy and will include the Department of Commerce.

1.2 DESCRIPTION OF SERVICES (C.3)

1.2.1 Neustar as Prime Contractor (C.3.1)

Neustar will manage, maintain, and operate the usTLD under NTIA's supervision. Neustar will perform the required services as prime Contractor. In certain limited areas and with the prior approval of the DOC, Neustar will continue to provide the required services by coordinating the services of subcontractors. Neustar is incorporated in the State of Delaware and headquartered in Sterling, Virginia. Neustar provides all primary usTLD domain name registry services in the United States using U.S.-located equipment. (With the approval of the Department of Commerce, certain non-primary DNS servers are located outside the U.S.)

Neustar is a trusted, neutral provider of real-time information and analysis to the Internet, telecommunications, entertainment and marketing industries throughout the world. Incorporated in Delaware and traded on the New York Stock Exchange (NYSE: NSR), Neustar's corporate headquarters and primary operations are based in Sterling, Virginia. Neustar's Articles of Incorporation are provided in *Proposal Volume 1, Attachment 1 – Articles of Incorporation*.

With respect to all services, other than the limited services described immediately below, Neustar performs all of the required functions of the usTLD directly, without the use of subcontractors. The only services Neustar subcontracts to third parties are dispute resolution services, data escrow services, and certain functions with respect to the public resource second-level domains.

Neustar will use the following subcontractors in the performance of usTLD administration and registry operations as set forth in this Response.

- **American Arbitration Association (AAA)**—AAA provides administrative services in the U.S., as well as abroad through its International Centre for Dispute Resolution® (ICDR). AAA's and ICDR's administrative services include assisting in the appointment of mediators and arbitrators, setting hearings, and providing users with information on dispute resolution options, including settlement through mediation. AAA provides domain name dispute resolution services related to the registration or use of a usTLD domain name in violation of the usDRP or the usTLD Nexus policy and rules.
- **National Arbitration Forum (NAF)** — The National Arbitration Forum, an industry leader in arbitration and mediation services for over 20 years, is an expert in the resolution of Internet-based disputes. An innovator in the industry, the National Arbitration Forum serves as one of three primary providers of the ICANN domain name dispute resolution program, resolving issues involving disputed trademarks. The NAF currently provides domain name dispute resolution services related to the registration or use of a usTLD domain name in violation of the usDRP or the usTLD Nexus policy, and is the proposed dispute resolution services provider for the new usRS. In addition, NAF also offers content dispute resolution services for the kids.us domain name space.
- **Iron Mountain**—Iron Mountain Incorporated (NYSE:IRM) helps organizations around the world reduce the costs and risks associated with information protection and storage. The company offers comprehensive records management, data protection, and information

destruction solutions along with the expertise and experience to address complex information challenges such as rising storage costs, litigation, regulatory compliance and disaster recovery. Iron Mountain will continue to provide third-party data escrow services for usTLD administration.

- **ApolloBravo, Inc:** ApolloBravo is a digital marketing firm engaging consumers with integrated mobile promotions and social media solutions. Neustar engaged ApolloBravo in April 2012 to create three Public Resource sites: parks.us, library.us and vote.us. These Public Resource Sites have a map-based interface that allow users to quickly search by state for specific information on US parks, libraries and voting locations.

1.2.1.1 Physical Location and Primary Operations in U.S. (C.3.1.1)

Neustar's corporate headquarters and primary operations are based out of Sterling, Virginia (Figure 1.2-1).

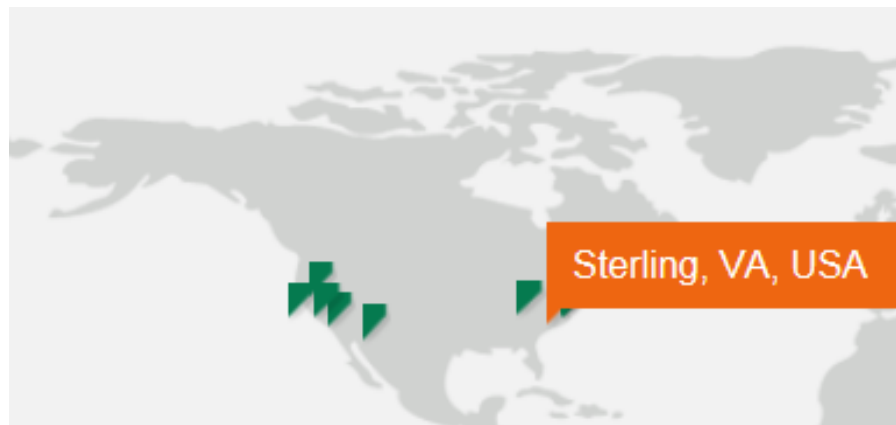


Figure 1.2-1: Physical address and primary operations in Sterling, Virginia, United States

Neustar's usTLD system and services are delivered through the company's secure, robust technology platform, and rely on unique, extensive and secure databases. With the exception of certain non-primary DNS nameservers located outside of the United States, which were approved by the U.S. Department of Commerce during the current contract term, all core registry services outlined in *Proposal Volume 1, Section 1.3* – including all SRS, WHOIS, DNSSEC, Data Escrow, and DNS Services - have been and will continue to be provided by employees in the United States on equipment located in the U.S.

1.2.2 Operation of the usTLD (C.3.2)

Highlights:

As the usTLD Administrator, Neustar has and will continue to:

- Deliver exceptional usTLD management services at no cost to the U.S. government, and at fair and reasonable prices usTLD Registrars
- Provide usTLD services as the DOC's partner, working in close collaboration with the Contracting Officer and the COR
- Minimize the required DOC level of effort while maximizing value to the DOC and the overall usTLD community

- Build on our expertise and strong working relationship with the Department of Commerce to ensure that usTLD enhancements are deployed promptly as scheduled or required using change management processes to achieve and maintain quality standards.

Neustar's business processes and service delivery mechanisms for the usTLD are designed specifically to deliver world-class registry management services at no cost to the United States Government and at fair and reasonable prices to Registrars, registrants and delegated managers.

Developing, deploying and maintaining scalable and reliable Internet infrastructure services in today's ever-changing, on-line world is a challenge very few providers are capable of meeting. Couple that with the need for (i) continued deployment of sophisticated proprietary tools to prevent, identify, and mitigate the use of usTLD registrations for fraud, online identity theft, phishing, pharming, and email spoofing, including the use of botnets to perpetrate these activities and (ii) the ability to enhance, monitor, and enforce **the usTLD's unique policies on WHOIS Accuracy, Proxy Registration Prohibition, acceptable use, and the United States Nexus Requirement** and the list of qualified providers narrows to only one: Neustar. Neustar has provided usTLD services to the U.S. government at no cost since 2001. Despite continuous investment in infrastructure, support, and operations, Neustar has held the \$6 per name fee to usTLD registrars – which compares favorably with fees charged by other ccTLD operators - constant since December of 2005. Neustar has achieved this by:

1. Architecting flexible world-class systems that scale
2. Leveraging existing services and shared infrastructure to provide cost-effective solutions while capitalizing on best in breed technologies and advancements
3. Creating custom training programs that rapidly integrate new hires

Proposal Volume 2, Section 1 describes in detail how Neustar proposes to fund usTLD operations at no cost to the U.S. government while maintaining fair and reasonable pricing to registrars during the upcoming contract term.

1.2.2.1 Neustar Provides Service at Fair and Reasonable Fees (C.3.2.1)

Neustar provides service for the usTLD at a Fair and Reasonable Price to offset the operational costs associated with delivering a secure, stable and reliable growth platform for the US Internet community.

Neustar has successfully managed the usTLD domain under the NTIA's supervision at no cost to the U.S. Government for the last 12 years. During that time, we have invested in supporting the growth, policies, security and stability of the space by deploying all necessary personnel, equipment, services and facilities. Over this period, the only increase in the per-usTLD-name-charge to Registrars occurred 8 years ago, in December of 2005.

Table 1.2-1 provides comparative pricing for popular TLDs, including ccTLDs, in the marketplace. Despite the fact that the usTLD is governed by the highest standards of any TLD, pricing remains lower than most.

TLD	Price
.CO	\$20.00
.COM.AU	\$17.00
.PL	\$13.88
.ORG	\$8.25
.CA	\$8.13
.COM	\$7.85
.INFO	\$7.42
.UK	\$6.67 (members price)
.FR	\$6.49
.NET	\$6.43
.US	\$6.00
.NL	\$5.66
.EU	\$5.41

Table 1.2-1: Comparative Pricing

Funding for the administration, management, marketing and operation of the usTLD is generated through registration fees paid by Registrars and, in the case of the U.S. Reserved Names Program, the registrants themselves. There are currently no fees charges to Delegated Managers or Locality Registrants. The **Table 1.2-2** provides an overview of the fees we are proposing to charge during the subsequent renewal term.

Fee Element	Charged to	Fee
Locality-based Structure (e.g., DMV.state.va.us)		
Adds, Transfers, and Renewals	Delegated Managers/Registrants	\$0 per year
Expanded second –level Structure (e.g., FellsPoint.us)		
Adds, Transfers, and Renewals	usTLD Accredited Registrar	\$6.00 per year
usTLD Stakeholder Council Fee for all Adds, Transfers, and Renewals	usTLD Accredited Registrar	\$0.50 per year
One-time Initial Accreditation Fee	usTLD Accredited Registrar	\$1,000.00
Redemption Grace Period Restoration		
< 5 days	usTLD Accredited Registrar	\$6.50 per transaction
> 5 days	usTLD Accredited Registrar	\$40.00 per transaction
Kids.us (e.g., nickjr.kids.us)		
Adds, Transfers, Renewals	Kids.us Accredited Registrar	\$6.00 per year
usTLD Stakeholder Fee	Kids.us Accredited Registrar	\$0.50 per year
Content Management Subscription Fee	Registrant	\$125.00 per year
Reserved Names (e.g. nasa.us)		
Three-year term registration/renewal	Registrant	\$168 per 3 year term
Five-year term	Registrant	\$180 per 5 year term

Fee Element	Charged to	Fee
registration/renewal		
Lifetime registration	Registrant	\$395 one time
Reserve qualified domain name permanently	Registrant	\$152 one time
BTAPPA Fee	usTLD Accredited Registrar	\$.20 per name; \$1,000 minimum
Registry Lock Service	usTLD Accredited Registrar	1 - 99 domain names and/or host record: \$4.50 per name per month 100 - 499 domain names and/or host record: \$3.50 per name per month 500 – 1,000 domain names and/or host record: \$2.50 per name per month 1,001 – 2,499 domain names and / or host record: \$1.50 per name per month 2,500+ domains and/or host record: to be negotiated by Neustar and the Registrar

Table 1.2-2: usTLD Administration Fees

Neustar is proposing a number of enhancements and increased service levels to Registrants, Delegated Managers, Registrars and end users. Neustar allocates technology resources every year to enhance, protect and scale the registry systems that support the usTLD. Those investments cover a wide range of platform and security investments that span the usTLD registry systems. Neustar projects \$8.2 million during the Forecast Period to support the labor associated with the following capital projects:

- Scale improvements to manage the increasing load on the DNS infrastructure
- Security enhancements to support new threats and attacks on DNS and registry infrastructure (ex. DDoS threats)
- Performance improvements to core DNS infrastructure
- Performance enhancement to DNS propagation times
- Scale improvements to manage increase load on the core SRS systems
- Compliance with IETF and ICANN Standards and Policies as appropriate
- Whois performance enhancements
- Whois scale improvements
- DNSSEC improvements in accordance with industry standards and practices
- Labor to support technical hardware refreshes of registry systems

The development, testing and deployment efforts for the usTLD are extensive in order to maintain the strict SLAs described in Section 2.4. Projects are phased over several months and

often span multiple years. Neustar's past performance excellence is a reflection of the careful planning and execution used to support the usTLD.

In addition, as described in this Proposal, Neustar proposes to roll out a variety of new multi-stakeholder processes and procedures, including a new usTLD Stakeholder Council. To support these activities we are proposing to add a new \$0.50 per domain name per year fee to the current wholesale cost of a usTLD registration to cover the costs associated with the usTLD Stakeholder Council and maintaining the new multi-stakeholder model of policy development described in our proposal. This will fund the operations of the Council itself, including travel, physical meetings, virtual meeting technology, communications technology (conference calls, video conferencing, recording and transcription, mailing list services, etc.), the provision of Secretariat services for the Council, including a Manager of Public Participation to manage usTLD stakeholder consultations and policy development.

To clarify, Neustar proposes to add the \$0.50 fee would be added to the wholesale registration price for names sold by Accredited Registrars.

- The fee is not applicable to delegated space registrants
- The fee is assessed for all adds, transfers and renewals by Accredited Registrars
- Domain name registrations that have already been registered for multiple years will not be assessed the fee until the domain name renews
- The fee is not assessed directly to registrants. Registrars set their own registration prices for domain name registrations and renewal and therefore have the ability to raise or lower prices at their discretion.

In accordance with the RFP requirements, the fee was calculated based on anticipated costs of the Stakeholder Council, the Education Committee, and Multistakeholder consultation process plus a fair and reasonable profit. This fee will fund the operations of the Council itself, including travel, physical meetings, virtual meeting technology, communications technology (conference calls, video conferencing, recording and transcription, mailing list services, etc.), the provision of Secretariat services for the Council, including a Manager of Public Participation and other staff resources, to manage usTLD stakeholder consultations and policy development. An estimate of annual costs is provided in the table below.

Estimate of Costs to Support Stakeholder Council, Education Committee and Multistakeholder Consultation Process					
in ,000s	2014	2015	2016	2017	2018
Personnel/Staffing	\$275	\$283	\$292	\$300	\$310
Travel	\$74	\$74	\$74	\$74	\$74
Events	\$97	\$97	\$97	\$97	\$97
Telecom and Commo	\$81	\$81	\$81	\$81	\$81
Professional Fees	\$120	\$120	\$120	\$120	\$120
Total	\$647	\$655	\$664	\$672	\$682

As set forth in *Proposal Volume 2, Section 3* Neustar's financial plan is self-funding. We are forecasting reasonable profits over the base and option terms of the contract. This trend reflects the current fee structure and the benefit of leveraging an existing usTLD registry infrastructure. Further, the anticipated revenue growth will be supported by a proven and viable cost structure that includes: ongoing maintenance and capital investments, increases in operating costs, and dedicated marketing dollars for programs outlined in *Proposal Volume 1, Section 1.3.8*. Neustar will, therefore, fund the requirements of this acquisition at no cost to the United States Government. Neustar understands that in the unlikely event that the expenses incurred to perform the Contract exceed the fees received during the base period or any option period of the Contract, we shall seek approval of such fees before they take effect, which approval shall not be unreasonably withheld and provided the fees are fair and reasonable.

1.2.2.2 Implementing New Policies with Prior Approval of the Contracting Officer (C.3.2.2)

Neustar shall not implement any policies, procedures, rules, mechanisms, or execute any agreements or subcontracts in fulfillment of the Contract's requirements without the prior approval of the Contracting Officer, which approval shall not be unreasonably withheld. Neustar's ability to adhere to this requirement is predicated on its close relationship with the CO and other DOC staff.

Neustar has an active Legal and External Affairs team dedicated to ensuring that all requisite approvals are obtained in the usTLD prior to the implementation of policies, procedures, rules, mechanisms, or execution of agreements and subcontracts in fulfillment of Neustar's requirements without the approval of the CO.

For all such activities requiring approval of the CO, Neustar's designated point of contact, Terri Claffey, is responsible for engaging with the CO. Ms. Claffey is a Senior Policy Advisor for Law and Policy at Neustar. She joined Neustar in 2005 as part of the External Relations team and is Neustar's primary liaison with the Congress and various sectors of the Executive branch. In 2010 her responsibilities were expanded to include and interactions with the CO for the usTLD. She has more than 35 years of experience working both for the US government and for the private sector and has specialized in communications and Internet policy.

Ms. Claffey serves as the primary point of contact with the DOC for the usTLD; however, management of the usTLD is a team effort and relies on a number of functional areas within

Neustar to achieve its goals in serving as a steward for the United States and global Internet communities. **Table 1.2-3** provides a list of key personnel of the Neustar Team.

Person	Functional Areas	Responsibilities
Jeff Neuman	Vice President, Registry Services	Oversight of Neustar's registry businesses including the administration of the usTLD
Jonathan Coombs	Chief Information Security Officer	usTLD Director of Security, Network Operations, Data Center, Security
Mark Robinson	Technical Operations	Sys Admin, Web Site Dev., Database Admin, LAN/WAN Admin, Network Provisioning
Terri Claffey	Department of Commerce Relations	DOC Liaison, Constituency Relations, Kids.us Outreach and Promotions
Becky Burr	Law and Policy Development	Chief Legal Counsel, Overall Policy Coordination for usTLD/kids.us, Contract Administration / Compliance
Les Chasen	Systems Engineering and Business Operations	Dev Ops, Core usTLD Registry (SRS, DNS, WHOIS, DNSSEC, Escrow), Public Domain Sites, Kids.us, Locality Space
Ed Lewis	Technical Industry Liaison	Industry Standards Compliance, ICANN Tech Rep, IETF Tech. Rep, DNSSEC, IPv6
Ivor Sequeira	Channel Management and Business Development	Registrar Outreach and Resellers
Sean Kaine	Product Development and Management	Business Requirements, Business Operations, Product Management, Business Processes
Judy Song-Marshall	Marketing	Marketing Programs, Branding, Advertising, Marketing Collateral, Web Content
Brian Beam	Finance	Accounting, Invoices, Collections, Financial Planning and Analysis
John Bishara	Support	HelpDesk, Accreditation, Nexus/WHOIS Enforcement
OPEN	Manager of Public Participation	usTLD Stakeholder Council Support, usTLD Stakeholder Relations

Table 1.2-3: The Neustar Team

A number of the above individuals has at various times met with members of the DOC on issues related to their expertise and are available to consult further with the DOC at any time.

Despite various changes in personnel at the DOC, Neustar has maintained relationships with personnel within these organizations and maintain the necessary lines of communications to ensure the smooth and efficient administration of the usTLD. Key personnel information is provided in *Proposal Volume 1, Section 2.3, Management Plan*.

Contracting Officer Approval of Stakeholder Council Policy Proposals

As discussed elsewhere, Neustar is a long-time supporter of multistakeholder governance processes and proposed the creation of a usTLD Policy Council in 2001. Following contract award, Neustar created the proposed Council, members of which included: Juan Otero, then-Principle Counsel for the U.S. League of Cities; Larry Singer, a member of the National Association of State Chief Information Officers and the CIO of Georgia's Technology Authority; Jonathan Hudis, then-chair of the American Intellectual Property Law Association's Internet Committee; Claudette Tennant, Internet Policy Specialist for the American Library Association; Jamie Love from the Consumer Project on Technology; and Joe Rubin, Policy Director of the U.S. Chamber of Commerce.

The Council proposed a variety of policies, including a modification of the Nexus Dispute Resolution Policy to permit transfer of a usTLD name to a prevailing party in a Nexus dispute (provided, of course, that the prevailing party met the Nexus requirements). Shortly after the launch of the expanded usTLD space, for example, it became apparent that the implementation of the NDP had some limitations that provided little incentive for third parties to file NDP challenges. The Policy Council received input from usTLD stakeholders that the inability to secure transfer of a registration significantly reduced the value of the process. and proposed policy to address this issue.

Although Neustar sought DOC consent, we were not able to secure it. Other Council policy recommendations met a similar fate. Understandably, this proved to be very frustrating for members of the usTLD Policy Council, each of whom ultimately concluded that participation in the Council was not a constructive use of their valuable time.

On the one hand, the Department of Commerce is the ultimate authority for usTLD policy, and any Stakeholder Council policies are subject to DOC approval. On the other hand, it is self-evident that multistakeholder processes cannot succeed without reasonable assurances that the reasonable product of a properly conducted policy development process will be respected. To this end, we propose to work with the DOC to establish agreed-upon processes and timeline for DOC/Contracting Officer review and approval of policies recommended by the usTLD Stakeholder Council. We believe that a clear approval procedures and timetable for review will provide appropriate assurances of the value that the DOC places on multistakeholder management of the usTLD while preserving the DOC's ultimate authority for the usTLD namespace. In support of timely review and approval by the Commerce Department, Neustar offers the following considerations:

1. Neustar welcomes and strongly encourages the participation of the Commerce Department in the usTLD multistakeholder process in any role it deems appropriate. While such participation would not substitute for the Department's approval, it would provide early notice of and an opportunity to provide input into Stakeholder Council activities.
2. Neustar will review policy recommendations and other Council input, and will determine whether the recommended policy (1) falls within the scope of the Council's authority; (2) is consistent with U.S. law; (3) furthers the purposes of the usTLD and serves the public interest and the interests of usTLD stakeholders; (4) was arrived at

- through a fair and open process; and (4) does not unreasonably burden or undermine the efficient and commercially reasonable operation of the usTLD.
3. If Neustar concludes that a policy recommendation from the Council meets the requirements described above, it will publish the proposed policy on the usTLD site and notify the Contracting Officer in writing of the proposed policy.
 - a. It is understood that DOC retains the authority to approve any new proposals arising from the Council process and presented by Neustar.
 - b. To facilitate DOC review, Neustar will provide quarterly reports to the DOC of any ongoing Council policy development activities, and
 - c. Notify the DOC in writing of any Council recommendation that it proposes to adopt as usTLD policy (a "Proposed Policy").
 4. Upon receipt of a Neustar notification that it intends to adopt a Proposed Policy, the DOC may request additional information regarding the Proposed Policy. Neustar will respond promptly in writing to any such requests.
 5. The Department of Commerce will review and approve or disapprove Proposed Policies in accordance with processes and timelines to be developed.
 6. If Neustar declines to accept a policy recommendation from the Council, it will return the recommendation to the Council for further consideration, along with a detailed explanation of the reasons the recommendation was declined. The Council may reconsider the policy recommendation, make changes to it, and resubmit it for Neustar's consideration. Neustar will provide written notice to the DOC of any Council-recommended policy that it intends to reject, including an explanation of the reasons for rejecting the policy recommendations.

1.3 CORE REGISTRY FUNCTIONS (C.4, C.4.1)

Neustar enables the usTLD to be the home for American businesses, individuals, and localities by expertly delivering a stable, secure, and scalable infrastructure that is trusted by the nation's Internet community.

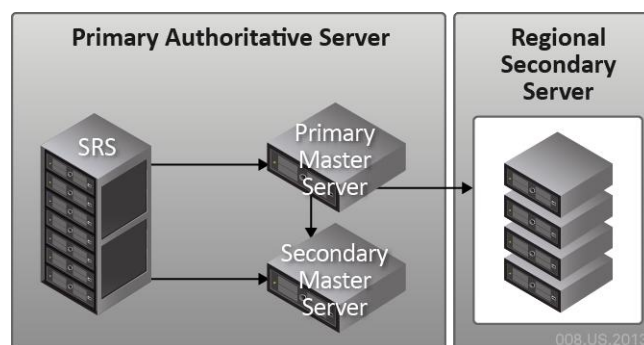
Highlights

- Met or exceeded service level requirements 927 out of 930 performance measurements
- Adopting a higher level service level requirements that far exceed those imposed in the current usTLD contract or by ICANN
- Built a world-class DNS infrastructure with 30 DNS nodes all supported by carrier grade DDoS mitigation services capable of managing hundreds of gigabits of attack traffic
- Received the enthusiastic endorsement of registrars sponsoring 86% of all usTLD domain names
- Innovated new security programs providing world-class DNSSEC, DDoS mitigation, and threat mitigation services
- Neustar has been a leader in facilitating the multistakeholder model in many industries, and will leverage that experience to develop robust and impactful stakeholder participation to shape the usTLD
- Neustar introduces zero transition risk at a time of unprecedented change in the domain name industry

1.3.1 Primary Authoritative Server for the usTLD (C.4.2.i)

Neustar operates the primary authoritative DNS services a part of Neustar's industry-leading DNS network that provide exceptional stability, scalability, security and reliability to usTLD stakeholders.

The Neustar Primary Authoritative servers operate as a cluster of hidden masters that are co-located with the core SRS system. The SRS database is the single authoritative source of all registration data. A series of dynamic update related applications feed incremental updates to the hidden masters. The master DNS servers are responsible for DNSSEC signing, validating incremental updates, and propagation to our regionalized DNS servers. The DNS constellation is then updated from the regional servers. This is depicted in **Figure 1.3-1** below.



The DNS masters support:

- DNSSEC signing and key management. (see *Proposal Volume 1, Section 1.3.13*)
- Dynamic updates (see *Proposal Volume 1, Section 1.3.3*)
- High Availability cluster in both primary and backup data centers
- IPv6 support
- Prohibits wildcards
- Prevention of malicious orphan glue records
- Compliance with DNS Protocol Specifications (details in *Proposal Volume 1, Section 1.3.7*)

Figure 1.3-1: Master Server Configuration

1.3.1.1 DNS Change Propagation

Neustar provides continuous, near-real-time zone modifications, distributed to geographically diverse locations, resulting in up-to-date responses from authoritative nameservers. As registrars submit changes in domain records, the system reflects these in the zone almost immediately. The DNS data is maintained within the registry, propagates into the nameserver infrastructure via a Zone Administrator process, and then distributes them across the nameserver infrastructure via zone replication.

Dynamic updates of the DNS zone allow registrants to register or update a domain and see those changes propagated to DNS in near real-time. Neustar has been providing this service with continuous enhancements to performance and stability since the introduction of new gTLDs in 2001. More details on DNS Propagation are discussed in *Proposal Volume 1, Section 1.3.3 (usTLD Zone File(s) Compilation, Generation and Propagation)*.

1.3.1.2 DNS Constellation

Neustar's DNS network of authoritative servers consists of [REDACTED] public nodes with additional private nodes collocated with leading ISPs – making Neustar's service one of the largest and most widely distributed DNS infrastructures in the world. The nodes form an Oracle database-driven infrastructure that replicates globally in near real-time. DNS requests are routed to the geographically closest node, ensuring they are resolved with the very latest data at the fastest possible speed. It is monitored 24x7 by trained Network Operations Center professionals. Additional details on Neustar's DNS network can be found in *Proposal Volume 1, Section 1.3.2*. Neustar has delivered exceptional performance operating the DNS for the usTLD since 2002. For the upcoming contract term, we will continue to operate the authoritative server in a manner that is highly reliable, secure, and accurate, without risk of transitioning to an external or third party provider.

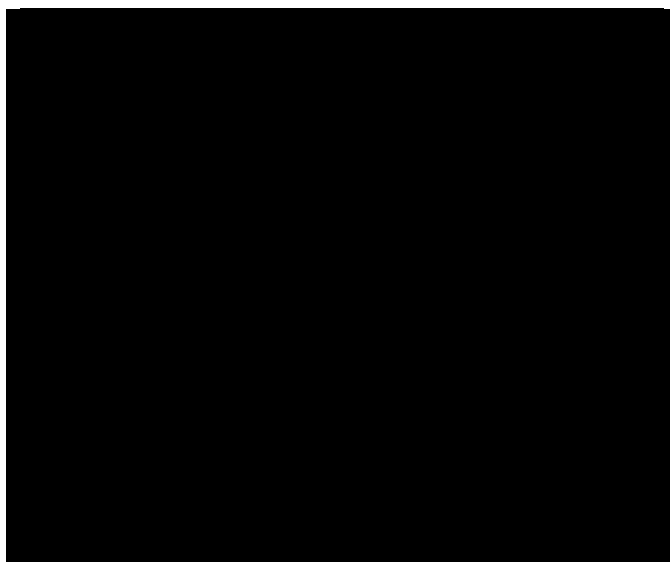
1.3.2 Constellation of Secondary Servers for usTLD. (C.4.2.ii)

Neustar provides industry leading DNS capabilities to operate and administer a constellation of secondary servers that are all protected by a carrier-class DDoS mitigation platform.

Neustar's approach to operating complex and integrated systems like the DNS focuses on preparing for tomorrow's challenges today. As such, we continue to evolve our systems, processes, and infrastructure to prepare for increased load, security risks, and other challenges in an ever-changing Internet landscape. The DNS infrastructure is a critical component to that evolution as it sits at the heart of the transactions for Internet users. Highlights from Neustar's solution include:

- Combination of proprietary and off-the-shelf software solutions
- One of the largest global networks using BGP and IP Anycast
- Carrier-class, highly redundant network nodes
- 100% uptime SLA
- DNSSEC and IPv6 compliant
- SSAE 16, Type-II compliant
- East/West Coast Network Operations Center (NOC) and fully manned Security Operations Center (SOC)
- Secure web-based DNS management portal and SOAP API
- Nameserver segmentation for greater security and protection from DDoS attack impact across the network

Neustar's DNS constellation consists of public nodes with additional private nodes collocated with leading ISPs making Neustar's DNS solution one of the largest and most widely distributed DNS infrastructures in the world. The nodes form an Oracle, database-driven infrastructure that replicates globally in near real-time. DNS requests are routed to the geographically closest node, ensuring they are resolved with the very latest data at the fastest speed possible. The network is monitored continuously by 24x7 Network Operations and Security Operations Centers. The diagram below provides an overview of the architecture:

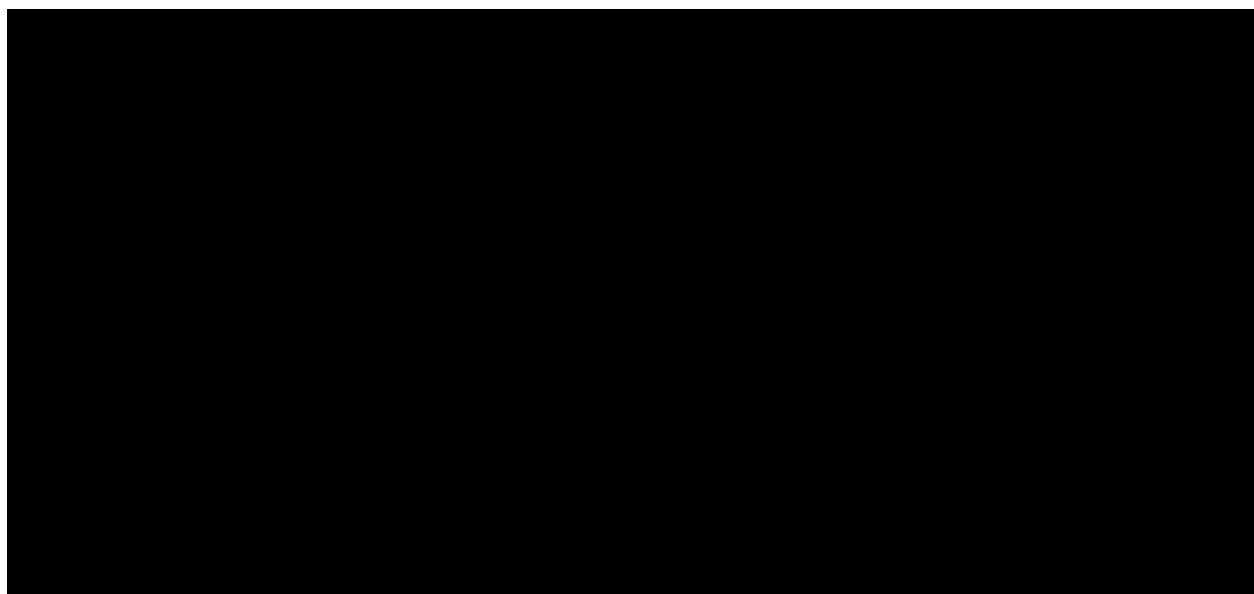


The Neustar network is designed to solve a number of concerns for TLD operators. Two primary requirements are (1) 100% uptime and (2) low DNS response latency within a geographic region. These two requirements ensure that end-users find the information that they are looking for in a timely matter.

Neustar operates with the assumption that one or more DNS nodes can be removed from service simultaneously while still providing DNS responses to queries that exceed service level

requirements outlined in *Proposal Volume 1, Section 2.4 Performance Measurements*. Because of the demands of meeting these requirements, the overall system operates well below capacity requirements. Additionally, Neustar maintains an SLA of 100% uptime for the availability of the DNS service. Neustar provides this through deliberate use of IP Anycast and resolver redundancy within each DNS node. These nodes are distributed throughout the world based on a thorough analysis of network and threat topology.

To manage demand and variations in load, Neustar has a specific response for managing peaks in query rates. Neustar maintains excess capacity to absorb a query surge without additional mitigation. If monitoring indicates that the surge is due to malicious activity such as a Distributed Denial of Service (DDoS) attack, the Neustar Security Operation Center intervenes and routes the malicious traffic to one of Neustar's mitigation centers. These robust 'scrubbing' centers identify and mitigate incoming malicious traffic to sustain performance of the network for legitimate users. **Figure 1.3-3** provides a graphical illustration of Neustar's DNS Network and accompanying DDoS Mitigation Nodes.



Because of the increase in demand and the evolving threat landscape, Neustar constantly evaluates the location and capacity of the constellation. We research and model whether additional capacity is necessary to support the DNS network and compare existing traffic loads to expected loads in the future. This proactive approach to network planning enables Neustar to more than adequately prepare for a diverse set of challenges over the coming years.

1.3.3 usTLD Zone File(s) Compilation, Generation, and Propagation (C.4.2.iii)

Neustar's Registry system compiles, generates, and propagates the usTLD zone file(s) in near real-time to provide registrants and end-users with accurate and current information in the usTLD.

Neustar's DNS is a globally distributed, multi-level constellation of DNS appliances. Neustar provides continuous, near-real-time zone modifications distributed to geographically diverse

locations, resulting in up-to-date responses from name servers. As registrars submit changes in domain records to the SRS, the Zone Administrator propagates incremental changes to DNS masters. DNS masters, hidden in the Neustar network behind firewalls with controlled user access, perform DNSSEC signing and propagate the changes via internal network to the DNS constellation that ultimately respond to resolution queries in near real-time. This dynamic update process is decoupled from the core registry to ensure that it does not adversely impact the provisioning of registration services.

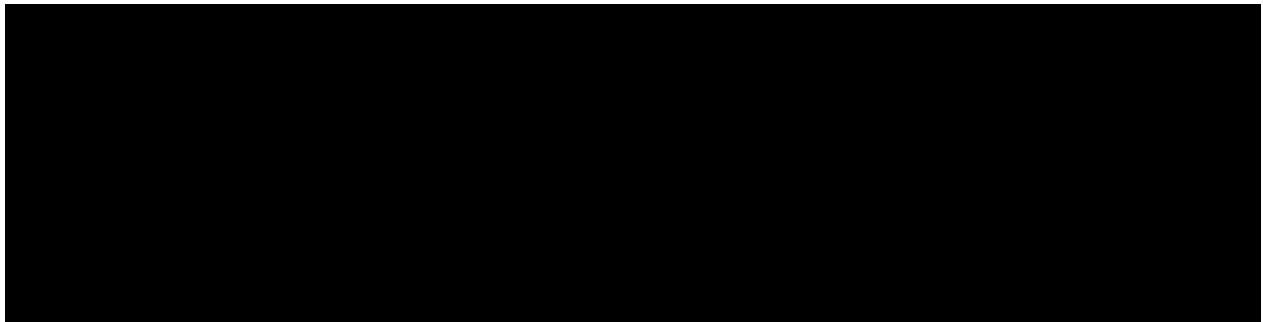
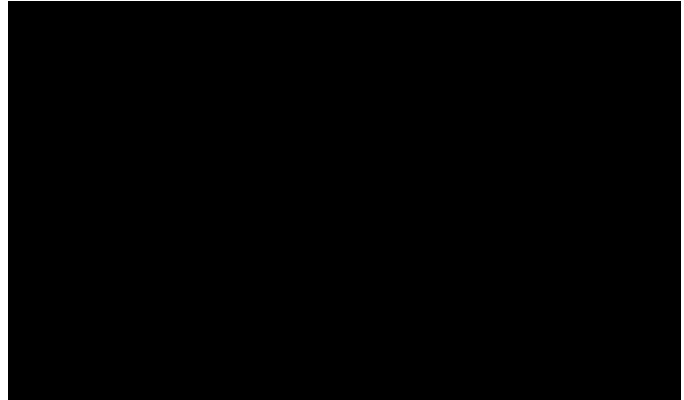
Neustar's dynamic update process is as follows:



- The regional secondary servers propagate changes to the constellation of slaves

This process guarantees both accuracy of the zone and emergency preparedness. The primary master server ensures that all changes are accurately processed in exactly the same order in which registrars submitted transactions to the SRS (ensuring accuracy of the zone). The secondary master server receives the updates in the process to be prepared in case of an emergency, in which case it can seamlessly take the role of primary master server. In this setup, DNS updates can continue to replicate normally, regardless of which server is currently acting as primary.

Neustar maintains a current service level requirement of 95% of monthly transaction processed within 15 minutes from the change arriving in the database to serving the records in DNS. For the upcoming contract term, Neustar is committing to raising that service level requirement from 95% of monthly transactions to 99% of monthly transactions. Whether adding a new domain name or making changes to existing domain names users will see those changes propagate on the Internet almost immediately.



1.3.4 WHOIS Database for All usTLD Registrations (C.4.2.iv)

Neustar provides a publicly-accessible, accurate and up-to-date registration (WHOIS) database for all usTLD registrations that incorporates advanced search functionality to improve usability and effectiveness of the tool. Our WHOIS infrastructure is production-proven and met 100% of the service level requirements for the term of the contract.

Neustar recognizes the importance of an accurate, reliable, and up-to-date WHOIS database to governments, law enforcement, intellectual property holders and the public. We are committed to complying with all of the applicable WHOIS specifications and to continue to evolve the WHOIS service enhance user value. As one of the first “thick” registry operators, Neustar’s WHOIS service is designed to exceed both performance and user expectations. Some of the key features of Neustar’s usTLD WHOIS service include:

- Fully compliant with all relevant RFCs including 3912;
- Production proven, highly flexible, and scalable with a track record of 100% availability over the past 12 years;
- Exceeds current and proposed performance specifications;
- Dynamic real-time updates with the capability of doing bulk updates;
- Geographically distributed sites to provide greater scalability, reliability and performance;
- Additional search capabilities and mechanisms to mitigate potential forms of abuse as discussed below.

We currently provide WHOIS service from our two main data centers in [REDACTED]. At both sites we operate a farm of load-balanced servers. Each of these servers is an independent appliance that operates in a decoupled manner from the core SRS. This architecture provides for optimal scalability and service reliability. We are able to easily grow capacity by adding additional appliances and additional data centers as utilization increases. The reliability of the service is also protected by not being dependent on any individual component. [REDACTED]

[REDACTED] This protects either sub-system from the impacts of the other and differentiates Neustar's solution from other Registry providers that choose to introduce greater availability risk by simply querying directly to the SRS database.

This proven architecture enabled Neustar to never miss our SLA for processing of queries within our contractual limit of 95% of all queries within 1500ms. During the upcoming contract term, we propose to increase our SLA for processing of queries to 99% of all queries within 1500ms. Our WHOIS service has been available 100% of the time for the last 62 months. We push new updates to our constellation in near real-time as registrars perform updates. We have met our 95% within 15 minute SLA for the last 62 months consecutively.

In the next section, we will explain how we provide for both web and command line queries to ensure that our WHOIS data is accurate and current.

1.3.4.1 Public Accessibility

We provide access to WHOIS service via a "command line" interface and a web-based interface. The command line interface is also known as "port 43" access and is named after the TCP port number reserved for the protocol. We provide command line at whois.nic.us and web WHOIS through at www.whois.us.

Currently we operate two WHOIS engines providing for diversity of solutions. One engine uses an in-memory solution that we have been operating flawlessly for the last 12 years. The second engine employs a newer NoSQL solution. The newer engine provides for enhanced searching capabilities to support future needs such as advanced searchable WHOIS. Both solutions follow our proven architecture for stability, scalability and performance. We support domain name, registrar, IP address, and registrant queries. In support of possible future broadening of the usTLD, we also have built in support for internationalized domain names (IDNs). This includes

the display of the domain name language, the Unicode HEX representation, as well as its HTML encoding.

Our web-based WHOIS interface includes all the capabilities of command line access plus others that are only possible using the richness of an HTML based display. Additional support includes the ability to search on the Unicode domain name, display of the actual Unicode representation, and display of the Punycode/ACE (ASCII-compatible encoding) version. In addition to these core web-based capabilities, we also provide an extensive FAQ, a list of upcoming domain name deletions and a multi-string registrant search.

1.3.4.2 Accuracy and Integrity

Neustar understands that in order for any WHOIS database to be useful it must be accurate. To ensure the highest levels of WHOIS accuracy and integrity of the database at various levels, we created Neustar's ground-breaking WHOIS accuracy program ("WAP") to meet or exceed current best practices. It is comprised of:

- WHOIS Accuracy Specification, including:
 - WHOIS Data Reminder Policy;
 - WHOIS accuracy and verification Requirements
 - Duty to investigate and respond to complaints regarding WHOIS inaccuracy
 - Duty to either verify information manually or suspend the registration until such time as Registrar has verified the applicable contact information
- WHOIS Data Problem Report System ("WDPRS")
- WHOIS data accuracy audit;
- Semi-annual large random sampling of WHOIS records;
- Inspection of registrars' WHOIS functionality, and
- WAP Annual Report.

This program is described fully in *Proposal Volume 1, Section 1.4.6*.

1.3.4.3 WHOIS Update Frequency

We provide for dynamic real-time updates to our WHOIS through a robust mechanism of guaranteed messaging between the SRS and the WHOIS servers. This is accomplished through the use of several components (described below) that are designed to be flexible enough to grow with the space, offload processing power from the core SRS, and ensure updates are processed as fast as possible.

1.3.4.4 WHOIS Architecture

Our proven WHOIS architecture is highly scalable and reliable. We propose to continue its use during the upcoming contract term. Highlights include:

- Appliance based WHOIS servers: Provide for the ultimate level of reliability, performance, stability and scalability

- Redundant appliances: We operate a constellation of multiple WHOIS sites. Each site operates a farm of WHOIS appliances. Each appliance is a fully contained WHOIS service with individual databases providing for the utmost reliability, performance, stability and scalability.
- Attack resistant: To ensure that the WHOIS system cannot be abused using malicious queries or DOS attacks, the WHOIS server is only allowed to query the local database and rate limits on queries based on IPs and IP ranges can be readily applied.
- Accuracy auditor: The WHOIS auditor process compares each WHOIS database with that of the authoritative SRS db to ensure accuracy and integrity of data.
- Modular design: The WHOIS system allows for data transformation, filtering and translation of data elements between the SRS and the WHOIS database to allow for fine-tuned customization of WHOIS output.
- Scalable architecture: The WHOIS system is optimized to ensure proper capacity per utilization. As utilization grows (or shrinks) we are able to add (or remove) capacity.
- Flexible: Our modular design ensures that we have the flexibility to accommodate thin, thick, or modified thick models and can accommodate any future uSTLD policy, such as different information display levels based on user privacy.

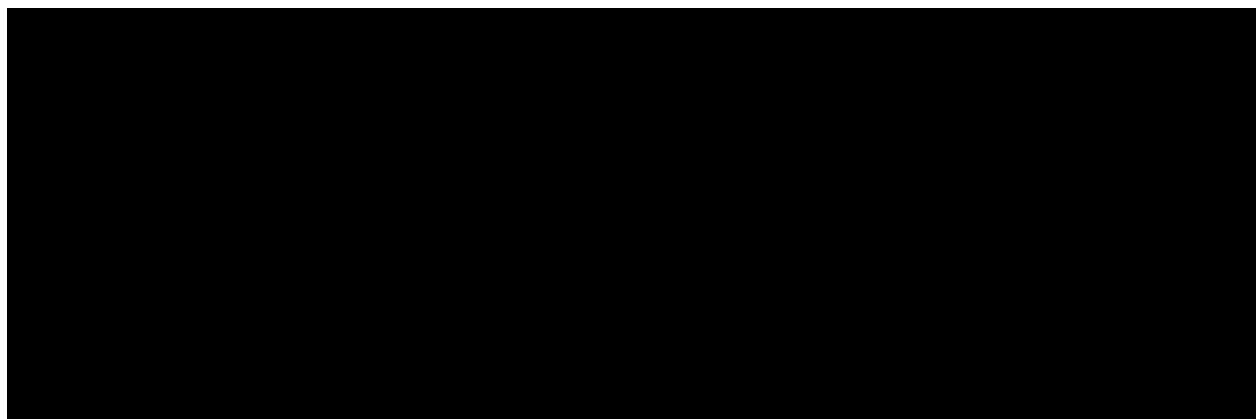


Figure 1.3-5: WHOIS Architecture

1.3.4.5 IT and Infrastructure Resources

As described above the WHOIS architecture decouples the update process from the SRS. This ensures SRS performance is not adversely affected by the load requirements of dynamic updates. It is also decoupled from the WHOIS lookup agent to ensure the WHOIS service is always available and performing for users. Each of Neustar's geographically diverse WHOIS sites use:

- Firewalls, to protect this sensitive data
- Dedicated servers for MQ Series, to ensure guaranteed delivery of WHOIS updates
- Traffic shaping devices for source IP address-based bandwidth limiting
- Load balancers to distribute query load

- Multiple WHOIS appliances for maximizing the performance of WHOIS service.

1.3.4.6 Interconnectivity with Other Registry System

1.3.4.7 Frequency of Synchronization between Servers

We use an asynchronous publish/subscribe messaging architecture to propagate updates from the SRS, through the external notifiers, to the constellation of independent WHOIS appliances dynamically. This provides for near real time updates. Updates are guaranteed to be propagated to the constellation within the currently required 95% within 15 minutes.

1.3.4.8 Provision for Searchable WHOIS Capabilities

Neustar has enhanced the WHOIS service to also include new searching capabilities. In addition to the standard search fields (domain name, registrar id, contact id, registrant name, nameserver) searchable WHOIS allows searching on any contact field defined in EPP. The user can choose one or more search criteria, combine them with Boolean operators (AND, OR, NOT) and provide partial or exact match regular expressions for each of the criteria. The domain names matching the search criteria will be returned to the user.

To mitigate possible abuses of this powerful search engine, a layer of security is built around the query engine to allow the Neustar to identify rogue activities and then take appropriate measures. Potential abuses include, but are not limited to:

- Data Mining
- Unauthorized Access
- Excessive Querying
- Denial of Service Attacks

To mitigate the abuses noted above, Neustar will apply security measures as appropriate, including:

- Blocking of IP addresses
- Hardware rate limit using Traffic Shaper
- Software rate limit using CAPTCHA

1.3.4.9 WHOIS Data

Our WHOIS database contains and reports full WHOIS information including DNS data and contact data. For example, **Table 1.3-1** shows the WHOIS output for Neustar.us.

Domain Name	NEUSTAR.US
Domain ID	D670499-US
Sponsoring Registrar	REGISTRY REGISTRAR
Domain Status	clientDeleteProhibited
Domain Status	clientTransferProhibited
Domain Status	serverDeleteProhibited
Domain Status	serverTransferProhibited
Domain Status	serverUpdateProhibited
Registrant ID	NEUSTAR
Registrant Name	NEUSTAR
Registrant Address1	Loudoun Tech Center
Registrant Address2	45980 Center Oak Plaza
Registrant City	Sterling
Registrant State/Province	VA
Registrant Postal Code	20166
Registrant Country	United States
Registrant Country Code	US
Registrant Phone Number	+1.5714345757
Registrant Facsimile Number	+1.5714345758
Registrant Email	support@Neustar.us
Registrant Application Purpose	P1
Registrant Nexus Category	C21
Administrative Contact ID	NEUSTAR
Administrative Contact Name	NEUSTAR
Administrative Contact Address1	Loudoun Tech Center
Administrative Contact Address2	45980 Center Oak Plaza
Administrative Contact City	Sterling
Administrative Contact State/Province	VA
Administrative Contact Postal Code	20166
Administrative Contact Country	United States
Administrative Contact Country Code	US
Administrative Contact Phone Number	+1.5714345757
Administrative Contact Facsimile Number	+1.5714345758
Administrative Contact Email	support@Neustar.us
Administrative Application Purpose	P1
Administrative Nexus Category	C21
Billing Contact ID	NEUSTAR

Domain Name	NEUSTAR.US
Billing Contact Name	NEUSTAR
Billing Contact Address1	Loudoun Tech Center
Billing Contact Address2	45980 Center Oak Plaza
Billing Contact City	Sterling
Billing Contact State/Province	VA
Billing Contact Postal Code	20166
Billing Contact Country	United States
Billing Contact Country Code	US
Billing Contact Phone Number	+1.5714345757
Billing Contact Facsimile Number	+1.5714345758
Billing Contact Email	support@Neustar.us
Billing Application Purpose	P1
Billing Nexus Category	C21
Technical Contact ID	NEUSTAR
Technical Contact Name	NEUSTAR
Technical Contact Address1	Loudoun Tech Center
Technical Contact Address2	45980 Center Oak Plaza
Technical Contact City	Sterling
Technical Contact State/Province	VA
Technical Contact Postal Code	20166
Technical Contact Country	United States
Technical Contact Country Code	US
Technical Contact Phone Number	+1.5714345757
Technical Contact Facsimile Number	+1.5714345758
Technical Contact Email	support@Neustar.us
Technical Application Purpose	P1
Technical Nexus Category	C21
Nameserver	GDNS1.ULTRADNS.NET
Nameserver	GDNS2.ULTRADNS.NET
Created by Registrar	REGISTRY REGISTRAR
Last Updated by Registrar	NMUTONYI
Domain Registration Date	Thu Apr 18 19:21:55 GMT 2002
Domain Expiration Date	Thu Apr 17 23:59:59 GMT 2008
Domain Last Updated Date	Thu Apr 19 17:27:29 GMT 2007

Table 1.3-1: WHOIS output for Neustar.us

1.3.4.10 Summary

Our WHOIS architecture and implementation is a production-proven, fully compliant, high-performance service. During the upcoming contract term, we propose to continue its operation as well as include additional enhancements.

1.3.5 WHOIS Database of usTLD Delegated Managers and Associated Delegated Locality Registrations (C.4.2.v)

Neustar maintains a publicly-accessible, accurate, and up-to-date registration (WHOIS) database of usTLD delegated managers and their associated delegated locality registrations.

Historically the locality space within the usTLD was managed by individual localities. For example a locality could be the town of Sterling in the state of Virginia. The town of Sterling designates an individual to manage the Sterling namespace. This person is called a Delegated Manager. The delegated manager is responsible for managing the DNS zone. An example task that the Sterling delegated manager might perform is delegating a namespace to the elementary schools within the town of Sterling. This delegation occurs by the Sterling delegated manager adding a domain to the Sterling zone and pointing (aka delegating) it to the nameservers of the school system. The school system of Sterling then assigns a delegated manager to manage the school system locality. They may then decide to further the delegation by creating domains for each individual school. The domains in this example are:

- Sterling.va.us: The domain name and namespace representing the town of Sterling in VA.
- K12.sterling.va.us: The domain name and namespace representing the primary education system in the town of Sterling.

This process was ad hoc and manually managed individually by each delegated manager. Since that time, Neustar has continually improved the locality space. Our first improvement was the merging of the 50+ individual zone files and integration of all associated contact data into a single consolidated core SRS registry. This also brought dynamic real-time updates of and WHOIS to the locality space for the first time.

Since then, we have developed a Delegated Manager (“DM”) web portal that allows delegated managers to manage their domains, contacts and nameservers online. In addition, delegated managers have the ability to provide WHOIS information on each of the domains that are within the zones that they manage. For instance, the delegated manager assigned to manage the schools in the town of Sterling would login to the DM portal to add WHOIS info for each of the schools delegated in the K12.sterling.va.us zone. In addition to the online systems, our customer service team continually reaches out to thousands of delegated managers to further improve the quality of the locality WHOIS data and support the use of the tools put in place.

1.3.5.1 usTLD Locality Architecture

Figure 1.3-5 provides an overview of the usTLD Locality Architecture. Each component is discussed in further detail below.

1.3.5.2 Delegated Manager (DM) Web Portal

The Delegated Manager (“DM”) Web Portal is a user-friendly interface that allows delegated managers the ability to manage their domains, contacts and name servers online. Similar to a registrar, the DM Web Portal communicates to the usTLD SRS via EPP. The portal abstracts out the EPP layer from the DM, which enables delegated managers to focus on the managing of their locality domains without the

unnecessary complexities of the technology. The portal provides the ability for delegated managers to update their domains residing in the usTLD. A DM can also query and check domain availability similar to what a registrar can perform. However, DM portal prevents a DM from creating new domains or triggering any billable transactions such as renew or transfer. Delegated managers can also create, update, and delete their contacts and name servers. Neustar works with approximately 400 delegated manager accounts that generate hundreds of changes per year.

All updates from the DM Web Portal to the SRS are propagated to DNS and WHOIS in the same manner as normal second level domains from registrars. The delegated managers therefore benefit from the same features of dynamic, real-time propagation of data.

Neustar fully understands the importance of having accurate WHOIS information. This applies to both data in the second level usTLD space as well as in the locality space. To this end, Neustar enhanced the DM Web Portal and created several new locality specific components. Using the DM Web Portal, delegated managers can maintain WHOIS information for domains within their localities. These domains are not in the top-level .us zone but reside within delegated zones not managed by Neustar. The DM-controlled locality WHOIS data is stored in Neustar’s WHOIS Locality DB.

1.3.5.3 WHOIS Locality Database

Locality specific WHOIS data is stored in Neustar’s WHOIS Locality Database. This is [REDACTED] system with instances replicated and running in both Neustar’s [REDACTED]. Data entered by a delegated manager via the DM Web Portal are persisted in this database.

1.3.5.4 WHOIS Locality Web Site

WHOIS Locality Web Site is a publicly available web application that allows anyone to query for WHOIS information on domain names in the usTLD locality space. Locality domains could reside within the usTLD SRS or within the DNS systems of a delegated manager depending on whether the locality is delegated to a specific delegated manager. Our WHOIS locality website will query both the usTLD WHOIS and the locality WHOIS service.

1.3.5.5 Locality DNS Crawler

The Locality DNS Crawler is a discovery tool Neustar created to explore the children zones of the usTLD locality space. Provided delegated managers have allowed transfers to the usTLD as required, the locality DNS crawler will grab their locality zones and all the sub zones. In other words, the Locality DNS crawler will crawl every domain name within the usTLD locality namespace. This information, domains and nameservers, are stored in the WHOIS Locality Database. Delegated managers can then update WHOIS information for each of the domains that they are responsible for. This provides three key benefits.

- Reduces the effort of delegated managers as they only need to enter and maintain contact data for the pre-populated domains.
- Provides Neustar useful information to ensure that delegated managers are complying with obligations
- Enables Neustar to ensure accuracy of data.

SRS and SRS DB

Neustar's Shared Registry System (SRS) allows management and provisioning of domains, contacts, and name servers in the usTLD. SRS data is persisted in [REDACTED], the SRS DB. Data from the SRS DB is extracted and feeds Neustar's DNS and WHOIS systems.

usTLD WHOIS Server

usTLD WHOIS Server is the port 43 service that allows the public to query for WHOIS information for domains in the usTLD. It contains WHOIS data for all 2nd level usTLD domain names as well as locality data for domains in the usTLD zone.

usTLD Locality DNS

Locality DNS are zones managed by Delegated Managers. The DM has the authority to add/remove domains in the zone. If permitted, Neustar's Locality DNS Crawler requests for AXFR from the Locality DNS. The DM zone data is stored and parsed. Crawler continues to crawl deeper into delegated zones within DM zones until the entire locality space is explored and discovered.

1.3.6 Data Escrow for usTLD Data (C.4.2.vi)

Neustar's currently supports data escrow for usTLD zone files and domain name registration information including all registration and delegated manager data.

Proper data escrow arrangements prevent the loss of registry data. This protects all stakeholders in the usTLD community who would be harmed by data loss. Data escrow must be performed in a manner which:

- Protects against data loss
- Follows industry best practices
- Ensures easy, accurate and timely retrieval and restore capability
- Minimizes the impact of software or business failure

In this section, we describe our approach to data escrow and our use of a well-respected off-site escrow provider. Our present solution for data escrow fully complies with existing contractual procedures. As the usTLD has been well-served by these arrangements, we propose to continue for the upcoming contract term. The data included in escrow includes usTLD Zone File and Domain Name Registration Information, including all registration and delegated manager data.

1.3.6.1 Arrangements for Data Escrow

Neustar currently works with Iron Mountain, Inc, an ICANN accredited data escrow provider. Neustar is responsible for generating the escrow data files and submitting them to the escrow services provider in a manner that complies with industry best practices and the applicable RFCs.

1.3.6.2 Data Escrow Format

The escrow format requirement specifies that files be submitted in a format that follows the IETF RFC draft called draft-arias-noguchi-registry-data-escrow-02. This new escrow specification is designed to ensure that the escrow deposits contain sufficient data to be able to reconstitute the registry data should it become necessary. Some highlights of the specification that Neustar complies with include:

- Use of file naming conventions that include the TLD, date, file type, and series number
- Use of object handles to provide data relationships between files
- Consistent date formats
- Object statuses as specified in RFCs 5730 and 3915
- Inclusion of reserve names
- IDN variants
- File compression and encryption as specified.

1.3.6.3 Data Set Preparation and Deposit Procedures

1. Escrow deposit files will be generated using the following seven steps, in sequence:
2. The files making up the escrow deposit are created according to a specified format that follows a four digit sequential decimal number that is incremented as each report is prepared.

3. The file is processed by a program that verifies it complies with the format specification and contains reports of the same date/time (for a full deposit), counts the number of objects of the various types in the deposit, and appends to the file a report of the program's results. If the file is large, it is split using the UNIX "split" command (or equivalent) to produce files no less than 1 GB each (except the final file). If the file deposit is split, an MD5 checksum file (produced with MD5SUM or equivalent) is included with the resulting files to isolate errors.
4. The files are then encrypted and digitally signed.
5. The files are transmitted to the escrow provider using SSH to a secure FTP server at the escrow provider.
6. The escrow provider sends a notification that the file was received, digitally signed, and moved to a non-publicly accessible directory. If these are multiple files, they will be concatenated in sequence.
7. The escrow provider then decrypts the files, runs a program on the deposited files that; splits it in to its constituent reports, checks its format, counts the number of objects of each type, and verifies that the data set is internally consistent. This program will also compare its results with the results of a registry-generated format report and will generate a file deposit format and completeness report.
8. These data sets are available for download no later than 2000 UTC on the day to which they relate.

1.3.6.4 Infrastructure

The Escrow Data is hosted on [REDACTED]. The data is exported to [REDACTED]. The data is then [REDACTED]. The solution uses [REDACTED]. The Data Escrow process [REDACTED].

1.3.6.5 Reliability

Deposits are made on a daily basis and monitored. If for any reason a file is not sent to the Escrow Provider, a pager notification is sent to Neustar's Data Warehouse team to ensure that the missing file is either manually sent on the same day or a decision is made to send the file the following day given that the files are deposited on an incremental basis.

1.3.7 Compliance with IETF and ICANN Standards and Policies (C.4.2.vii)

Neustar is an active leader in both the Internet Engineering Task Force (IETF) and the Internet Corporation for Assigned Names and Numbers (ICANN). We have a long-standing commitment to enforcing and complying the policies developed within those organizations including RFC 1480.

The policies and standards produced by the IETF and ICANN form the basis for effective functioning of the global Internet. Neustar complies with all such applicable policies and standards, including RFC 1480, in its operation of the usTLD. We will continue to do so throughout the term of the contract.

Neustar goes beyond simple compliance with these standards and policies. As the Administrator of the usTLD, we work diligently across multiple stakeholders and policy bodies to guide the development of the Internet as it continues its rapid expansion. As such, we collaborate with a diverse array of national and international standards bodies, including the Department of Commerce, ICANN, IETF, ccNSO Council, ccNSO IANA Working Group, IETF Provisioning Registry Protocol, NANOG, DNS OARC, IETF WHOIS-based Extensible Internet Registration Data Services (WEIRDs), anti phishing working group, and the center for safe Internet pharmacies to develop and introduce improvements to not only the usTLD but the Domain Name System (DNS) and registries in general. Participation in helping develop those policies and standards cover a diverse range of important issues ranging from privacy, security and encryption to process and procedures for rights protection mechanisms.

Neustar currently participates in a number of IETF and ICANN working groups that directly impact the operations and administration of the usTLD, including, but not limited to:

- Security and Stability Advisory Committee of ICANN
- IETF Working Groups on IDNs (Internationalized Domain Names), DNSSEC, DNS Operations, etc.
- ccNSO Council, ccNSO IANA Working Group (ICANN), ccNSO Framework of Interpretation (RFC 1591) Working Group
- ICANN gTLD Policy Working Groups new gTLDs, WHOIS, and IDNs (ICANN)
- Neustar also supports all administrative and logistical functions of the IETF

Through our participation in these groups, Neustar is exceptionally positioned to contribute to the overall evolution of the usTLD space as new standards and requirements are introduced. The following subsections highlight some key IETF standards and ICANN policies that Neustar, as the usTLD Administrator, is in compliance with.

1.3.7.1 usTLD Administration (RFC 1480)

RFC 1480 remains the foundation of the current usTLD locality space and Neustar is firmly committed to abiding by all provisions therein. As RFC 1480 also applies to delegated managers and locality registrants, it is equally important that Neustar enforce the provisions in the RFC by these important members of the usTLD community. See *Proposal Volume 1, Section 1.4*. As appropriate, Neustar will continue to work closely with the Department of Commerce and the usTLD multistakeholder community to propose updates to the RFC.

1.3.7.2 Compliance with IETF Standards

A number of IETF standards have been developed that relate operation and administration of an Internet top-level domain name registry such as the usTLD. These include standards dealing with the communication between registries and registrars, operation of DNS, WHOIS, IDNs,

EPP, IPv6, and DNSSEC. **Table 1.3-2** provides a list of applicable IETF RFCs that Neustar complies with that are applicable to the usTLD.

Service	RFC	Neustar Status
EPP	5910, 5730, 5731, 5732, 5733, 5734, 3915, 3735	Compliant
DNS	1034, 1035, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, 5966	Compliant
DNSSEC	4033, 4034, 4035, 4509, 6781	Compliant
IDN	5890, 5891, 5892, 5893	Compliant
WHOIS	3912	Compliant
IPv6	3696	Compliant

Table 1.3-2: Compliance with IETF Standards

1.3.7.3 Compliance with ICANN Policies

Throughout its tenure as the Registry Operator for the usTLD, Neustar has demonstrated its commitment to participate in the ICANN process as a partner to the U.S. Department of Commerce. Neustar is an active participant in the ICANN Country-Code Name Supporting Organization (“ccNSO”) and has played a leadership role within the ccNSO and on the ccNSO Council. As an active member of the ICANN Country-Code Name Supporting Organization (“ccNSO”) Neustar has actively promoted continuous improvement in ccTLD best practices. The usTLD representative on the ccNSO Council, Neustar’s Deputy General Counsel Becky Burr, is the Vice-Chair of, and is a key contributor to, the work of the ccNSO’s Framework of Interpretation Working Group (the “FOIWG”). This Working Group, in consultation with the GAC, is tasked with developing interpretive guidance regarding the requirements of RFC 1591 as applied to country-code TLDs.

As the usTLD representative to the ccNSO, Neustar has also been actively engaged in upholding and fostering the GAC principles, which state that the ultimate public policy authority over a ccTLD rests with the relevant government or public authority. Neustar has also worked to educate and inform ccNSO members about the role of the U.S. Department of Commerce with respect to the Internet Assigned Name and Number (“IANA”) functions. For example, as the usTLD representative on the ccNSO Council, Neustar contributed to the ccNSO’s constructive response to NTIA’s Notice of Inquiry and Further Notice of Inquiry on the IANA Functions Contract, much of which was reflected in the final requirements issued by the Department of Commerce for that contract. Neustar has also participated in numerous ccNSO workshops regarding best practices for technical management of ccTLDs.

There is no better demonstration of Neustar’s exceptional performance and adherence to the wide-array of standards than our performance throughout ICANN’s new gTLD process. All applications that leveraged Neustar as the backend registry operator passed ICANN’s technical evaluation of the application. In fact, Neustar-support TLDs received higher passing application scores than any other Registry backend provider.

Further, ICANN's pre-delegation test further illustrates Neustar's outstanding performance against ICANN policies and standards. The pre-delegation test is a rigorous 2-week exercise that queries live, production systems and reviews an extensive collection of internal policies and procedures. Neustar passed the pre-delegation test without incident, receiving confirmation that we complied with the requirements that guide all critical registry functionality, including:

- SRS Operations
- DNS Operations
- DNSSEC Operations
- Data Escrow Operations
- WHOIS Operations

Among the key Registry Services requirements defined in this document include:

- Compliance with RFCs 1034, 1035, 1101, 2181, and 2182 for nameserver operations;
- The receipt of data from registrars concerning registrations of domain names and name servers;
- Provision to registrars of status information relating to the zone servers for the TLD;
- Dissemination of TLD zone files;
- Operation of the registry zone servers; and
- Dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement.

The ICANN gTLD registry agreements also contain provisions on functional and performance specifications that includes requirements for the operation of nameservers, registry systems, WHOIS, data escrow, reporting requirements, DNS service availability, performance levels, location of data centers and, in some registry agreements, fail over practice requirements and use of Extensible Provisioning Protocol (EPP). Neustar exceeds these requirements and continues to remain current on the specifications and requirements released by ICANN.

1.3.7.4 DNS Data, Zone File, and Nameserver Maintenance

The maintenance of nameservers and DNS for domains is the most critical function of a registry. The DNS enables domain names that are registered to resolve on the Internet. Neustar's team includes industry-experts in DNS and we leverage this experience and knowledge to meet all DNS Data, zone file and nameserver maintenance specifications.

ICANN also recommends that registries implement Anycast services (see, BCP 126, <ftp://ftp.rfc-editor.org/in-notes/bcp/bcp126.txt>) to increase the availability and improve response times for queries of records in their TLD zones. Anycast is a service that increases the redundancy of DNS servers through multiple, discrete, autonomous locations. As described above, Neustar has implemented this as well for the uTLD. Anycast provides additional mechanisms to isolate attacks to their originating region. For example, if a bad actor launched a DDoS attack from machines in Asia, it would hit the DNS servers closest to the machines used in the attack.

Neustar is a leader in the industry. We are proud of our robust resume of participation and leadership in the domain name industry. We look forward to continuing that leadership role as the Administrator of the usTLD.

1.3.8 Promoting Awareness and Increasing Registrations in the usTLD (C.4.2.viii)

Highlights:

- Developed exceptional brand with a dedicated campaign that focused around building and empowering the usTLD community of small business owners in America
- Steadily grew space and utility of the usTLD in a responsible manner, while sustaining the quality of registrants
- Leveraged community partnerships to promote usTLD to U.S. businesses and individuals, including the Association of Chamber of Commerce Executives and National Small Business Association
- Built strong value proposition through clear messaging and bundling usTLD names with supporting tools and offers

Over the past 12 years, Neustar has focused on building a safe, secure and credible namespace for the usTLD. In this next phase of the usTLD space, Neustar will continue to preserve a credible namespace while further promoting awareness and increasing registrations. Being 100% committed to successfully serving the online needs of children, Neustar welcomes the Dot Kids Act to provide education and informational opportunities for children to safely use the Internet. Neustar will continue to maintain the www.neustar.us website with up-to-date policy and registration information for the usTLD. In addition, we will continue our ongoing marketing and outreach efforts to the American Internet community. Together, these efforts will ensure the continued quality of the name space in accordance with all required policies.

1.3.8.1 2007-2013 Challenges, Successes and Lessons Learned

As the usTLD Administrator, Neustar faced inevitable challenges in a saturated marketplace. By implementing strategic and creative marketing initiatives to address these challenges, we have experienced great success in defining, shaping and promoting the usTLD space. Having developed strong insights from lessons learned, Neustar enters the next five years favorably positioned to generate consistent growth in the usTLD space.

CHALLENGES

A developed marketplace

Comments have been made in the industry around a perceived “slow” growth of the usTLD in comparison with other ccTLDs. However, it is problematic to compare the usTLD to other ccTLDs. In other countries such as United Kingdom and Germany, the internet was further behind in adoption process which positively influenced the adaption of specific ccTLDs including .de and .uk. In contrast, the U.S. internet marketplace was dominated with .com, .net and .org upon the introduction of the usTLD. These TLDs were already established as trusted domain names in the United States, and buyers have remained loyal to these brands and reluctant to

change. To address this challenge, the usTLD created a unique brand targeting small businesses that did not already have a website (see *Branding Activities* Section below).

Growth while maintaining the integrity of the space

Another challenge Neustar faced was balancing the growth of usTLD registrations while ensuring safe and secure use of the space. We recognize that certain industry-wide marketing tactics used to generate large quantities of registrations, based on aggressive pricing or giving away names for free create, demonstrably negative effects on the overall quality of TLDs. Neustar has purposely avoided these types of programs and will continue to avoid using them, focusing on only programs that will positively enhance the visibility, recognition and quality of the space.

Moreover, Neustar's marketing programs:

- have adhered to U.S. policies (such as United States Nexus Requirement and WHOIS accuracy) and minimized forms of abusive registration such as traffic aggregation, cyber-squatting, spam, phishing and malware
- continue to be successful in ensuring a much lower portion of abusive registrations (speculation, spamming, inaccurate WHOIS data) than other spaces

Nexus policies and registration requirements

Neustar has closely monitored all usTLD registrations to ensure that the usTLD continues to be a resource for Americans. With Nexus policies to protect the space, the growth of the usTLD space may experience smaller growth potential than other ccTLDs without such limitations.

SUCSESSES

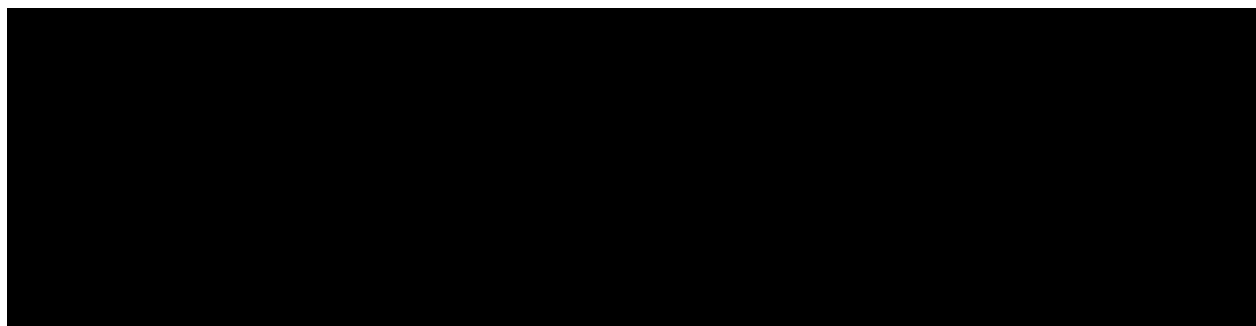
Past Performance Illustrates Neustar's Commitment to Promoting Awareness and Increasing Registrations

Neustar has positively positioned the usTLD as "America's Address," by creating a powerful campaign called "Kickstart America." The campaign empowers American businesses to show their American pride and Kickstart America with a usTLD address. From educating the marketplace on the importance of having a website, to developing strong relationships with the registrar and reseller community, the usTLD has become a recognized and respected space by U.S. businesses and consumers across America. With an expansive integrated marketing strategy focused on branding, registrations and customer loyalty, as well as partnerships with large associations, Neustar has significantly expanded awareness and responsible usage of the usTLD. The usTLD has transformed into a movement that empowers businesses to show their American pride and Kickstart America.

The following sections provide a breakdown of the marketing strategy, branding activities and campaign components.

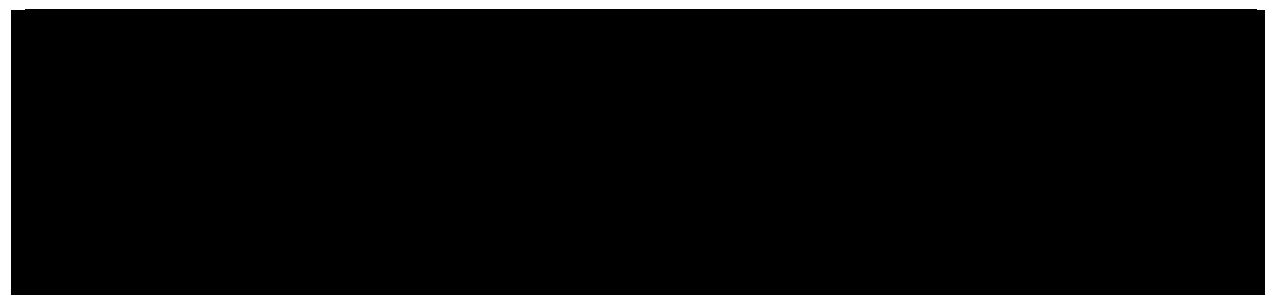
Market Research/Target Audience

Through extensive market research, Neustar identified the following target market for the usTLD:



Campaign Activities

The Kickstart America campaign was focused around increasing awareness of the usTLD among the small business and registrar/reseller audience. This was accomplished through educating the small business audience on how to build a website presence and the benefits a website can bring to their ROI. The campaign resulted in generating more than **17 million impressions** nationwide, as well as improving interest and participation among registrars/resellers. In 2012 alone, more than 10 Registrars participated in the Kickstart America campaign including the following.

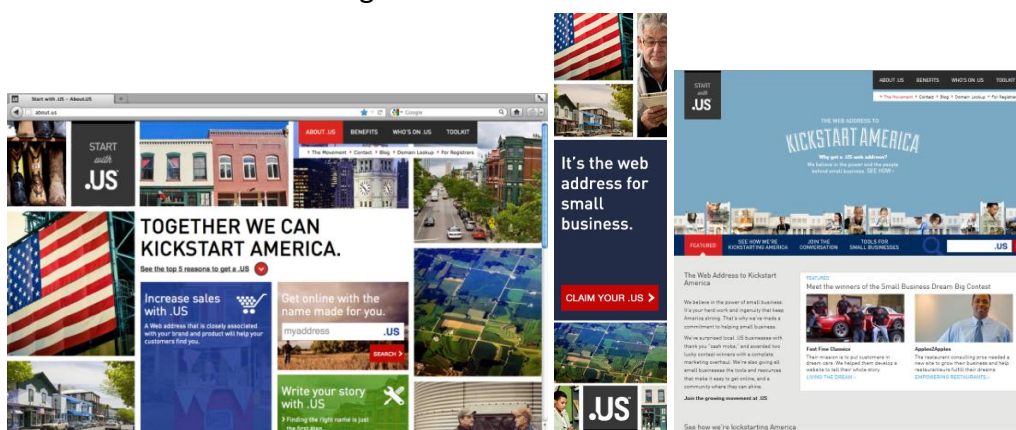


Branding Activities

Neustar performed the following branding activities:

- Extensive market research around the usTLD target audience – including demographics, buying behavior, media consumption and more;
- A new usTLD product website (<http://about.us>) and Kickstart America campaign website (<http://kickstartamerica.us>), resulting in a 369% increase in web traffic compared to the previous website;
- Kickstart America Small Business Toolkit (<http://about.us/toolkit>), a resource center with easy-to-use tools to help small businesses get online;
- Launch of the 'Dream Big' Contest for small business owners;
- Dream Big Contest Winners (<http://kickstartamerica.us>) were flown to Washington, D.C.; received new usTLD websites and education;

- Established Platinum Partnership with [REDACTED]
- Extensive paid advertising, email marketing and media visibility, including a radio tour with winners;
- Production of viral social media and videos of winners journeys (<http://www.about.us/campaign/see-how-fast-fine-classics-full> and <http://www.about.us/campaign/see-how-apples2apples-full>);
- Educational blog posts on about.us and featured usTLD websites; and
- Cashmobs supporting local small businesses: (<http://www.about.us/campaign/see-how-bikeworks-full> and <http://www.about.us/campaign/see-how-parkflorist-full>), resulting in substantial local media coverage.



In an effort to Kickstart America and reach this niche audience, Neustar introduced a usTLD-branded 'Dream Big' contest which encouraged small business owners to join the movement by sharing their stories, business goals and online ambitions.

The winners Fast Fine Cars (<http://FastFineClassics.us>), a small business dedicated to building American 'Dream Cars' received a customized the usTLD website, two days at a major small business conference, a local online advertising campaign and marketing consulting services.

Combined with blogs and social media, their fastfineclassics.us site has generated over 20,000 hits, an impressive number for a growing business. According to co-owner Steven Litherland, "These are people who are really checking us out, appreciating our work and just looking at cool stuff." The site, he added, "has helped establish our name and brand locally, regionally and even nationally. I got a call just today from a potential client in our area. He was looking at our website when he decided to call me."

As a result of their new usTLD website, the company's growth in Q3 and Q4 2012 was 15% higher than management projected.

Marketing Materials

Neustar heavily invested in refreshing the usTLD marketing materials in order to better resonate with the small business audience, create brand consistency in visual appearance and

messaging, and improve brand awareness and engagement among small businesses and channel partners. In support of the Kickstart America campaign, the following materials were created:

- A new usTLD product website (<http://about.us>) and Kickstart America campaign website (<http://kickstartamerica.us>)
- New .US case studies and promotional videos
 - .US websites are featured in blog posts on about.us/blog
 - Promotional videos for Dream Big contest winners were produced and spread virally, reaching more than 2,000 unique views on YouTube alone
- usTLD print magazine advertisements were created and placed in leading small business publications such as Entrepreneur Magazine
- Channel partner tools were refreshed for partners, including landing pages, email marketing templates and online banner ads
- New Kickstart America Small Business Toolkit (<http://about.us/toolkit>) was built, an online resource center with easy-to-use tools to help small businesses get online
- usTLD branded booth was custom-built for conference and tradeshow participation
- Print promotional piece such as postcards and Kickstart America mouse pads were designed and distributed to customers



Social and Community Outreach

Social media plays an integral role in Neustar's overall strategy to build usTLD awareness as well as cultivate loyalty, community and advocacy among usTLD registrants.

Currently, the usTLD engages in social outlets including Twitter, Facebook, Pinterest and LinkedIn. These outlets provide a communication forum for Neustar to engage with usTLD registrants and small business prospects, providing them with the latest best practices in online marketing and website management. Neustar regularly shares usTLD news and blogs, third-party articles covering usTLD and small business, main-street America photos and other media, as well as customer examples and testimonials. Neustar has also participated in more than 10 Twitter chats on behalf of the usTLD, led by Melinda Emerson, one of America's leading small business experts who was recognized by Forbes as the #1 small business influencer.

Neustar also regularly blogs on about.us, covering industry trends and tips, as well as featuring usTLD registrants as part of a valuable Kickstart community. As a result, Neustar generates an average of 100,000 impressions per month through social media efforts. These efforts have laid

a solid foundation for developing a loyal usTLD registrant base, with great opportunity for expansion in the future.

Additionally, Neustar participated in a charity fashion show “Geek to Chic,” representing the usTLD – Kickstart America to the small business and entrepreneurship community in Washington, D.C. This event was founded in 2010 and is produced by Microsoft in partnership with The Men's Store at Bloomingdale's Chevy Chase. During the show, “geeks” from large companies, nonprofit organizations, tech startups, and public service wear the latest fashions as they raise funds for the Network for Teaching Entrepreneurship (NFTE).

Partnerships

Over the last few years, Neustar has created and nurtured relationships with key partners and organizations.

Partners include but are not limited to ICANN accredited Registrars, Resellers, associations, and many other organizations. Neustar upholds all equal access requirements with ICANN and the Registrar partner segment.

The purpose of building relationships with partners and organizations is to improve shared value, trust, participation and program success related to the usTLD. With 22 gTLDs (generic TLDs) and more than 250 ccTLDs (country code TLDs), competition for shelf space on registrar/reseller websites and marketing promotions are ever-increasing. With strong partner relationships, Neustar has positioned the usTLD top-of-mind for prominent promotional opportunities that arise.

The multi-channel promotional program promoted the usTLD around the 4th of July, including Campaign components such as GoDaddy.com homepage placement of the usTLD, media coverage of race and usTLD inclusion in official Danica Patrick press release, social media updates on official Danica Patrick and GoDaddy handles, email marketing to more than one million GoDaddy customers, among other promotions.

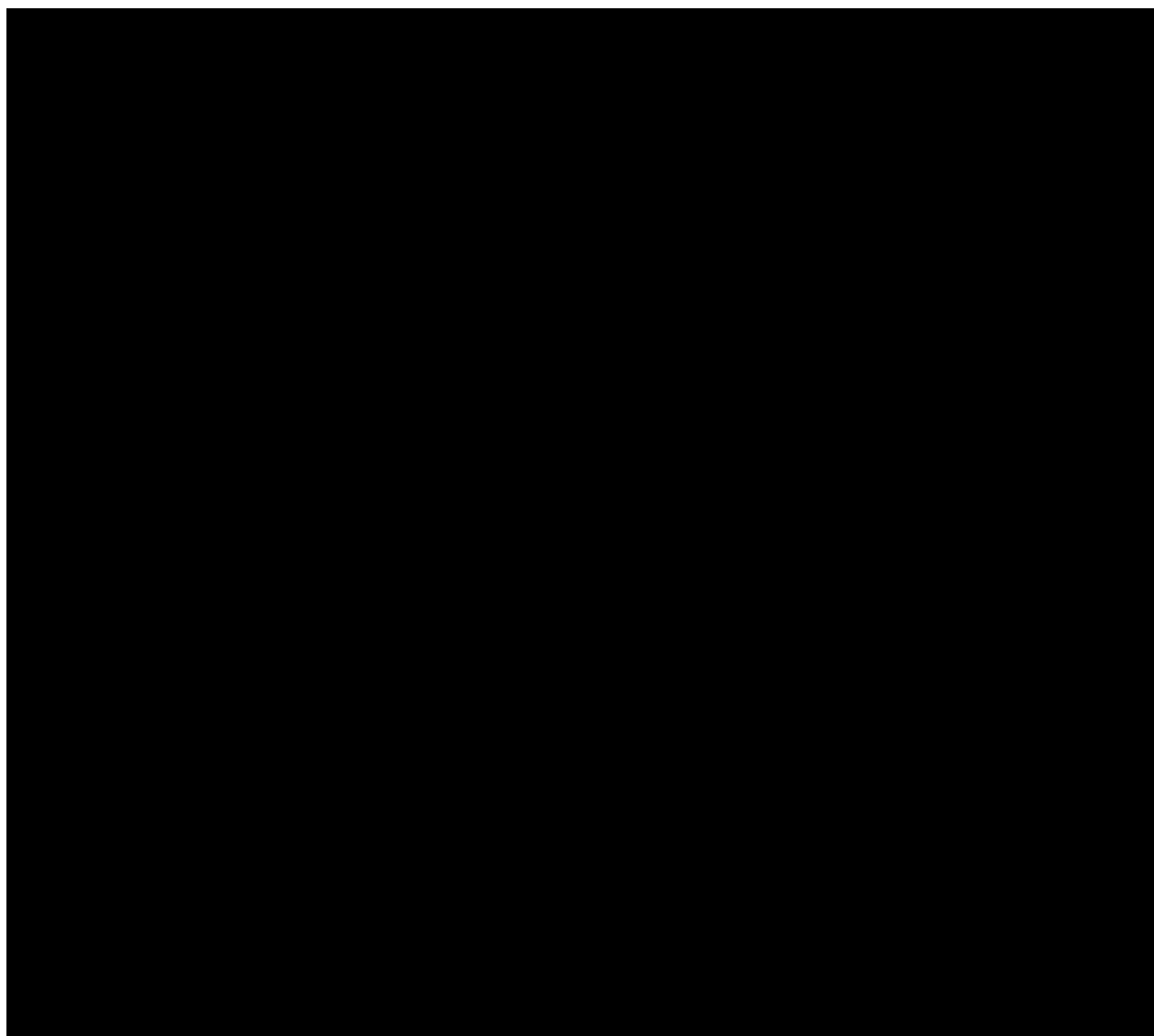
By building solid relationships with partners, Neustar is able to offer a menu of different programs that appeal to all types of partners, both large and small. Through this approach, Neustar is able to work with partners to identify creative ways to help them grow the usTLD space.

In addition to engaging large partners, Neustar actively cultivates relationships with smaller registrars and resellers to help them grow their usTLD sales. The Neustar Registry Relationship team is involved in assisting in marketing programs to optimize results, from online ecommerce direct response tips to email marketing best practices.

These relationships have significantly evolved over time, and will continue to expand in the coming years. Another example is



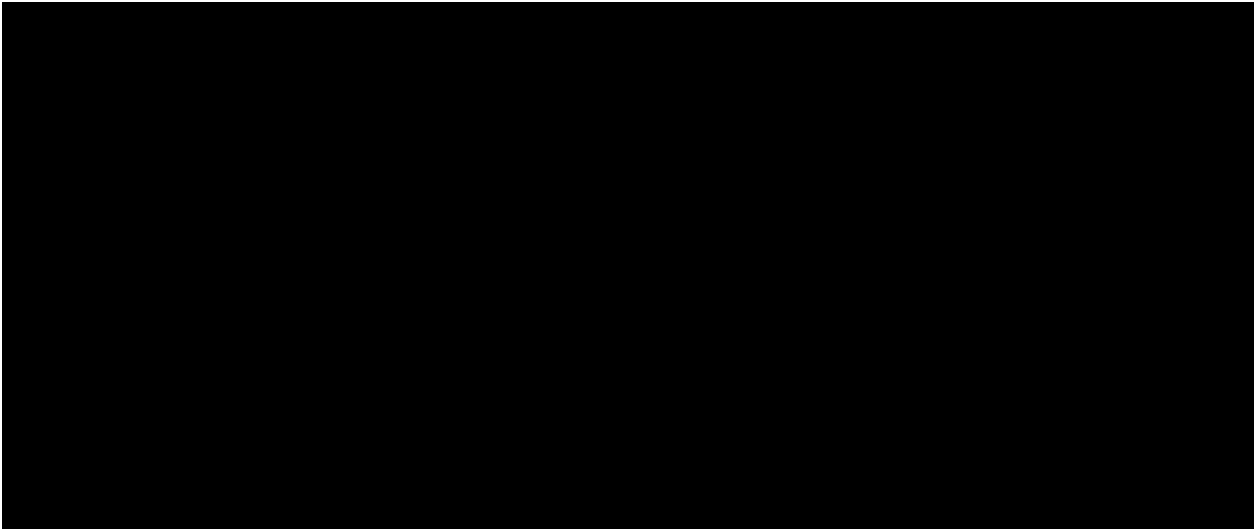
Neustar's relationship with the National Small Business Association (NSBA). Neustar began a relationship with the association by offering members value-added small business resources which included educational webinars around online best practices and social media marketing.



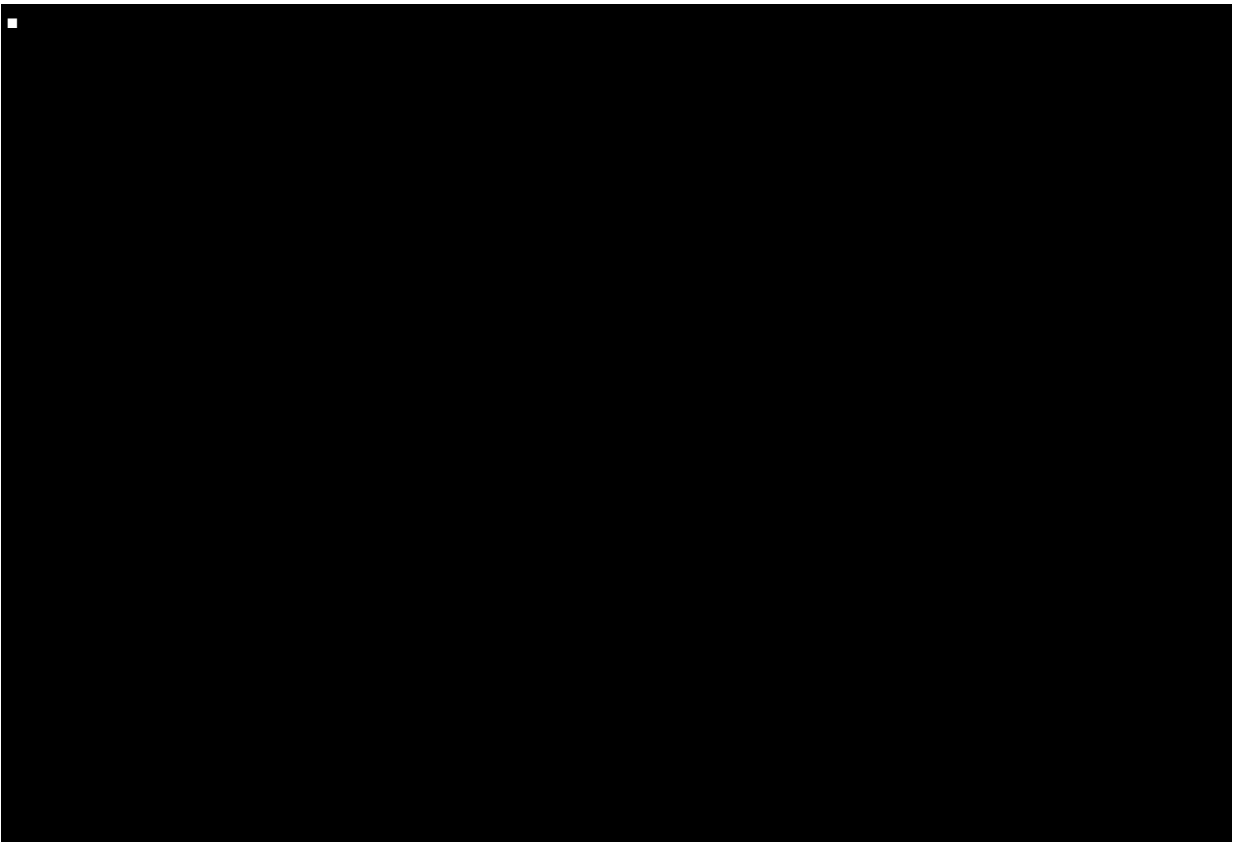
This partnership, among others, has lent the usTLD the credibility needed to reach new audiences by providing access to large member bases. By leveraging partnerships, Neustar has navigated non-traditional channels to reach usTLD-specific audiences as well as develop creative acquisition solutions — effectively becoming affiliated marketers and distributors of usTLD domains.

Partnerships have also been utilized for further expansion into future sponsorships or PR opportunities. After initial partnership efforts, Neustar will re-engage with partners' member groups through continued support and offering additional usTLD-bundled services. Through increased co-branding and relationship building, usTLD partners will become advocates for the usTLD, increasing the likelihood of renewals.

In a three-year partnership with the United States Track and Field, Neustar negotiated the following promotional benefits around the .US National Road Racing Championship:



Branding and Awareness



Building from the success of Neustar’s partnership with the U.S. Track and Field, Neustar will look to develop additional partnerships with similar direct response and acquisition goals. Partnerships may include the



[REDACTED] These types of efforts will build a strong foundation and brand loyalty among young internet users and adapters.

Throughout the term of the usTLD contract, Neustar has also sponsored several ICANN-related and small business industry events. These have included sponsorship of the National Small Business Week Conference, ICANN tri-annual meeting and ccNSO members ICANN40 San Francisco dinner event, among others.

LESSONS LEARNED

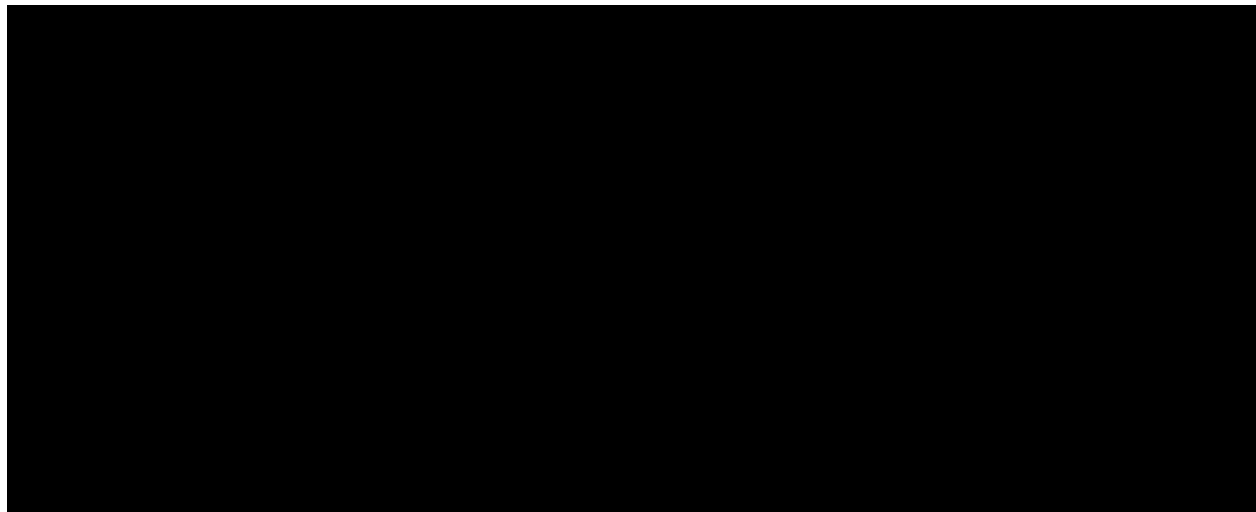
Neustar's Marketing Successes Present Market Intelligence for Future Opportunity

Neustar found that identifying a segment for the usTLD market as opposed to mass marketing allowed the usTLD to develop a stronger brand and presence in the market place.

Historically, registries have relied heavily on the registrar channel for marketing. Neustar recent shifted efforts to an innovative approach and became one of the first registries to adopt a new TLD marketing strategy focused directly on the end consumer. As a result, we found that true branding directly to the consumer is valuable in helping the usTLD become a recognizable brand in a diluted market. A strong brand identity serves as a key driver of selection in a purchase - decision.

Instead marketing only through our registrar partners, Neustar delivered an in-depth marketing campaign that crossed many media channels including online and traditional advertising, social media outreach and public relations activities.

Through the Kickstart America campaign we learned:



Appendix B of Volume 1 Technical Proposal provides Neustar's Proposed Marketing Plan for the next term.

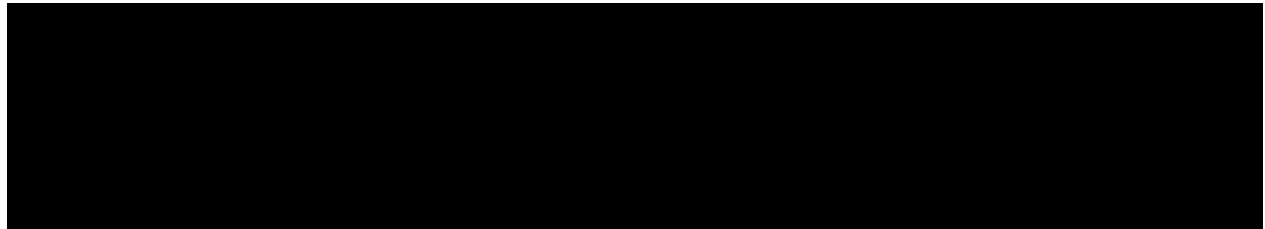
Registrar/Reseller/Alternative Distribution Channel Relationships

The Neustar Registrar Relations Team (RRT) is responsible for being the primary point of contact for usTLD-Accredited Registrars and ensuring that their day to day business needs are

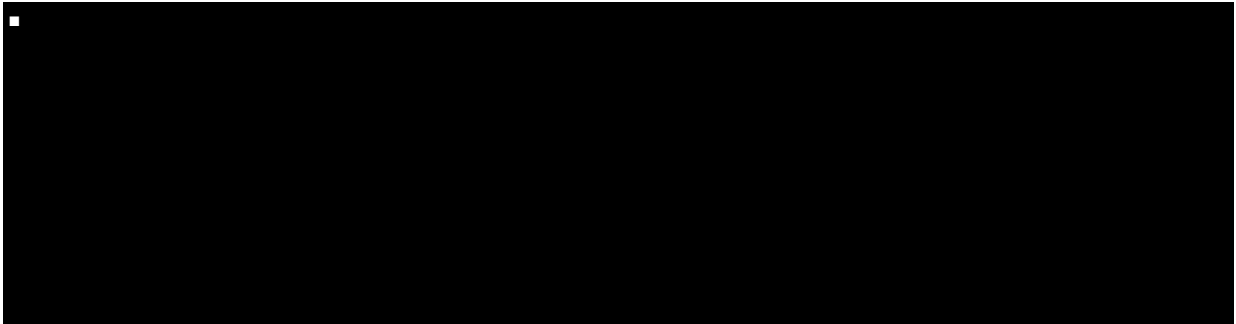
met. The RRT is also in charge of working with the Registrars to implement marketing programs and to find creative ways to help them grow the usTLD space and offer value-added services that may benefit usTLD Registrants.

The RRT is comprised of industry veterans with [REDACTED] years of combined experience in the Registry, Registrar and domain names related industries.

In its mission to grow the usTLD space, the RRT not only works with Registrars but also with Resellers, Hosting Providers, Web-Developers and other non-traditional distribution channels such as [REDACTED] in order to develop and implement usTLD marketing programs that help with the registration of usTLD names that get developed and become real websites that are used by their customers or members.

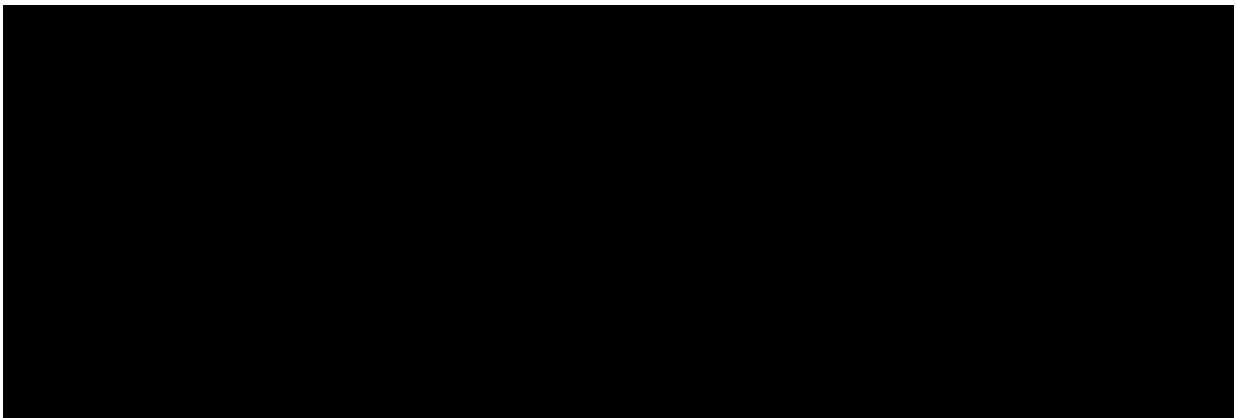


Examples of the types of components that are included in the marketing programs for the Channel include:

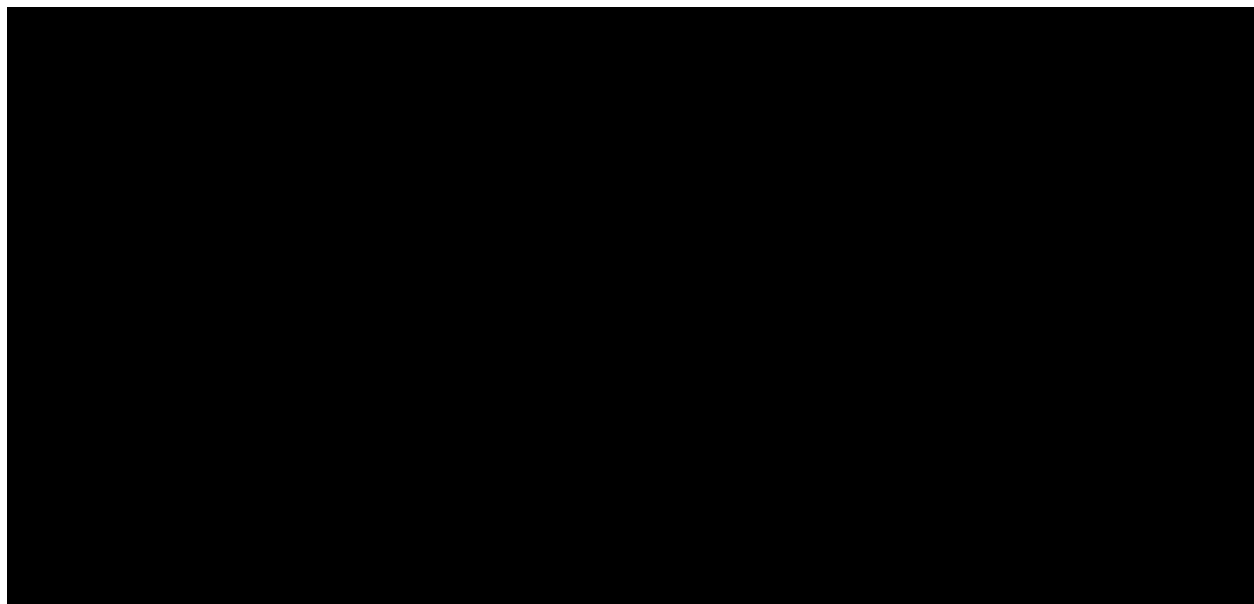


Under this model, [REDACTED] registrars and resellers have participated in usTLD marketing programs, with the majority having participated multiple times.

Next Steps





***Kids.us: Neustar's Commitment to Successfully Serving the Online Needs of Children***

A decade ago, Congress enacted legislation to make it easier for parents to find safe and appropriate children's content on the relatively new Internet. As the contractor for the usTLD at the time, Neustar was excited to create, maintain and operate the second level kids.us domain as a safe place for children aged 13 and younger as required by the Dot Kids Act. While the task was large, Neustar implemented all of the policies and procedures to quickly, safely and responsibly build the new domain.

In 2011, there were only 651 kids.us domains under management and only six, static websites (all of which had more robust websites on other top level domains). In a typical month, there were fewer than 500 unique brief visits to the entire kids.us site. While the site was safe, it was disingenuous to argue that the site was meeting the informational and educational needs of children and their families. Recognizing this reality, the Department of Commerce suspended the site.

Neustar will enter into discussions with DOC as required by the RFC. Neustar is 100 percent committed to serving the on-line needs of children and embraces the ultimate objective of the Dot Kids Act to provide educational and informational opportunities for children to safely use the Internet. As part of this commitment, and as part of our larger desire to embrace and enhance the multistakeholder process, Neustar will form a committee of educational and children's online media experts. This committee will include educational software experts, children's privacy experts, children's media experts and others with expertise in the appropriate areas. The committee will be tasked with making recommendations not only about the existing kids.us space, but also about other appropriate measures that could be taken by Neustar that would enhance children's online learning opportunities. The committee will then report what measures it would recommend Neustar undertake within the usTLD space, to the new multistakeholder committee for action. Neustar commits to establishing this committee within the first three months of the new contract and will suggest to the committee to issue its report

to the multistakeholder committee within six months thereafter. For more information on kids.us, please refer to *Proposal Volume 1, Section 1.8 Marketing and Promotion of Kids.us – Learning lessons from the past and a new commitment to move forward.*

Neustar's Online Resources and Social Media Tools for the usTLD including <http://neustar.us>

Neustar.us is the official usTLD website containing up-to-date information on policies and general registration for registrars, registrants and the general public. Visitors can find information about registrars, delegated managers, usTLD policies and general FAQs. In addition, Neustar provides search capability directly to our WHOIS website (www.whois.us), where Internet users can query WHOIS data about any usTLD domain. Neustar.us also includes policy information on kids.us.

Since 2007, the following additional capabilities have been added:

- **U.S. Directory Service:** Neustar developed a searchable directory of usTLD domain names based on search engine keywords found at the registrant's website. The directory serves as a vehicle for usTLD registrants to showcase their domain names and provide information about their businesses and interests.
- **usTLD Search Engine:** To further provide increased visibility of usTLD websites, Neustar created a search engine that allows users to search the Internet using a commercial search engine for usTLD sites. Users submit search criteria just as they would with any search engine, however all of the results are filtered to only provide usTLD websites. This search capability has been added to our WHOIS web page (www.whois.us).
- **usTLD Blog:** To enhance our interaction and communication with usTLD stakeholders and to create a sense of community, we created a usTLD Blog <http://www.neustar.us/blog/>. This is a key outreach tool to help promote awareness in the community and consumer involvement in the development and refinement of usTLD policies and procedures.
- **Extranet:** Neustar's registrar extranet is a secure password-protected portal intended for the exclusive use of usTLD accredited registrars. The extranet contains important technical information and documentation, including the Registrar Toolkit, Development Guide, User Guides and other various announcements. Registrars are also provided with information about the usTLD marketing programs.
- **About.us:** The usTLD product website (<http://about.us>) contains information about the usTLD, including the product benefits and small business toolkit (<http://about.us/toolkit>), a resource center with easy-to-use tools to help small businesses get online. It also contains the latest marketing information on our campaigns to reach the consumer (<http://kickstartamerica.us>), such as videos, testimonials and more. Neustar also regularly blogs on about.us, covering industry trends and tips, as well as featuring usTLD Registrants as part of a valuable usTLD community. There is also a secure section for our partners to get the latest branded materials to help them market the space.
- **Social Media:** Currently, usTLD engages in social outlets including Twitter, Facebook, Pinterest and LinkedIn. These outlets provide a communication forum for Neustar to engage with usTLD registrants and small business prospects, providing them with the

latest best practices in online marketing and website management. Neustar regularly shares usTLD news and blogs, third-party articles covering usTLD and small business, main-street America photos and other media, as well as customer examples and testimonials. Neustar also regularly blogs on about.us, covering industry trends and tips, as well as featuring usTLD registrants as part of a valuable Kickstart community. As a result, Neustar generates an average of 100,000 impressions per month through social media efforts. These efforts have laid a solid foundation for developing a loyal usTLD registrant base, with great opportunity for expansion in the future.

1.3.9 Registrars Provisioning Protocol Software, Procedures, and Support (C.4.2.ix)

Neustar currently provides provisioning protocol software to registrars, including full documentation, EPP toolkits in both Java and C++, and certification instructions. These packages are provided via our web portal. The software is standards-compliant, stable and widely used by the registrar community.

1.3.9.1 Provisioning Protocol Software

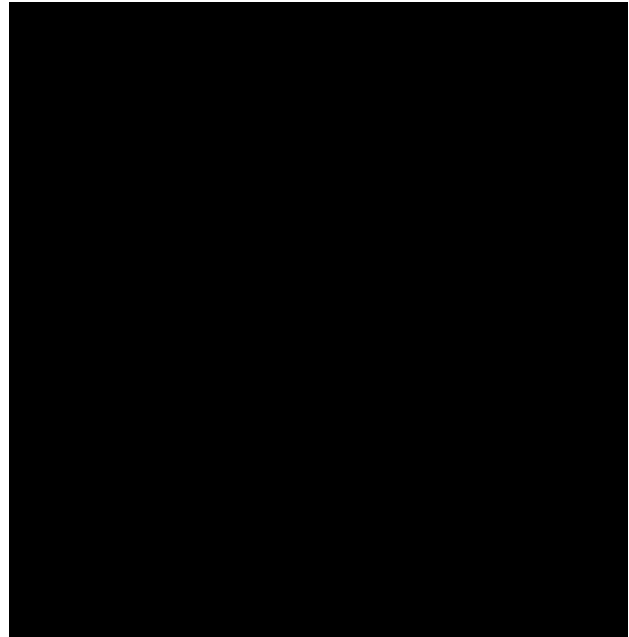
Neustar has over 12 years of experience operating EPP based registries. We deployed one of the first EPP registries in 2001 with the launch of .biz. In 2004, we were the first gTLD to implement EPP 1.0. Over the last 12 years Neustar has implemented numerous extensions to meet various unique TLD requirements. The following discussion explains the EPP interface which is used for the usTLD registry. This interface exists within the protocol farm layer as depicted in **Figure 1.3-7**.

1.3.9.2 EPP Interface

Registrars are provided with two different interfaces for interacting with the registry. Both are EPP based and both contain all the functionality necessary to provision and manage domain names. The primary mechanism is an EPP interface to connect directly with the registry. This is the interface registrars will use for most of their interactions with the registry. However, an alternative web GUI (Registry Administration Tool) can also be used to perform EPP transactions will be provided. The primary use of the Registry Administration Tool is for performing administrative or customer support tasks.

The main features of the EPP implementation are:

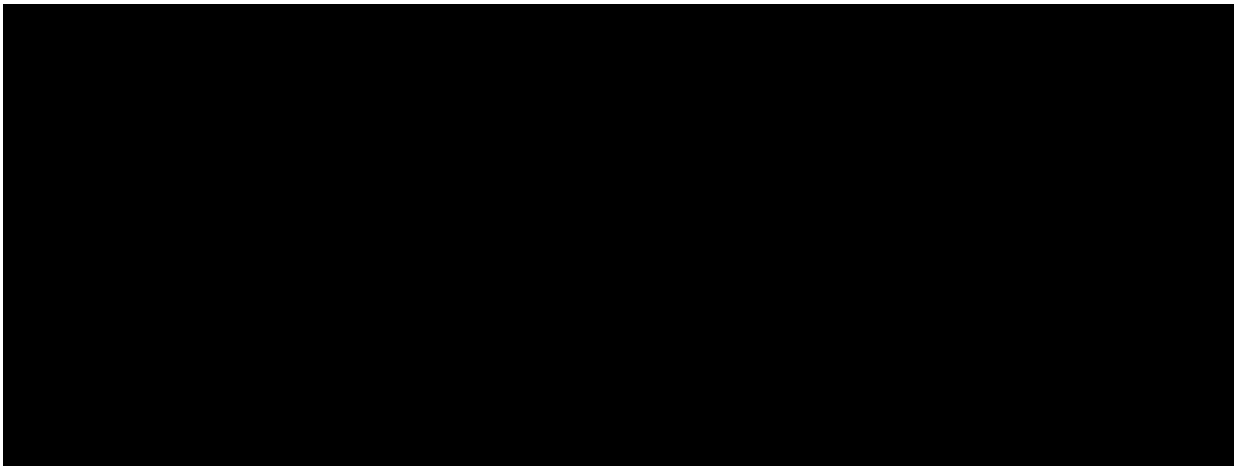
- **Standards Compliance:** The EPP XML interface is compliant to the EPP RFCs. As future EPP RFCs are published or existing RFCs are updated, Neustar makes changes to the implementation keeping in mind of any backward compatibility issues.

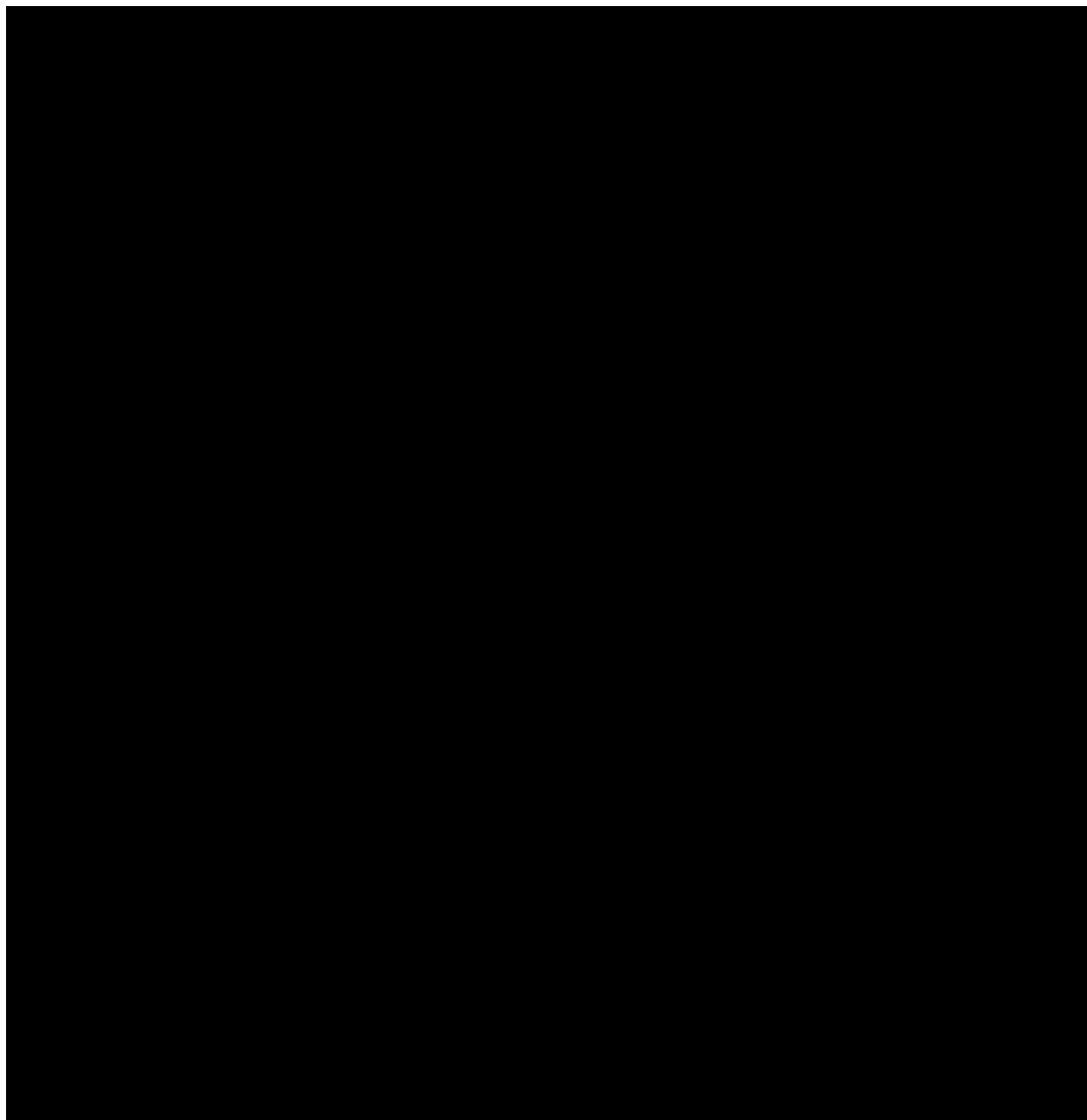


- **Stability:** The stability of the service is critical. It is deployed in a high availability architecture to ensure the reliability of the service.
- **Scalability:** The system is deployed keeping in mind that it may be required to grow and shrink the footprint of the Registry system for a particular TLD.
- **Fault-tolerance:** The EPP servers are deployed in two geographically separate data centers to provide for quick failover capability in case of a major outage in a particular data center. A third disaster recovery site is also available.
- **Configurability:** The EPP extensions are built in a way that they can be easily configured to turn on or off for a particular TLD.
- **Extensibility:** The software is built ground up using object oriented design. This allows for easy extensibility of the software without risking the possibility of the change rippling through the whole application.
- **Auditable:** The system stores detailed information about EPP transactions from provisioning to DNS and WHOIS publishing. In case of a dispute regarding a name registration, the Registry can provide comprehensive audit information on EPP transactions.
- **Security:** The system provides IP address based access control, client credential-based authorization test, digital certificate exchange, and connection limiting to the protocol layer.

1.3.9.3 Shared Registration System Overview

As depicted **Figure 1.3-8**, SRS incorporates a multi-layer architecture that is designed to mitigate risks and easily scale as volumes increase. Neustar operates a high availability architecture where there are no single points of failures at each level of the stack. The key components of the SRS are:



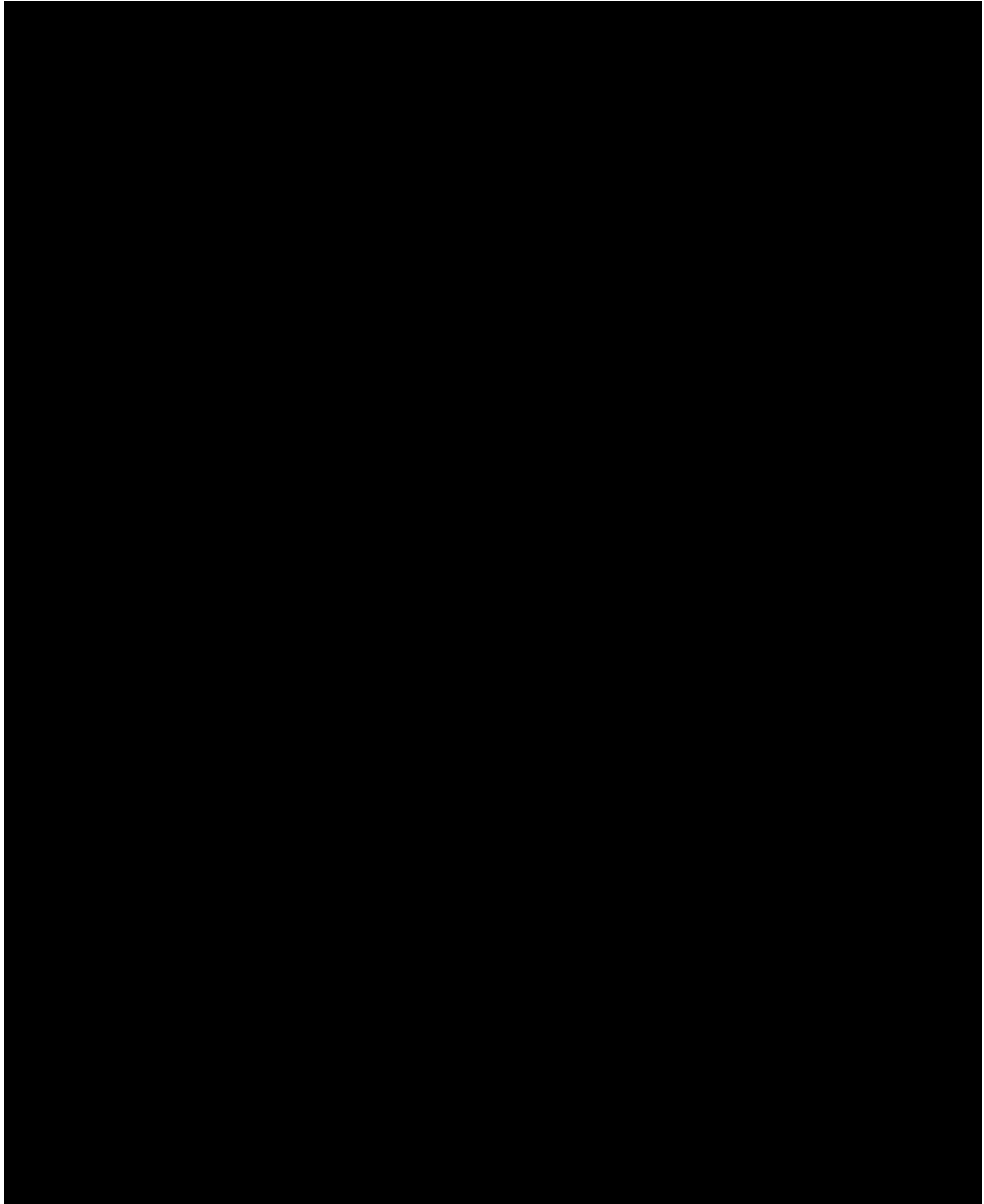


Description of Interconnectivity with Other Registry Systems

The core SRS service interfaces with other external systems via Neustar's external systems layer. The services that the SRS interfaces with include:

- WHOIS;
- DNS;
- Billing;
- Data Warehouse (Reporting and Data Escrow).

Other external interfaces may be deployed to meet the unique needs of a TLD. At this time there are no additional interfaces planned for usTLD.



Compliance with RFCs and Specifications

The Registry-Registrar model is described and embodied in a number of IETF RFCs, ICANN contracts and practices, and registry-registrar agreements. As shown in **Table 1.3-3**, EPP is defined by the core set of RFCs that standardize the interface that registrars use to provision domains with the SRS. As a core component of the SRS architecture, the implementation is fully compliant with all EPP RFCs.

RFC	Description	Compliance
5910	Domain Names System (DNS) Security Extensions Mapping for the Extensible Provisioning Protocol (EPP)	Yes
5730	Extensible Provisioning Protocol (EPP)	Yes
5731	Extensible Provisioning Protocol (EPP) Name Mapping	Yes
5732	Extensible Provisioning Protocol (EPP) Host Mapping	Yes
5733	Extensible Provisioning Protocol (EPP) Contact Mapping	Yes
5734	Extensible Provisioning Protocol Transport over TCP	Yes
3915	Domain Registry Grace Period Mapping for the Extensible Provisioning Protocol (EPP)	Yes
3735	Guidelines for Extending the Extensible Provisioning Protocol (EPP)	Yes

Table 1.3-3: Compliance with RFCs and Specifications

EPP is defined by the core set of RFCs that standardize the interface that registrars use to provision domains with the SRS.

Neustar ensures compliance with all RFCs through a variety of processes and procedures. Members from the engineering and standards teams actively monitor and participate in the development of RFCs that impact the registry services, including those related to EPP. When new RFCs are introduced or existing ones are updated, the team performs a full compliance review of each system impacted by the change. Furthermore, all code releases include a full regression test that includes specific test cases to verify RFC compliance.

EPP Toolkits

Toolkits, under open source licensing, are freely provided to registrars for interfacing with the SRS. Both Java and C++ toolkits are provided along with the accompanying documentation. The Registrar Tool Kit (RTK) is a software development kit (SDK) that supports the development of a registrar software system for registering domain names in the registry using EPP. The SDK consists of software and documentation as described below.

The software consists of working Java and C++ EPP common APIs and samples that implement the EPP core functions and EPP extensions used to communicate between the registry and registrar. The RTK illustrates how XML requests (registration events) can be assembled and forwarded to the registry for processing. The software provides the registrar with the basis for a reference implementation that conforms to the EPP registry-registrar protocol. The software component of the SDK also includes XML schema definition files for all Registry EPP objects and

EPP object extensions. The RTK also includes a “dummy” server to aid in the testing of EPP clients.

The accompanying documentation describes the EPP software package hierarchy, the object data model, and the defined objects and methods (including calling parameter lists and expected response behavior). New versions of the RTK are made available as needed to provide support for additional features as they become available and support for other platforms and languages.

Accreditation Procedures

The process by which a Registrar becomes accredited in the usTLD is depicted in **Figure 1.3-9**.

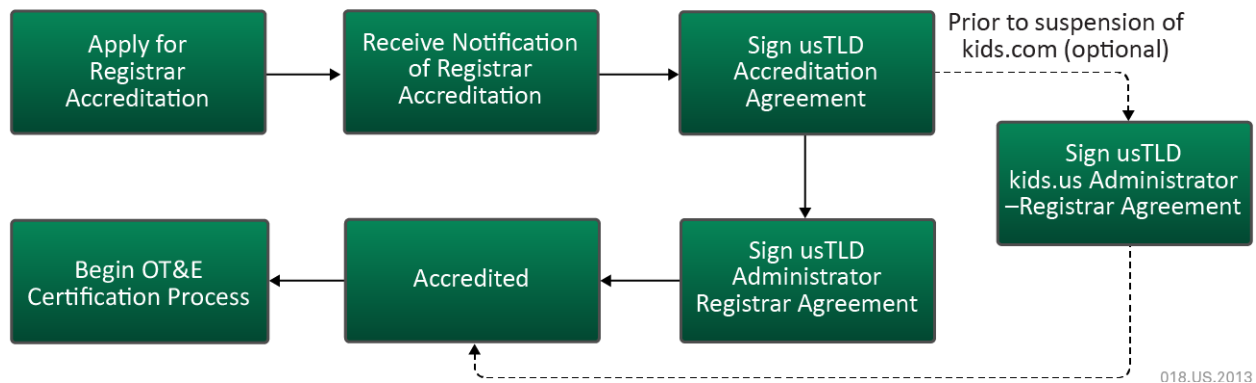
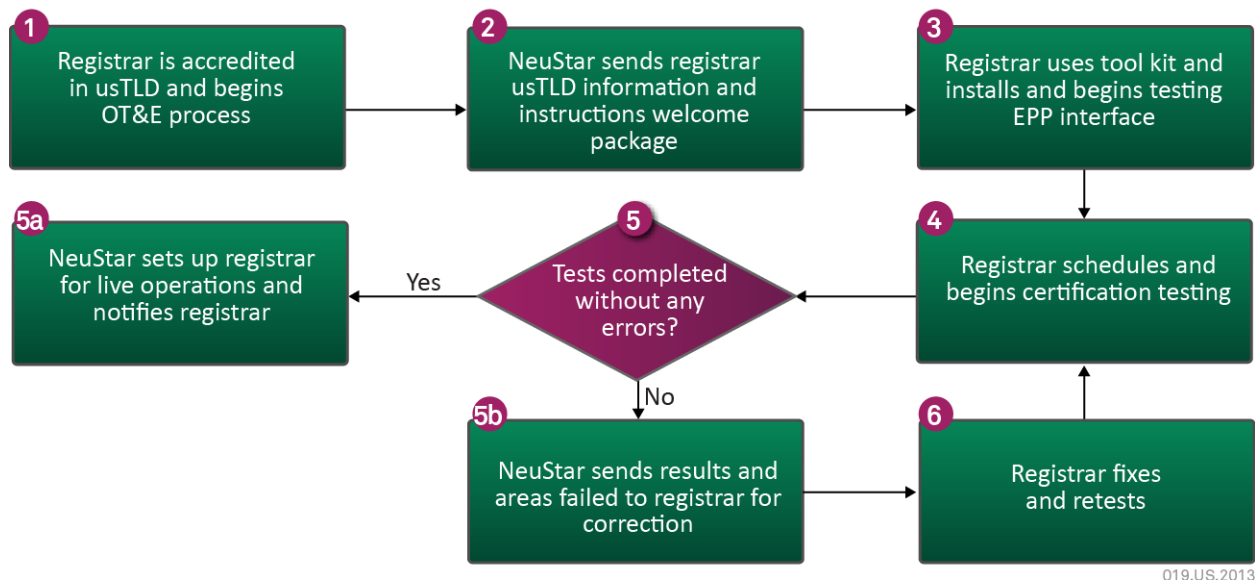


Figure 1.3-9: usTLD Registrar Accreditation Process

After accreditation, a Registrar may perform registration operations in the registry. The immediate way that the registrar can do this is via the Registry Administration Tool, a secure web system that provides web-based access to the SRS, allowing registrars to easily manage domains, contacts, and hosts through a series of intuitive screens. The tool allows registrar personnel to more easily process transactions for themselves without needing to contact Registry Customer Support, which saves time for the registrar and enhances productivity. Given the obvious importance of high security on this facility, access to the RAT is controlled by two-factor authentication using RSA SecurID tokens and encryption of all data traffic (HTTPS). This allows registrars to closely control (by utilizing physical tokens) the accessibility of the Registry Administration Tool.

While access is available via the Registry Administration Tool, a registrar must complete technical certification before being able to perform registrations via EPP. The process for technical certification is depicted below:



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Figure 1.3-10: Registrar Operational Test and Evaluation (OT&E) Process

In addition to the Protocol Software, Neustar also provides registrar documentation and certification instructions for all registrars. These packages are provided via our web portal and can be used to assist in their technical connectivity to the registry.

Once a registrar is satisfied that its system is compatible with the registry system, it schedules a formal acceptance test that will be monitored by a customer support engineer. The test is conducted in the OT&E environment. After a registrar has passed the certification test, we issue the SRS user ID, passwords, and digital certificates, and the registrar can begin operations.

The OT&E environment is a scaled-down, but functionally equivalent version of production that provides EPP servers, application servers and a database. This environment is available 24x7x365 to provide a stable test bed where registrars can evaluate and test their systems prior to deployment into the production environment. This environment also allows registrars to test both new code and to test new features of the registry prior to promotion to production. These types of tests often include changes such as EPP updates or new business rules.

Certification Support

Our professional, experienced, responsive, and versatile support team provides a critical function during the accreditation process. Augmented by web-supplied documents like FAQs and the Registrar Operations Guide, the support team assists the registrar in completing the technical certification process.

We have found that certification is a particularly important period for a registrar. Often a registrar's initial experience in working with the registry sets the tone for the business and operational relationship. Consequently, we place particular emphasis on customer service during this time.

1.3.10 Delegated Manager - Technical Compliance Monitoring (C.4.2.x)

Neustar performs, at a minimum, annual technical compliance monitoring of locality delegates, and continually accesses zone file information for sub delegates to compare the results with the centralized usTLD database to ensure the database is accurate and up-to-date

Delegated Managers are contractually obligated to permit the usTLD Administrator to inspect and download the zone file information of each of their delegated domains. This provision is designed to ensure that the usTLD Administrator has current information on each of the sub-delegations for the purpose of maintaining an accurate record of registrations, and to ensure continued, uninterrupted service in the event the Delegated Manager is unable or unwilling to continue providing delegation services.

To ensure that each delegated manager is in compliance with this requirement, Neustar performs frequent inspections of delegated manager zones to confirm that access is being permitted. This is accomplished through the use of an automated the DNS crawler that systematically attempts to download the zone file data. In the event the crawler is unable to access a particular zone file, the Registry is alerted, the failure information logged, and a report of the failures generated. The delegated manager is then contacted and notified of the apparent breach-and provided a reasonable time frame within which to cure the breach before Registry action is taken.

Scan for Lame Delegations

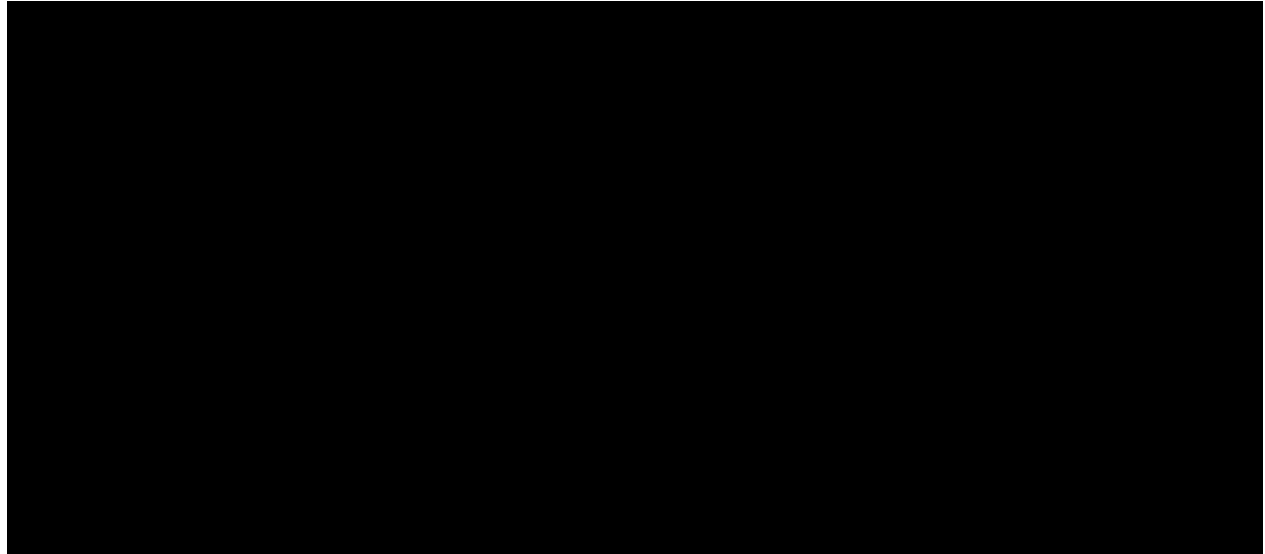
In addition to the contractual requirement concerning zone file access, the locality space has a prohibition against lame delegations. Delegated Managers must either use their delegations or relinquish them. To enforce this requirement, we currently use the DNS crawler described above. While attempting to download each zone file, the crawler also checks to determine if a domain is properly delegated.

In the event a lame delegation is detected, we attempt to contact the delegated manager to verify the status of the domain. If the delegated manager confirms that the domain is not in use or we are unable to communicate with the delegated manager after several attempts, the domain is placed pointed to a landing page with the contact information for contacting customer support. After 30 days of DM unresponsiveness to notifications to cure and suspension, the domain is assumed to be no longer in use and deleted. Currently, the crawler generates a report of non-compliant domains on the 15th day of every month, which the registry team uses to do follow-ups with the respective delegated managers to enforce compliance.

Create and maintain a WHOIS database

Delegated managers are required to provide the Registry with accurate registration information on each of their sub-delegations. This data includes contacts and name servers, and is stored in a locality database accessible via a WHOIS-like GUI query service (<http://www.locality-whois.us/>). Neustar's goal is to continue to work with delegated managers and registrants to ensure that all delegations and sub-delegations with active services are accurately captured and can be accessed through queries to the locality WHOIS.

Maintaining an accurate database of all locality delegations and sub-delegations ensures that there is continuity of service in the event that a delegated manager either is unable or unwilling to continue providing DM services and the entire zone must be taken over by Neustar or another provider.



1.3.11 Customer Support and Satisfaction (C.4.2.xi)

Neustar provides industry leading customer support for the usTLD. We combine comprehensive but intuitive procedures, guides, training, and other methods with robust automated reporting capabilities of registrar and registrant interaction with the usTLD registry in order to support the needs of the usTLD constituents.

Professional, world-class support staff and support infrastructure are critical elements in order to ensure customer satisfaction. Neustar's experienced, responsive, and versatile support team forms a critical bridge between the registry and various constituents. Neustar is proud of its history of performance while serving as the usTLD Administrator over the past 12 years. This section provides details on our support procedures, guides, training and automated reporting. All of these are both key contributors to customer satisfaction.

1.3.11.1 Support Procedures

Neustar provides 24x7x365 support for usTLD operations. We will provide the same level of support during the upcoming contract term. This continuous support is available for all aspects of usTLD, including the non-commercial locality space.

We organize our support resources into three tiers. Each tier is described as follows in **Table 1.3-4**.

Tier	Description
1	Receives customer inquiries, answers majority of questions, resolves standard issues
2	Provides infrastructure and application support, resolves necessary escalations from Tier 1
3	Provides software-troubleshooting support, resolves necessary escalations from Tier 2

Table 1.3-4: Support Tiers

Customers of all types typically interact with Tier 1 support, which liaises to Tier 2 and Tier 3 as necessary. Our Network Operations Center (NOC) provides for coordination between tiers and manages all system-wide infrastructure issues.

Registrars, delegated managers, registrants, and Internet users can interact with the customer support team by various means: telephone, email, facsimile or web. In addition to providing a toll-free contact number, along with local contact and facsimile numbers, Neustar has also set up a web page (<http://www.Neustar.us/contact-form/>) where parties can submit comments, questions, and suggestions regarding the usTLD.

All customer support personnel (across all Tiers) have access to a centralized customer relationship management (CRM) system (powered by Salesforce software) for tracking service and customer issues, along with a centralized email system to monitor customer correspondence and requests. All members of the support staff (Tiers 1, 2, and 3) are equipped with laptop computers, and management and on-call personnel maintain company issued cell phones/pagers, so they can respond to inquiries and issues no matter where they are physically located.

Our current Tier 1 support team personnel have an average of over 4 years of registry experience, managed by an employee with 12 years of registry experience. The team is composed of experienced professionals with excellent problem solving and interpersonal skills.

When contacted by a registrar, delegated manager, registrant, or Internet user concerning an issue, the customer support specialist opens a ticket, and assigns one of four priorities. The ticket priority determines the process for addressing and escalation if it is not solved within defined time limits. **Table 1.3-5** shows these priorities.

Priority Level	Description
P4	Questions: if unable to answer in real-time, provide answer within 24 hours
P3	Service issue, with work-around, effecting one registrar: if unable to solve at Tier 1, hand off to Tier 2 for resolution; solve in 8 hours or escalate
P2	Service issue, lacking work-around, effecting one registrar: diagnose and hand off to Tier 2 for resolution;
P1	Service outage effecting overall operations: immediate page of Tier 2 and Tier 3

	on-call engineers and management
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Table 1.3-5: Support Priority Levels

While organized primarily to support registrars and delegated managers, the registry has an obligation to provide support for registrants and Internet users in general due to its additional role of being usTLD Administrator. The primary support organization for registrants and Internet users are registrars, delegated managers or ISPs, respectively. Neustar, therefore, does not seek to interfere with the relationships that registrars, delegated managers, and ISPs have with registrants and other internet users. Based on Neustar's experience in TLD operations, we have found that the registry serves primarily as an enabler to assist registrants and Internet users in solving particular problems or, more importantly, to provide them with accurate information so they can contact appropriate entities for specific issues. Consequently, we place extensive focus on developing web-based FAQ documents and other information to help users help themselves. (See *Proposal Volume 1, Section 1.3.11.4 Other Support Methods* below.)

1.3.11.2 Guides

Our experienced customer support staff has helped and will continue to help with the most complex issues such as locality domain delegations, problem resolution, and registrar accreditation and provisioning. In addition we provide a number of comprehensive guides to assist registrars with their implementation and interaction with the Registry:

- **Registrar Toolkit**—provides registrars with the necessary tools to connect to the Registry using EPP
- **Registrar Toolkit Companion Guide**—provides registrars with additional information to assist them in working with our toolkit. It provides information on business rules specific to the usTLD space.
- **Technical Certification Guide** – provides registrars with explanations of how to perform the Technical Certification activities required for (API) interfacing with the Shared Registry System (SRS) for usTLD registrations.
- **Registrar Reference Guide**—provides registrars with detailed information doing business with Neustar, including how to set up their billing accounts, usTLD business rules, connectivity policies, billing policies, and a detailed description of the registrar reports
- **The Registry Admin Tool Guide** – provides step-by-step instructions on usage of the registry administrator tool (RAT), a secure web-based tool for managing objects in the shared registry system (SRS).
- **DM Web Portal Guide** – provide DMs with detailed information on how to use the DM web portal to manage locality delegations and contact information.

1.3.11.3 Support Training

The Customer Support Team has developed extensive internal training processes to ensure intimate knowledge and understanding of registry operations and procedures. While staff is chosen on the basis of domain name management experience, the very nature of creating a registry with operational procedures requires that all customer support staff are provided with

substantial training and accreditation for providing support in the Neustar registry environment. In this way, the Neustar registry will ensure extremely high levels of quality, consistent support services.

All customer support services are executed according to stringent guidelines and time frames as defined by the established SLAs between the registry and its customers. In addition, all support staff follow detailed escalation paths for unresolved issues, as summarized above in the priority level chart. Neustar works closely with registrars, delegated managers, DOC and ICANN to develop service commitments and escalation paths that adequately meet the needs of registrars in providing outstanding responsiveness and service levels to their customers.

In addition, Neustar technical personnel have an average of ten years of data-center operations experience, encompassing the high availability cluster technology, distributed database management systems, and LAN/WAN network management systems that are employed in the daily operation and recovery process. New hires and transfers to Neustar's TLD registry operations are given extensive usTLD training and on-boarding. They subsequently receive on-the-job training on registry operations, including high availability cluster management, database backup and recovery, and system and network management.

Neustar also provides a variety of corporate training programs for management and staff development activities. These also impart skills useful to customer support capabilities.

1.3.11.4 Other Support Methods

Registrants and Internet users can and frequently do use our email and telephone support capabilities. In most situations, we will resolve an issue on the immediate contact. If a caller identifies a problem with a particular entity, we escalate to the appropriate tier to resolve the issue. The most common circumstances of such involvement are domain name transfers, bouncing email, or unreachable websites.

We also provide two important web-based tools that enable registrars to self-service:: a web portal and the Registry Administration Tool.

Web Portal or Extranet – The web portal provides registrars with critical documentation and key notifications about the usTLD. Important elements of the Web Portal include

- Operational notifications for planned maintenance or upgrades
- Operational updates on incidents such as degradations or outages
- General registrar business notices
- Registrar Operations Guide
- Frequently asked questions (FAQ)
- EPP client toolkit downloads.

Access to the portal is controlled by login/password. Registrars are notified of planned maintenances independently of the Web Portal.

Registry Administration Tool – Neustar operates a secure web system that provides web-based access to the SRS, allowing registrars to easily manage domains, contacts, and hosts through a series of intuitive screens. The tool allows registrar personnel to more easily process

transactions for themselves without needing to contact Registry Customer Support, which saves time for the registrar and enhances productivity. Given the importance of security, access to the tool is controlled by two-factor authentication using RSA SecurID tokens and encryption of all data traffic (HTTPS). This allows registrars to closely control (by utilizing physical tokens) the accessibility of RAT.

1.3.11.5 Registrar Notifications

Notifications that involve large numbers of customers are sent utilizing MailMan (listerv) and Outlook. However, individual notifications usually are sent from Salesforce.com.

1.3.11.6 Maintenance Notifications

Maintenance notifications are sent based on a specific contractual performance matrix, as outlined in **Table 1.3-6**.

TL D	Performance Specification Description	SRS	Nameserv er	WHOIS	Notifica -tion
.U S	Planned outage 8 hours or less per month	0600 - 1400 UTC Sun	Not allowed	0600 - 1400 UTC Sun	3 days
.U S	Planned outage extended – 18 hours per quarter	0600 - 1400 UTC Sat or Sun	Not allowed	0600 - 1400 UTC Sat or Sun	28 days

Table 1.3-6: Maintenance Notification

1.3.11.7 Delegated Manager Web Portal

Neustar operates a secure web system that provides delegated managers web-based access to the SRS, allowing delegated managers of multiple domains to easily manage domains, contacts, and hosts through a series of intuitive screens. The tool allows delegated managers to more easily process transactions for them without needing to contact usTLD registry customer support, which saves time for the delegated manager and enhances locality end-user experience. Access to the tool is controlled by ID and Password protection so each manager can closely control accessibility.

1.3.11.8 Registrar Reporting

Neustar currently provides and will continue to provide an extensive suite of reports to registrars (please see the following table). These reports are generated on a predetermined schedule and are deposited in secure shell (SSH) accounts assigned to each registrar. The current set of reports is provided in XML and TXT formats. .

It is important to note that to ensure security of customer proprietary data, registrars are only provided with data specific to the objects they manage within the registry. At no time may they receive the data of another Registrar.

The following table outlines the reports that Neustar provides.

Report Name	Description
-------------	-------------

Report Name	Description
Daily Transaction Report	<p>The Daily Transaction Report captures the results of processing files for a single day's activities. The results are formatted as XML documents (using XML UTF-8 format).</p> <p>This report provides each registrar with a detailed inventory of all domains under the registrar's management, and is grouped by registrant and sorted by EPP business request. It contains XML tags and values that hold all Add, Delete, Modify and Renew for domains, contacts and nameservers sent to the Registry during the reporting day.</p>
Weekly Escrow Report	<p>The Weekly Escrow Report is a weekly inventory report containing all domains, contacts and nameservers that are in the SRS databases for a particular registrar. This report combines into one XML file the data of the Weekly Domain and Nameserver Status Report, the Weekly Nameserver Report, and all contact information.</p>
Monthly Transaction Report	<p>The Monthly Transaction Report provides each registrar with a detailed inventory of all domains under management up to the last day of the reporting month. The domains are grouped by Registrant, and sorted by EPP business request. The results are formatted as XML documents, using XML UTF-8 format.</p>
Daily Transaction Report (Text Format)	<p>We provide each registrar with a daily transaction report containing all "write" transactions, including additions, modifications, deletions, and transfers. Transactions applied to domain names, hosts, and name servers are included in this report. The report is a pipe-delimited text file format and contains the following data fields:</p> <ul style="list-style-type: none"> ▪ Registrar Name ▪ Registrar ID ▪ Transaction Type ▪ Object Type ▪ Object ID ▪ Term (if applicable) ▪ Transaction Date/Time ▪ Report Date
Daily Billable Transaction Report	<p>This report contains all billable transactions, including domain creations, renewals/extensions, auto-renewals, transfers, and redemptions. We provide each registrar with a daily report in pipe-</p>

Report Name	Description
	<p>delimited text file format. The report contains, at a minimum, the following fields:</p> <ul style="list-style-type: none"> ▪ Registrar Name ▪ Registrar ID ▪ Transaction Type ▪ Domain Name ▪ Domain ID ▪ Term (if applicable) ▪ Transaction Date/Time ▪ Report Date
Daily Transfer Reports	<p>Each registrar is also provided a daily report sshowing all domain transfer activity for the reporting day. One report contains Gaining Transfer activity, while the second contains Losing Transfer activity. Each report contains pending transfer activity, and transfers that were completed during the reporting day. Each report is in pipe-delimited text file format.</p> <p>The Gaining Transfer report contains, at a minimum, the following fields:</p> <ul style="list-style-type: none"> ▪ Gaining Registrar Name ▪ Gaining Registrar ID ▪ Losing Registrar Name ▪ Domain Name ▪ Domain ID ▪ Domain Registration Date ▪ Domain Expiration Date ▪ Transaction Status (e.g., Completed or Pending) ▪ Transfer Date/Time ▪ Report Date <p>The Losing Transfer report contains, at a minimum, the following fields:</p> <ul style="list-style-type: none"> ▪ Losing Registrar Name ▪ Losing Registrar ID ▪ Gaining Registrar Name ▪ Domain Name ▪ Domain ID

Report Name	Description
	<ul style="list-style-type: none"> Domain Registration Date Domain Expiration Date Transaction Status (e.g., Completed or Pending) Transfer Date/Time Report Date
Daily Auto-renewals Report	<p>This report will contain a list of all domains that auto-renewed during the reporting day. The report will be provided in a pipe-delimited text file format, and will contain, at a minimum, the following data fields:</p> <ul style="list-style-type: none"> Registrar Name Registrar ID Domain Name Domain ID Registration Date Expiration Date Transaction Date/Time Report Date
Weekly Nameserver Report (delimited text file version)	<p>We will provide a report containing a list of all name servers and associated IP addresses under the management of the registrar. This report will be provided in a pipe-delimited text file format. Each name server will be listed once for each associated IP address. At a minimum, the following data fields will be provided:</p> <ul style="list-style-type: none"> Registrar Name Registrar ID Name Server IP Address Report Date
Billing Summary Report	<p>It is important to provide registrars with data to reconcile their billing transactions at the end of each month. We will provide registrars with a monthly statement that summarizes the billable transactions that were processed during the reporting month. The summary statement will include the following data:</p> <ul style="list-style-type: none"> Registrar Name Registrar ID Transaction Type

Report Name	Description
	<ul style="list-style-type: none"> ▪ Number of Transactions per Type ▪ Fee per Transaction ▪ Total Fees per Transaction Type ▪ Total Billed ▪ Debit Account Balance ▪ Report Date
Billing Statement Detail	<p>In addition to the billing statement, we will provide a Billing Statement Detail Report which includes a detailed account of all transactions that were processed during the month. This report will be provided in a pipe-delimited text file and will include, at a minimum, the following data fields:</p> <ul style="list-style-type: none"> ▪ Registrar Name ▪ Registrar ID ▪ Transaction Type ▪ Domain Name ▪ Domain ID ▪ Term (if applicable) ▪ Transaction Date/Time ▪ Report Date
Expiring Domains Report	<p>To provide registrar with advance notice of expiring domains, we will provide registrars with an expiring domains report. This report will be generated on the first day of each month, and will contain a list of all domains that will expire in the subsequent 45 days. The report will be provided in a pipe-delimited text file. At a minimum, the report will contain the following data fields:</p> <ul style="list-style-type: none"> ▪ Registrar Name ▪ Registrar ID ▪ Domain Name ▪ Domain ID ▪ Expiration Date/Time ▪ Report Date
Ad hoc Reporting	<p>We provide ad hoc reports to registrar upon request. Our customer service staff is provided with tools to generate most ad hoc reports. In instances where the support desk cannot generate the data, the request is forwarded to our full time data warehouse</p>

Report Name	Description
	team who can provide any report required. Registrars may only receive data for the domains and other registry objects they sponsor.

Table 1.3-7: Registrar Reports

1.3.11.9 Summary

As the usTLD Administrator, we serve the DOC best by serving the usTLD stakeholders and exceeding requirements outlined in the contract. We are successful because we leverage unmatched expertise to deliver necessary and unique services built utilizing superior registry technology and managed using industry-wide best practices. Our customer support procedures, guides, training, and other methods, along with our automated reporting capability have helped deliver an exceptional service for the last 12 years.

1.3.12 Security, Reliability, and Stability (C.4.2.xii)

Security, Stability and reliability are key considerations in the design and operation of the Registry. Neustar incorporates various features to ensure that the usTLD is a secure, stable and reliable resource of the United States. The SRS is operated from multiple geographically diverse data centers, and is operated in a high availability environment with no single points of failure. Our team of experts follows security best practices including the use of multiple firewall layers, intrusion detection systems, traffic shaping systems, and traffic filtering.

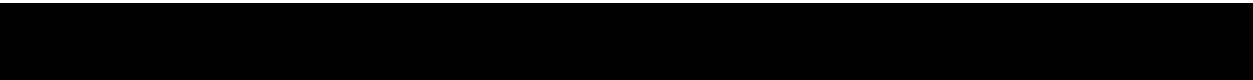
The Network Operations Center monitors the network for failures, alerts, security breaches, and anomalies using a variety of monitoring tools and systems. The Security Operations Center provides DDoS mitigation services. Threats are mitigated with no impact to operations. Internal and external parties perform regular network penetration tests. Recovery capabilities are routinely tested. A documented and tested business continuity plan is maintained. Well-defined and documented change control procedures, including procedures for pre-implementation testing, post-implementation testing and back-out contingencies, are utilized.

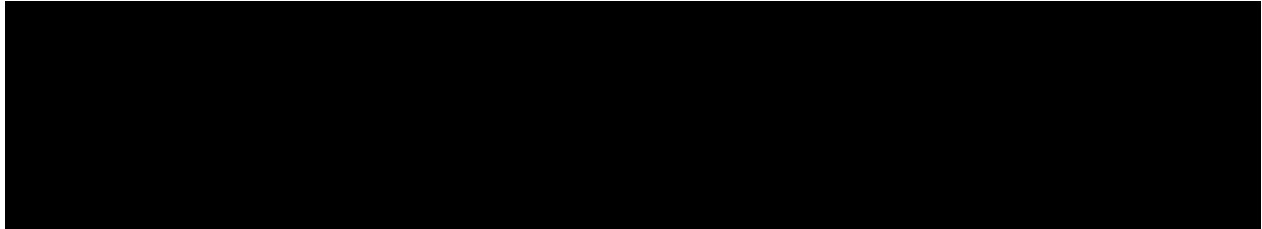
The information below describes the different aspects of Neustar that demonstrate security, reliability and stability of the usTLD. More in-depth details of each area are described in their respective sections within Neustar’s response. For more in depth information on the security practices of Neustar, please see *Proposal Volume 1, Section 1.11*.

1.3.12.1 Security

Neustar's approach to information security is a comprehensive, defense-in-depth program designed to mitigate all types of information security risks, while constantly evolving to stay ahead of the ever-changing cyber threat landscape. Enabling secure customer access and protecting customer data are the primary goals of our information security program.

Secure Network Architecture

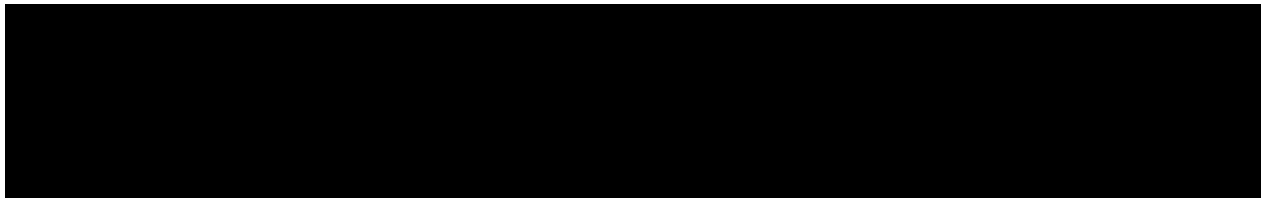




We use a full time information security team to aggressively protect our network from attack. These tools include:

- Penetration testing is aggressively employed to assess ongoing vulnerabilities.
- DDOS mitigation using our own DDoS mitigation service as well as other commercially available tools. Our fulltime internal security operations (SOC) and CIRT teams aggressively analyze all anomalies.


Secure Communication

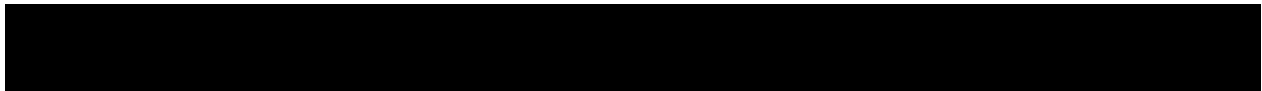


SRS Authentication and Authorization


Neustar's SRS layer provides the next level of security, authentication and authorization of registrars. Once a secure channel is established, registrar must provide valid credentials. Unsuccessful login attempts are logged, and repeated failed attempts are alerted to Neustar's 24x7 customer support for investigation. After successful authentication, the SRS rules and policies engine prevents a registrar from viewing private data not belonging to them, such as a the authinfo (password) of a domain belonging to another registrar. This authorization layer also ensures that a registrar can only transform (create/add/update/renew/delete) SRS objects that they own.

Secure Web Communication

Neustar's EPP web interface, the Registry Admin Tool, is SSL secured and protected with two-factor authentication. 



Secure DNS

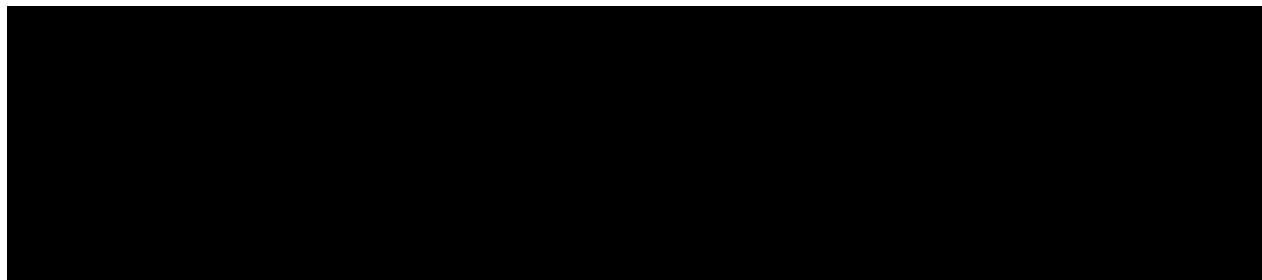
Neustar has a long history of providing secure, reliable, and stable DNS systems. Neustar's registry core DNS servers sit deep within Neustar's network and are not accessible externally. Hidden from the outside world, Neustar's DNS masters are not directly vulnerable to DNS attacks. 





Secure WHOIS

Publically available, Neustar's WHOIS architecture has built-in security protection to prevent accidental or malicious attacks. Similar to Neustar's SRS, WHOIS nodes reside within Neustar's secure network architecture.



Internal Security

Neustar has rich set of tools, processes, and devices to strictly enforce internal security policies. Access to servers for development, testing, and production registry systems follow an access control approval process that requires sign off from an appointed registry administrator. This ensures that no one outside of the necessary operations team has access to registry servers. Users must log in using their individual accounts to provide clear audit trails. Monitoring detects all changes to production file systems, which are alerted to a registry administrator for investigation. To ensure enforcement, internal and external audits are performed periodically. See *Proposal Volume 1, Section 1.11.3*, computer security plan for more information on our security policies.

Neustar Registry Threat Monitor (RTMS)

Neustar fully understands that having secured SRS, DNS, WHOIS, and architecture is not enough, and that the usTLD space must also be protected from malicious activities of its delegated domains. Failing to prevent malicious actors from using domains for nefarious purposes can weaken the reputation and trust in an entire TLD space, whether from end users or search engines. Neustar is an innovative pioneer in the malicious monitoring space with the longest (7 years) experience amongst all TLDs. Through relentless monitoring of US space, RTMS investigates and works with registrars to take down malware, phishing, spam, and other malicious sites.

NeuCIRT/SOC

NeuCIRT/SOC is composed of a designated team of individuals assigned with the specific responsibility for incident handling and incident response. The NeuCIRT/SOC is focused on protecting Neustar and its customers' systems and data through threat analytics and intelligence gathering, security monitoring, incident response, digital forensics, and deployment of technical security solutions.

The state-of-the-art NeuCIRT/SOC facility is where analysts use Neustar-customized tools to monitor and process cyber events. The facility also provides an "Executive Dashboard" for situational awareness and viewing events of interest. An integrated event management and correlation system provides event tracking, notification, and escalation. The NeuCIRT/SOC capabilities and tools can be viewed from the NeuCIRT/SOC facility, NOC, or Executive Briefing Room.

See *Proposal Volume 1, Section 1.11.1 Secure Systems* for more information on our NeuCIRT/SOC.

Network Operation Center

Neustar's Network Operation Center (NOC) is a fully staffed 24x7 first responder team that monitors for alarms generated within Neustar's systems. The NOC team has been specially trained to handle incidents and follows well documented procedures. The NOC provides coordination between tiers and manages all system-wide infrastructure issues.

Network Monitoring System

The usTLD registry is fully monitored by a comprehensive and fault tolerant network monitoring system. The monitoring system is located in multiple data centers to ensure our global infrastructure is operating optimally.

Security Performance Facts

As a world-class company with multi-faceted security layers, Neustar has a proven record of providing secured registry services for usTLD since 2001. Below are some history security highlights:

- Zero cases of any unauthorized EPP access
- Zero cases of any unauthorized Web access
- Zero cases of any registrar viewing private data or changing data not belonging to him
- Zero cases of DDoS attacks that shutdown the operations of SRS, WHOIS, or DNS.

1.3.12.2 Performance Stability and Reliability**Network Redundancy**

Neustar has proven reliable and redundant network. [REDACTED]

[REDACTED] This ensures fully operational service without any disruptions to users.

Server Redundancy

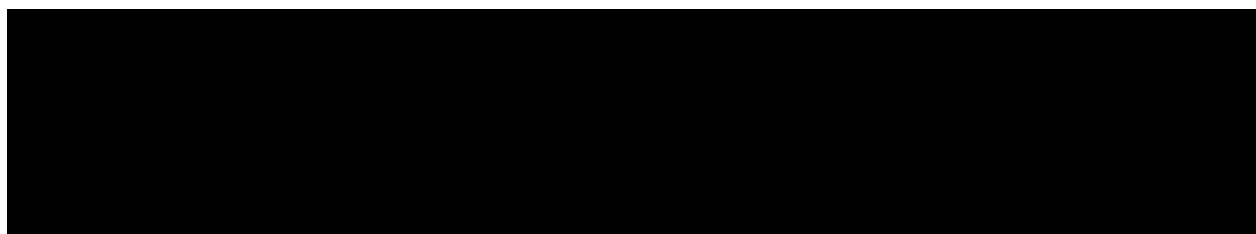
Reliable registry architecture requires a farm of servers for each key registry component. If any server becomes inoperable, traffic is automatically redirected to another server. Servers can be added or removed from server farm in response to traffic patterns. Having multiple servers prevents unavoidable hardware failure from affecting usTLD registry services.

Software Redundancy

Neustar's registry components are designed to be resilient and not prone to single point of failure. Applications at every layer of the registry have logic to connect to multiple sets of downstream systems whether in the primary or failover data centers. For example, if the primary database goes down, a failover instance automatically starts up and takes over. Applications have logic to determine the new active database and continue to process requests with minimal disruptions.

Fully Redundant Data Centers

Neustar has two fully redundant hot standby data centers. Approximately once a year, Neustar's SRS system switches over from one to another and remains until the next switch over. As fully redundant data centers, the capacities in each are identical and allows Neustar the flexibility to operate without any degradation of performance. This ensures reliable operation in case of any prolong catastrophic event at a data center.

Separation of Components**Network Operation Center**

As described earlier, Neustar's NOC monitors for alarms generated within Neustar's systems. This not only helps secure the application but also ensures a healthy, reliable, and operational system.

Development Process

Neustar's development process promotes reliable and stable software releases. Registry releases follow strict Neustar guidelines and processes. Software development follows an Agile Methodology where continuous integration and automated tests are performed. After passing vigorous testing, candidates to be promoted to production follows change management process before a release is applied. We also subject our software to aggressive penetration testing and security assessment scans.

Stability and Reliability Performance Facts

In the current contract term, Neustar has demonstrated exceptional technical performance. Neustar successfully met or exceeded service level measurements 927 out of 930 measurement periods.

1.3.13 Domain Name System Security Extension (DNSSEC) (C.4.2.xiii)

Neustar is a leader in the Domain Name System Security Extension (DNSSEC) space and supports the usTLD with extensive DNSSEC capabilities, systems and knowledge.

The Domain Name System is the critical yet little understood fabric that sits at the foundation of a robust and infinitely scalable Internet. Protecting that fabric is critical to its on-going usefulness.

Unfortunately, malicious actors can hijack the DNS resolution process and direct unsuspecting users to a different and deceptive site. DNS Security Extensions (DNSSEC) is a technology that prevents the hijacking of the DNS resolution process by using digital signature technology to ensure a proper chain of trust between DNS systems.

Neustar is a leader and pioneer in the Internet Security technologies. As such, Neustar has helped define the DNSSEC specifications and technologies since its inception. As one of the first companies to sign a major top-level zone, Neustar flawlessly executed a signing of the (DNSSEC-enabled) usTLD zone in May 2010. Then, in June 2010, Neustar signed .BIZ, and subsequently signed .CO in February 2011. Neustar will continue to leverage existing DNSSEC infrastructure, capabilities, and experience to provide a robust and standards compliant implementation.

As the DNSSEC adoption continues to increase throughout the industry, Neustar is committed to building and improving our DNSSEC architecture, and incorporating best practices into our infrastructure. Since the signing of the usTLD zone, Neustar has added Hardware Security Modules (HSM) into the infrastructure, went through several tech refreshes, re-evaluated and changed DNSSEC key management policies, upgraded several versions of our signing servers, and overhauled the DNS constellation.

The following sections provide a description of the implementation that will be provided in the usTLD Registry.

1.3.13.1 DNSSEC Policy Statement

Neustar provides a DNSSEC Policy Statement (DPS) that will be publicly available on the www.Neustar.us website. The following sections provide additional details of the implementation.

DNSSEC is a set of extensions to the DNS protocol. The foundation of DNSSEC is defined in RFC 4033, 4034, and 4035 and notably extended by RFC 5155. Other RFCs exist to supplement the definition. There are also documents by NIST, including SP800-53 and SP800-57 which help shape physical security and Key Management and SP800-81, which offers guidance on deploying DNSSEC.

DNSSEC requires a DNS administrator to manage additional resource records in the zone. For the most part these additional resource records are completely transparent and managed by the registry. The new resource records are:

- **DNSKEY:** Record that provides information about a public key that is used to validate zone signatures. A DNSKEY is used to verify that RRSIGs are valid.
- **RRSIG:** Signature of an RRSet as performed by the private key. This signature is then verified with the public DNSKEY to ensure the RRSet returned is valid.
- **NSEC:** Record used to prove that no records exist between two other records. Its purpose is such that NXDOMAIN(does-not-exist) responses cannot be forged, since NXDOMAIN responses are now unique in that they contain these NSEC records.
- **DS:** Provides a hash of a public DNSKEY(KSK) to the parent zone, to prove that the DNSKEY on record is correct. The purpose of DS records is to prove the KSKs returned were not forged, as they can now be verified against DS records in its parent zone.

The most substantial portion of the DNSSEC operations is the need to perform key management. Keys are cryptographic parameters use to generate digital signatures on zone data. A key consists of a public and private key pair. Data signed with a private key can be verified by a public key, and vice versa. Cryptographic keys are used to prevent malicious actors from being able to corrupt the exchange of DNS data and therefore being able to impersonate others. These keys must be protected from falling in the hands of malicious actors and must be changed often enough so that a malicious actor cannot manufacture a copy of the key. For these reasons these keys require close management as described below in the Key Management section. Neustar employs keys in two roles in the management of US zone:

- **ZSK:** A Zone Signing Key. The role of a ZSK is to sign all resource record sets (RRSets) in the zone. For example, if a host has six A records in a zone, the ZSK will generate one signature that encompasses all six. This way, when a resolving party queries for this host, they will receive all six answers back, along with the signature. The resolving party can then use the public ZSK in the zone to verify that this signature matches the records returned.
- **KSK:** A Key Signing Key. The role of a KSK is to sign the DNSKEY RRSet and be used in generation of a DS resource record. This special role allows for changes to the ZSK while limiting interaction with the root zone maintainers. The KSK itself is changed at a less frequent interval and is a stronger cryptographic key. The KSK represents a "Secure Entry Point" to the zone in DNSSEC terminology.

1.3.13.2 Software

[REDACTED]

[REDACTED] Neustar will perform needed technical refresh updates as needed. Our architecture also enables us to swap out key signer products in the future as the state of the art improves. We consistently

perform laboratory tests comparing products such as OpenDNSSEC and Unbound to ensure that we are using the best products available.

To ensure accuracy and integrity of the signed zones, Neustar has developed a series of DNSSEC Management tools. Since 2010, when Neustar first signed usTLD zone, these tools have evolved into sophisticated internal software that generate, validate, and monitor different elements of DNSSEC signed zones.

1.3.13.3 DNSSEC GUI

The schedule of changes to keys is managed and verified by the DNSSEC GUI. In preparation for the generation of new keys, using the DNSSEC GUI, a Key Administrator can select the dates/times for each state in a lifecycle of the new keys. The accuracy of the dates for new keys is critical as it ensures the key management events follow Neustar's policies and more importantly maintains the integrity of the signed zone. The tool also scans and verifies all existing keys and proactively alerts the NOC if it detects any potential problem months before a key is introduced into the zone.

1.3.13.4 DNSSEC Signature Verification Application

Signatures are tested for validity in the DNSSEC Signature Verification Application. This application within the DNSSEC Management suite performs queries against both internal and external recursive servers. Signatures are validated to ensure proper chain of trust from the root to usTLD zone. Independent sets of recursive resolvers running different implementation external to Neustar are used specifically to remove any in-house configuration effects. This level of checking verifies that the DNSSEC is run in a true interoperable manner. Alerts are reported to members of the registry operations team and alerted to Neustar's Network Operation Center for immediate investigation.

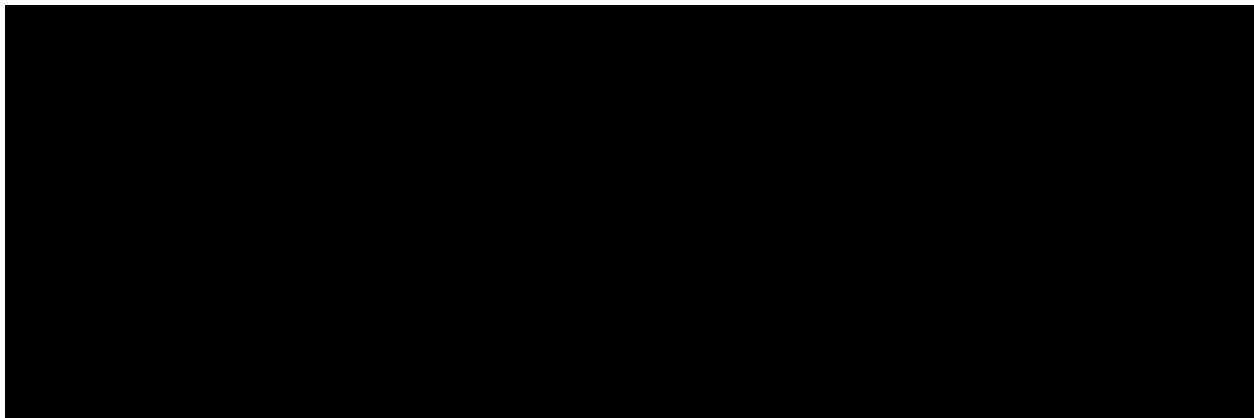
Zone Level Verification and Reporting

A third tool, Zone Level Verification and Reporting, generates comprehensive reports of the state of the signed zone. First, it reports the expiration date of every signature in the zone. In addition, the report also provides vital information such as the number of signatures in the zone, the state and size of DNSKEYs in the zone, and the DS records present in the root zone, all of which are used as indicators to ensure a healthy DNSSEC signed zone. The tool verifies that the output of the signing process is correct and healthy, raising alerts when needed, which allows us to mitigate issues before they become user affecting.

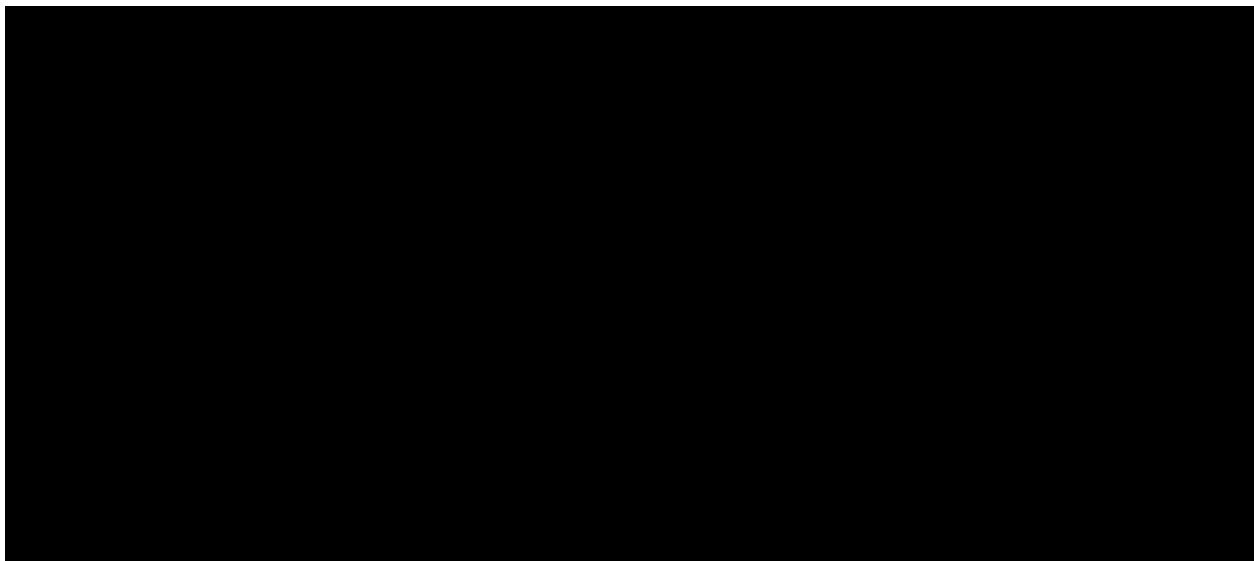
1.3.13.5 Architecture



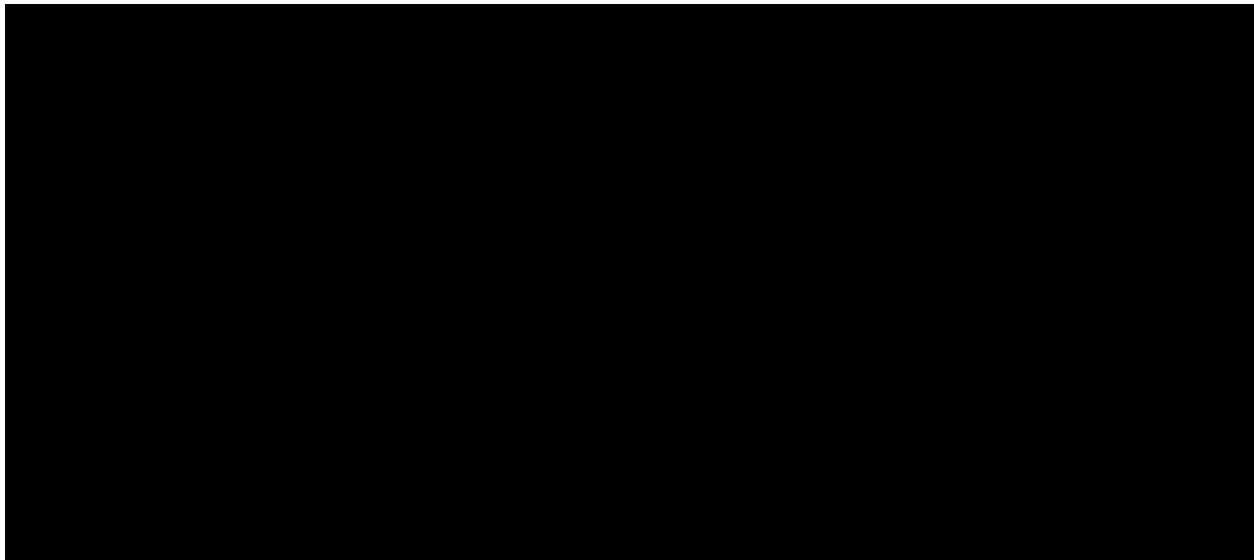
Figure 1.3-12: DNS Architecture

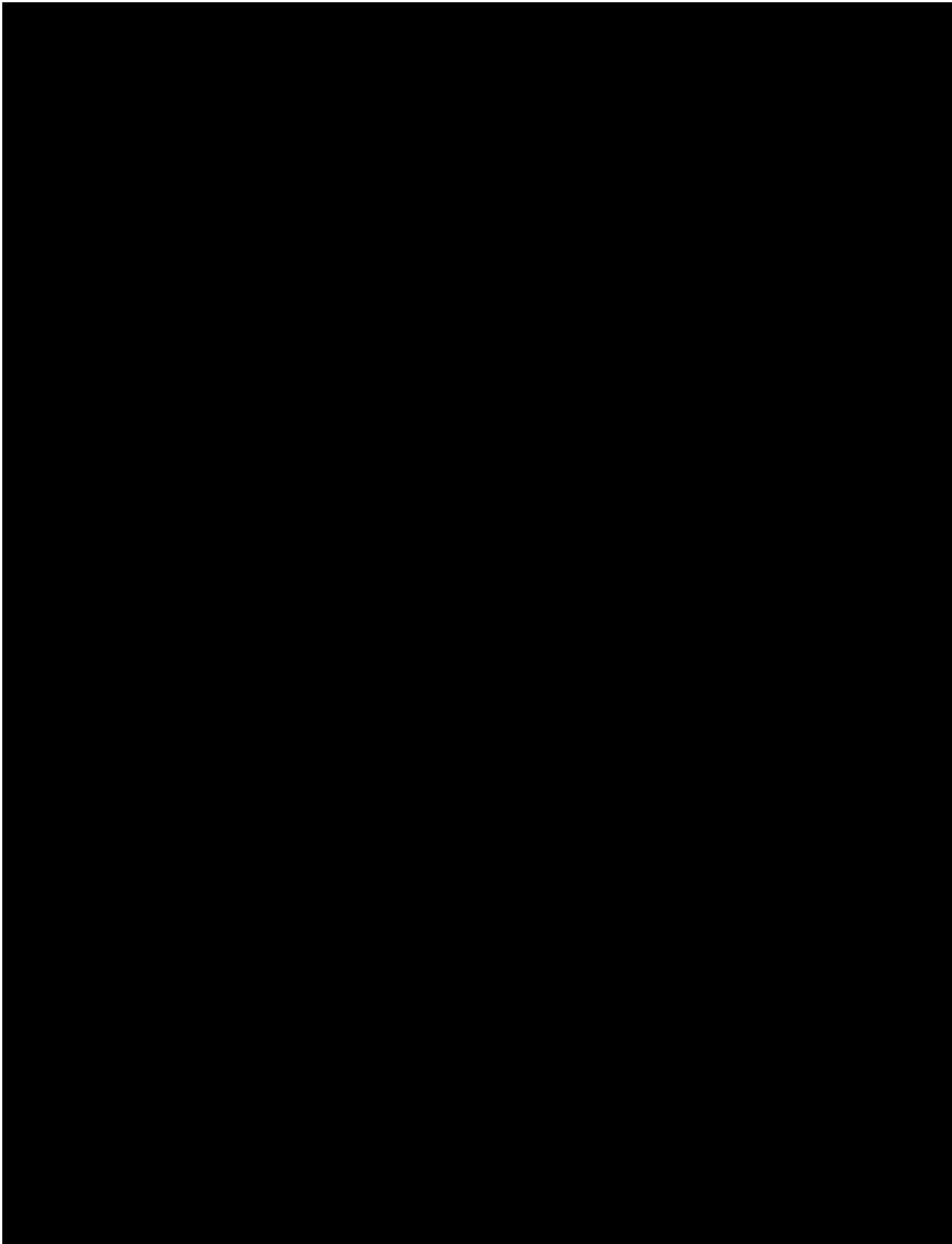


1.3.13.6 Hardware Security Module



1.3.13.7 Key Management







1.3.13.8 Negative Answer Style

When an Internet user queries for a domain name that does not exist the DNS provides a negative answer. The DNSSEC standard dictates that the DNS response includes either a collection of NSEC or NSEC3 resource records. The usTLD zone uses NSEC resource records for a few reasons, namely it is clear in its explanation and it requires no server-side hash algorithm performance load, in contract to NSEC3. NSEC3 has two benefits that are not applicable to the usTLD zone, namely making "zone walking" harder (the ability to repeatedly ask for all of the names in the zone) and the ability to use the "Opt-Out" feature.

As the usTLD zone file is in whole publicly available, and Opt-Out is not needed for scaling, NSEC is appropriate for the usTLD TLD and what is currently employed.

1.3.13.9 Provisioning of DS Records

The record type that registrants and registrars need to be aware of is the DS (delegation signer) record. This record links the parent and child zone in such a way that proper validation can be done during query time. Registrars manage DS records for delegated domains via EPP, using extensions for DNSSEC that are based on RFC 4310 and RFC 5910.

A DS data record can be added on the domain create command or added, changed, or deleted on a domain update command via the DNSSEC extension. A sample extension defined in RFC 5910 may look like the following

<extension>

<secDNS:create

xmlns:secDNS="urn:ietf:params:xml:ns:secDNS-1.1">

<secDNS:maxSigLife>604800</secDNS:maxSigLife>

<secDNS:dsData>

<secDNS:keyTag>12345</secDNS:keyTag>

<secDNS:alg>3</secDNS:alg>

<secDNS:digestType>1</secDNS:digestType>

<secDNS:digest>49FD46E6C4B45C55D4AC</secDNS:digest>

</secDNS:dsData>

</secDNS:create>

</extension>

1.3.13.10 Compliance with Relevant RFCs

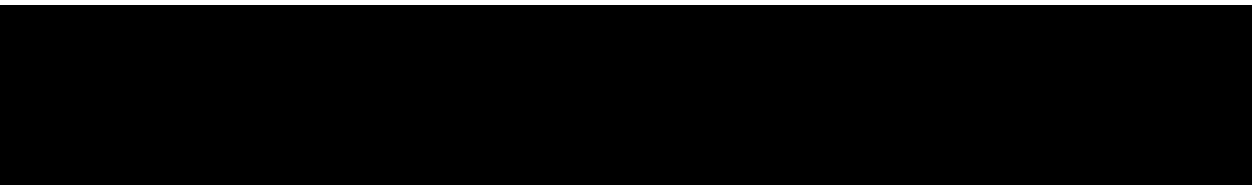
The DNSSEC implementation is compliant with all of the relevant RFCs as shown in **Table 1.3-8**

RFC	Description
4033	DNS Security Introduction and Requirements
4034	Resource Records for the DNS Security Extensions
4035	Protocol Modifications for the DNS Security Extensions
5910	Domain Name System (DNS) Security Extension Mapping for the Extensible Provisioning Protocol (EPP)
4509	Use of SHA-256 in DNSSEC Delegation Signer (DS) Resource Records (RRs)
4641	DNSSEC Operational Practices
5155	DNS Security (DNSSEC) Hashed Authenticated Denial of Existence

Table 1.3-8: Compliance with RFCs

1.3.13.11 Lessons Learned

With more than three years of DNSSEC experience and a combined 5.9 million signatures in all of our three signed zones, Neustar's DNSSEC platform has unparalleled experience needed to take the usTLD into the next contract term. The .US, .BIZ, and .CO zones have gone through 8 KSK rollovers. After every rollover, we re-evaluate and when needed re-adjust our processes and tools. One such tool is our internal DNSSEC GUI. It became apparent that a graphical representation of all of the ZSKs and KSKs was needed to allow Key Administrators the ability to visual see the dates of each state change. This GUI was developed and has been used to ensure successful key rollovers as well as key generation.



1.3.14 Administrator as Registrar for Locality and Reserved Names (C.4.2.xiv)

As the current administrator of the usTLD, Neustar has been operating in accordance with the Contract as the registrar for all reserved name registrations, including those in the kids.us second-level domain, and for all locality domains not serviced by a delegated manager. We also post a list of all reserved domains on a publicly accessible website.

Neustar has operated as the Registrar for the usTLD Locality structure since 2002. While many existing delegated managers continue to provide registration services to registrants within their designated localities, some do not. In those cases, Neustar has assumed delegated manager (or registrar) responsibilities and continues to provide delegation and resolution services to locality registrants.

Locality registrants provide Neustar with contact information for each registered name in order to update the central usTLD database and create a WHOIS record for the registrant. As an additional service, Neustar hosts resource records in the usTLD zone created at the registry. In cases where delegated managers choose to take advantage of this option, they provide Neustar with the appropriate resource record information.

Neustar has also operated as the registrar for all reserved names including those in the kids.us second-level domain. The list of reserved names can be found at <http://www.neustar.us/registrar-signup/>.

For the upcoming contract term, Neustar is proposing to create a usTLD reserved domain registration portal that enables specific registrants to manage their domain names online. The goals of the portal would be to enhance the registrant experience in managing the domain name. The system would support the following functionality:

- Purchases of unregistered reserved domain names
- Renewals of existing domains
- Returns of existing domains
- Updates of contact and nameserver data
- Transfers out to accredited registrars
- Increased promotion of the reserved names program

1.3.15 Process Using Multistakeholder Approach (C.4.2.xv)

Neustar proposes to create and sustain a new usTLD Stakeholder Council to facilitate stakeholder participation in the management of the usTLD, including input into policy development. Neustar is particularly enthusiastic about this aspect of the 2013 RFP. Neustar proposed and created the usTLD Policy Council in 2001 in response to the Department of Commerce's first RFP for usTLD management services (the "usTLD RFP"). Although the structure of the contracts awarded in 2001 and 2007 did not support a multistakeholder policy process for the usTLD, we have long felt that this was a key missing ingredient for the long-term success of the American namespace.

1.3.15.1 Introduction and Overview

The .us Top Level Domain (the "usTLD") must remain a trusted domain space for all Americans (including state and local governments, schools, libraries, businesses, and consumers) and a stable, secure, and safe environment that fosters economic growth, promotes innovation and prepares young Americans for leadership roles in the global digital economy. To do so, the usTLD requires responsible management, careful oversight, and clear and reliably enforced policies. usTLD policies must also evolve and develop over time to respond to changing needs of the usTLD community, emerging technology, new ideas, and cyber security challenges.

To assist and guide policy development for the usTLD and facilitate nimble and creative evolution of the namespace, Neustar proposes to create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the many constituencies whose members have an interest in the policies affecting the management, security, and stability of the usTLD can

advise and interact with Neustar and provide input into the management of the usTLD. Using a multistakeholder approach, the Council will provide regular feedback on usTLD management and may propose policies for the usTLD. The Council will provide a vibrant, diverse, and independent forum for future development of the usTLD, working directly with usTLD stakeholders, including Federal, State, and local government, helping Neustar to identify public needs and develop policies, programs, and partnerships to address those needs.

The goals of the Council are (1) to assist Neustar in policy development and in maintaining a constructive relationship with the usTLD stakeholder community, including but not limited to usTLD Registrars, Delegated Managers, Registrants, intellectual property rights holders, business users of the usTLD, governments at all levels, law enforcement, consumers and representatives of civil society; (2) to ensure that the needs of current usTLD domain name holders are considered in the management of the usTLD; (3) to enhance the user experience and utility of the usTLD space; and (4) to provide a platform for ongoing discussion of evolving and emerging DNS issues. This Charter sets forth the principles that will guide the Council's work and the procedures that will govern the operation of the Council and Neustar's interactions with it.

Our proposal is designed to support vibrant, inclusive, and participatory policy development for the usTLD by its stakeholders. We think that goes beyond providing an opportunity for notice and comment on proposed policies. Real participation in a multistakeholder process takes time and effort, and participating stakeholders reasonably expect their efforts to bear fruit. As experts have observed, *multistakeholder collaboration does not work unless relevant stakeholders engage, and relevant stakeholders will not engage unless they have "real participation and power in the decision-making process."*¹ We are also mindful of the need not to be seen as "routing around" multistakeholder processes. At the same time, our proposal recognizes that the DOC retains the authority to approve any new proposals arising from this process.

To give usTLD stakeholders a *meaningful voice* in management of *specified aspects* of the usTLD's operations subject to the *rule of law, established policy, contract obligations* and our shared obligation to preserve the *stability and security* of the usTLD and the DNS, our Start Up Plan calls for Neustar to issue a Notice of Inquiry on the usTLD Multistakeholder Program immediately following contract execution. §1.3.15.13.

Community Collaboration and Consultation Tools

Our proposal calls for the creation of a broadly representative council (the Stakeholder Council) made up of individuals of the highest integrity, objectivity, and intelligence, with reputations for

¹ International Institute for Sustainable Development, *Governance and Multi-Stakeholder Processes* (2004); available at: http://www.iisd.org/pdf/2004/sci_governance.pdf.

sound judgment and open minds, and a capacity for thoughtful group decision-making. Our Proposal mandates that the Council operate transparently without conflict of interest. Consistent with multistakeholder values, rather than dictating from the top down the manner in which the Stakeholder Council will interact with the usTLD community, we propose to engage the usTLD community directly in developing the policies, processes, and tools through which the Council will do so.

As a preliminary matter, we contemplate a broadly defined stakeholder group including governments, both large and small businesses, consumers, usTLD registrars and delegated managers, intellectual property rights holders, law enforcement, consumer advocates, child safety experts, non-profits and other representatives of civil society. §1.3.15.1 and §1.3.15.3. The Stakeholder Council will include representatives of those stakeholder groups. *Id.* The moment our proposal is approved, we will begin outreach to key stakeholder groups to solicit their views and encourage their participation in the process.

Second, under the Proposal, the most important job of the Stakeholder Council is to assist Neustar in maintaining a “constructive relationship with the usTLD stakeholder community” and to “engage in outreach efforts to the broader usTLD community” to inform its work. §§ 1.3.15.1 and 1.3.15.4. To this end, the Council will be charged with working directly with usTLD stakeholders using a multistakeholder approach, and Neustar is committed to provide support for the Council’s outreach activities and facilitate public input into the Council’s deliberations. §§ 1.3.15.1 and 1.3.15.2.

Third, the Stakeholder Council will be obligated to develop policy recommendations through a fair and open process. §1.3.15.11. The Council will maintain a public website, publish the date and agenda for Council meetings in advance, and publish an explanation for any actions it takes. § 1.3.15.9.

The Proposal specifically outlines the procedures and tools that will be used and deployed to ensure that the Stakeholder Council remains broadly representative of and answerable to the usTLD stakeholder community. §1.3.15.13 (Milestones and Deliverables). Following contract award Neustar will:

- Appoint a Manager of Public Participation and provide a Secretariat to the Council. §§ 1.3.15.12 and 1.3.15.13 (1)
- Publish a Multistakeholder Resource Page on the usTLD registry website. § 1.3.15.13 (2)
- Issue a Notice of Inquiry on the usTLD Multistakeholder Program to secure public input and stakeholder participation in the structure of the Council and its membership. *Id.*
- Publish a call for Expressions of Interest from stakeholders interested in serving as usTLD Stakeholder Council members. *Id.*

Thereafter, Neustar will publish a summary of stakeholder input received in response to the Notice of Inquiry, conduct further public consultation if necessary, and appoint the Initial Members of the usTLD Stakeholder Council, based on community input. § 1.3.15.13. (5, 6, 7)

Once appointed, the Council will itself develop and publish for public comment (a) proposed operating procedures including policies and procedures for public consultation, meetings policy, transcripts and recording publication and (b) a proposed work plan, including a schedule for public consultation. §1.3.15.13 (9, 11, 12). Finally, within one year of the contract award, Neustar will conduct a usTLD Public Stakeholder Town Hall, and the Council will publish an Annual Report. § 1.3.15.13 (13, 14)

The Proposal contains a detailed milestone schedule that reflects our judgment on the time necessary to make stakeholders aware of and engaged in the usTLD's Multistakeholder Program. The Proposal contemplates that the transparency and accountability mechanisms for the Stakeholder Council will be developed in consultation with the usTLD stakeholder community through public notice and comment rather than dictated in advance by Neustar.

Our proposal does not give the Council unfettered authority to select issues and develop policy: To the contrary, under our proposal, one of the first tasks of the Stakeholder Council is to conduct a public consultation about its work plan and its operating procedures. While our proposal borrows from and builds on best practices in multistakeholder decision-making, we would be happy to discuss additional or different controls recommended by the DOC.

Transparency and Accountability

Our proposal reflects best practices for transparency and accountability, subject to and supported by, the DOC's ultimate policy authority for the usTLD. The Council will be representative of the broader usTLD stakeholder community. The Council's proposed operating procedures (including policies and procedures for public consultation), its meeting policy, and policies on transcripts and recordings will all be refined based on public consultation, as will the Council's work plan. Public comments received in the course of any consultation will be summarized and published. The work of the Council will be supported by a Manager of Public Participation, and the community will be continuously updated on Council activity through the usTLD Multistakeholder Resource Page. Members of the usTLD Stakeholder Council will be subject to the Conflicts of Interest policy contained in the proposal.

Issue Selection

As required in the RFP, we have provided a non-exhaustive list of topics that *could* be addressed by the Council. §1.3.15.6. These topics include acceptable use of the usTLD and safeguards for protecting consumers and intellectual property rights. We have identified existing policies that *may* be of interest to stakeholders and the Council, including the Nexus Policy, policies regarding privacy/proxy registration, and registry facilitated "reseller in a box" functionality to support non-profit educational and/or membership organizations. These topics are notional only, and ultimately the Council will establish its agenda based on consultation with the community. Any modifications to existing policies would, of course, be subject to the ultimate authority of the Department of Commerce.

Other policy issues for consideration may be offered by members of the Council, by Neustar, NTIA, and/or by the broader stakeholder community through notice and comment and/or the usTLD Multistakeholder Program web site. Importantly, the Council's work plan will be developed based on consultation with the stakeholder community.

In order to engage the community to identify those issues of important to the community;

- Upon award, Neustar will issue a Notice of Inquiry regarding the Multistakeholder Program. §1.3.15.13.
- One of the Council's primary tasks, which Neustar has committed to support, is to engage in outreach efforts to the broader usTLD community to better inform its work. § 1.3.14.4
- The Council's Guiding Principles and Policies provide that the Council's operation and its policy development process must allow for stakeholder participation. § 1.3.15.2.
- The Council will publish its proposed work plan for public comment, which must include a schedule for public consultation. § 1.3.15.13 (9).
- Neustar is obligated to facilitate Council interaction with members of the broader usTLD community and facilitate public input into the Council's deliberation. §§ 1.3.15.3 and 1.3.15.4.
- Neustar will facilitate an annual "usTLD Town Hall" for all usTLD stakeholders. Proposal §§ 1.3.15.4 and 1.3.15.13 (13).
- In addition to proposals from the community, the Council may propose issues for consideration. Proposal § 1.3.15.7. NTIA may, of course, call for policy development and/or consideration of issues at any time. Proposal § 1.3.15.4. Neustar may propose issues for consideration or policy development. Proposal § 1.3.15.7.

Council Selection, Term, Dismissal, etc.

Best practices regarding Board selection criteria, terms, dismissal, conflicts of interest, etc., similar to those contained in the ICANN Bylaws, will be applied to the selection and service of Council members; provided, however, that members of national, state, or local government may serve on the usTLD Stakeholder Council. We anticipate, for example, that the Stakeholder Council will include a State CIO, and we intend to include law enforcement and consumer protection authorities in the Council's work.

These issues will be the subject of a Notice of Inquiry on the Multistakeholder Program to be issued by Neustar immediately following contract execution. All comments and input will be published on the Multistakeholder Resource Page on the usTLD site, summarized, and reflected in the Council Operating Procedures that will also be developed through a public consultation.

As proposed, the initial stakeholder groups to be represented by the Council include, without limitation, the following:

- usTLD Registrars and Delegated Managers
- City and state CIOs
- Commercial and nonprofit usTLD Registrants

- Intellectual property rights holders
- Educators and organizations involved in science, technology, engineering and math (STEM) education
- Law enforcement and cybersecurity experts
- Child development/safety experts
- Consumer advocacy organizations and other representatives of civil society
- Small businesses.

We welcome and encourage DOC's participation in Council activities in whatever role the Department deems appropriate. § 1.3.15.3 Other stakeholder groups may be added based on community input in response to the NOI, and from time to time to reflect changing needs identified by the Council based on wider community input. *Id.*

Every member of the Council will be required to comply with the Conflict of Interest Policy included in the Proposal. § 1.3.15.10.

Transparent Selection of Council Members

- Neustar will issue a Notice of Inquiry on the usTLD Multistakeholder program, seeking input on a variety of topics, including the method for selecting Stakeholder Council members. Neustar will simultaneously issue a public request for Expressions of Interest to serve on the Initial Stakeholder Council. Both the NOI and the request for Expressions of Interest will be posted on the usTLD website and affirmatively circulated to representative associations and organizations. Proposal §1.3.15.13 (2).
- Neustar will post a detailed summary of comments received in response to the NOI. Depending on the comments received, a Further Notice of Inquiry may be appropriate. Proposal § 1.3.15.13 (5).
- Neustar will propose a list of Initial Councilors based on input from the NOI and the request for Expressions of Interest. Proposal § 1.3.15.3. If the DOC concludes that the Federal Advisory Committee Act (FACA) permits it to participate in the selection process, Neustar will submit the proposed Initial Council members to NTIA for review and approval.
- The stakeholder groups identified above and in § 1.3.15.3 of the Proposal are quite diverse. As no stakeholder group will have more representatives than any other, we believe that capture is unlikely. We will, of course, seek community input on this issue.
- Councilors will be bound by the Conflicts of Interest Policy identified in § 1.2.15.10 of the Proposal.
- We expect that vacancies will be filled by the Council, based on wider community input. § 1.3.15.3. We anticipate informal stakeholder group networks may be formed and will provide input on and/or identify candidates for any new Councilors.
- Once the Initial Stakeholder Council members are chosen, it will develop and publish its operating procedures for public comment. § 1.3.15.5.
- The Council will seek public comments on any proposals to modify the operating procedures or the variety of stakeholder groups represented on the Council. All policy

recommendations will also be posted for public consultation prior to submission to the DOC for review and approval.

DOC Review and Approval of Council-Proposed Policies

On the one hand, the Department of Commerce is the ultimate authority for usTLD policy, and any Stakeholder Council policies are subject to DOC approval. On the other hand, it is self-evident that multistakeholder processes cannot succeed without reasonable assurances that the reasonable product of a properly conducted policy development process will be respected. To this end, we propose to work with the DOC to establish agreed-upon processes and timeline for DOC/Contracting Officer review and approval of policies recommended by the usTLD Stakeholder Council. We believe that a clear approval procedure and timetable for review will provide appropriate assurances of the value that the DOC places on multistakeholder management of the usTLD while preserving the DOC's ultimate authority for the usTLD namespace. In support of timely review and approval by the Commerce Department, Neustar offers the following considerations:

1. Neustar welcomes and strongly encourages the participation of the Commerce Department in the usTLD multistakeholder process in any role it deems appropriate. While such participation would not substitute for the Department's approval, it would provide early notice of and an opportunity to provide input into Stakeholder Council activities.
2. Neustar will provide quarterly reports to the Department of Commerce with respect to any multistakeholder policy development activities, and we would encourage DOC's early participation in any such process. § 1.3.15.11
3. Neustar will review policy recommendations and other Council input, and will determine whether the recommended policy (1) falls within the scope of the Council's authority; (2) is consistent with U.S. law; (3) furthers the purposes of the usTLD and serves the public interest and the interests of usTLD stakeholders; (4) was arrived at through a fair and open process; and (4) does not unreasonably burden or undermine the efficient and commercially reasonable operation of the usTLD.
4. If Neustar concludes that a policy recommendation from the Council meets the requirements described above, it will publish the proposed policy on the usTLD site and notify the Contracting Officer in writing of the proposed policy.
 - a. It is understood that DOC retains the authority to approve any new proposals arising from the Council process and presented by Neustar.
 - b. To facilitate DOC review, Neustar will provide quarterly reports to the DOC of any ongoing Council policy development activities, and
 - c. Notify the DOC in writing of any Council recommendation that it proposes to adopt as usTLD policy (a "Proposed Policy").

5. Upon receipt of a Neustar notification that it proposes to adopt a Proposed Policy, the DOC may request additional information regarding the Proposed Policy. Neustar will respond promptly in writing to any such requests.
6. The Department of Commerce will review and approve or disapprove Proposed Policies in accordance with processes and timelines to be developed.
7. If Neustar declines to accept a policy recommendation from the Council, it will return the recommendation to the Council for further consideration, along with a detailed explanation of the reasons the recommendation was declined. The Council may reconsider the policy recommendation, make changes to it, and resubmit it for Neustar's consideration. Neustar will provide written notice to the DOC of any Council-recommended policy that it intends to reject, including an explanation of the reasons for rejecting the policy recommendations.

We believe this approach is consistent with the commitment made by the DOC in the RFP not to unreasonably withhold approval for stakeholder-developed policy, as set forth in Section C.3.2.2, Section E, and Section F of the RFP.

1.3.15.2 Guiding Principles and Policies

The Council will work to advance the following guiding principles and policies, which are critical for operation of the usTLD in the public interest:

- The security, reliability, and stability of the Internet are of paramount importance, so the usTLD must operate in a highly stable manner and lead by example;
- The usTLD must continue to serve the needs of existing Registrants, support innovative new uses of the name space, and respect the rights of consumers and rights holders;
- The Council's operations and its policy development process must be transparent and accountable, and must allow for participation by multiple stakeholders;
- The interests of individual usTLD Stakeholder Council members must be fully disclosed, and the Council's integrity must be zealously guarded through a clearly articulated conflicts of interest policy;
- usTLD policies should be informed by best practices as developed by the global multistakeholder Internet community, so effective outreach mechanisms are important components of usTLD policy;
- The usTLD should support and promote quality content for children, support digital literacy, and contribute to preparing America's next generation to compete in the global digital economy;
- The registration and operation of usTLD domain registrations must be effectively subject to the laws and regulation of the United States and the policies of the usTLD;
- The usTLD space must secure and maintain publicly accessible, accurate, and up-to-date WHOIS information for each usTLD Registrant; and

- Innovation in the usTLD space should promote the public interest and benefit both commercial and noncommercial usTLD stakeholders.

1.3.15.3 Membership in the Council

The Council is designed to represent the variety of usTLD stakeholders, each of whose voice should be heard and respected. The Council will carefully balance the needs of all community stakeholders, and no single constituency, interest group, or industry will be permitted to dominate the Council. The size of the Council may vary from time to time to reflect changing needs identified by the Council based on wider community input.

A senior Neustar representative will serve as the Interim Chair of the Council, which will include individuals representing a wide variety of stakeholders, including (without limitation):

- usTLD Registrars and Delegated Managers
- Representatives of the local and state government CIO community
- Commercial and nonprofit usTLD Registrants
- Intellectual property rights holders
- Educators and organizations involved in science, technology, engineering and math (STEM) education
- Law enforcement, cyber security experts, and online child safety experts
- Consumer advocacy organizations and other representatives of civil society
- Small businesses

Neustar welcomes and encourages the DOC's participation in Council activities, in whatever role the Department deems appropriate. In selecting individuals for membership on the Council, Neustar will seek out persons of integrity, objectivity, and intelligence, with reputations for sound judgment and open minds, and a capacity for thoughtful group decision-making. The makeup of the usTLD Advisory Council created in 2001 is indicative of the diversity and level of expertise we will seek for the usTLD Stakeholder Council. That body included, among others, Juan Otero, then-Principle Counsel for the U.S. League of Cities; Larry Singer, a member of the National Association of State Chief Information Officers and the CIO of Georgia's Technology Authority; Jonathan Hudis, then-chair of the American Intellectual Property Law Association's Internet Committee; Claudette Tennant, Internet Policy Specialist for the American Library Association; Jamie Love from the Consumer Project on Technology; and Joe Rubin, Policy Director of the U.S. Chamber of Commerce. Based on preliminary conversations with stakeholder groups, we expect to be able to recruit a similarly impressive and independent group.

Members of the Council will serve for renewable two-year terms, and the Council, based on public input and individual expressions of interest, will fill vacancies.

To ensure that it can fully execute its obligations as Registry Operator for the usTLD, a technical representative of Neustar also will participate on the Council as a non-voting member. A Neustar employee will be responsible for supporting Council activities and facilitating public participation in the policy development process.

- Neustar will issue a Notice of Inquiry on the usTLD Multistakeholder program, seeking input on a variety of topics, including the method for selecting Stakeholder Council members. Neustar will simultaneously issue a public request for Expressions of Interest to serve on the Initial Stakeholder Council. Both the NOI and the request for Expressions of Interest will be posted on the usTLD website and affirmatively circulated to representative associations and organizations. Proposal §1.3.15.13 (2).
- Neustar will post a detailed summary of comments received in response to the NOI. Depending on the comments received, a Further Notice of Inquiry may be appropriate. Proposal § 1.3.15.13 (5).
- Neustar will propose a list of Initial Councilors based on input from the NOI and the request for Expressions of Interest. Proposal § 1.3.15.3. If the DOC concludes that the Federal Advisory Committee Act (FACA) permits it to participate in the selection process, Neustar will submit the proposed Initial Council members to NTIA for review and approval.
- The stakeholder groups identified above and in § 1.3.15.3 of the Proposal are quite diverse. As no stakeholder group will have more representatives than any other, we believe that capture is unlikely. We will, of course, seek community input on this issue.
- Councilors will be bound by the Conflicts of Interest Policy identified in § 1.2.15.10 of the Proposal.
- We expect that vacancies will be filled by the Council, based on wider community input. Proposal § 1.3.15.3. We anticipate informal stakeholder group networks may be formed and will provide input on and/or identify candidates for any new Councilors.
- Once the Initial Stakeholder Council members are chosen, it will develop and publish its operating procedures for public comment. Proposal § 1.3.15.5.
- The Council will seek public comments on any proposals to modify the operating procedures or the variety of stakeholder groups represented on the Council. All policy recommendations will also be posted for public consultation prior to submission to the DOC for review and approval.

1.3.15.4 Council Member Activities

As members of a multistakeholder advisory body whose purpose is to assist in the development of policies and requirements for the management of the usTLD in the public interest, the Council will be authorized to conduct the following activities:

- Engage in outreach efforts to the broader usTLD community to better inform the Council's work;
- Provide input and comment on the usTLD policies and requirements set forth in *Proposal Volume 1, Section 1.3.15.7* below, and propose for Council consideration changes in those policies and requirements;
- Propose for Council consideration changes to the basic structure, rules and procedures of the Council, including proposals for altering the representation on the Council;

- Provide input to, and assist with, an annual virtual policy development forum organized by Neustar;
- Provide input and monitoring assistance as appropriate on mechanisms to facilitate public participation and stakeholder input into new, modified, or supplemental policies or procedures for the usTLD;
- Input into and review of policies developed in response to U.S. Department of Commerce (“DOC”) requests and/or issues identified in the annual “compliance report” to be provided by Neustar to the DOC;
- Review and provide recommendations and/or comments on policy-related matters raised by Neustar, other members of the Council, or the usTLD community.

Neustar will facilitate the functions listed above as part of its public interest duties to the usTLD community and to ensure open and unbiased decision-making by the Council. Neustar will have the flexibility to convene Council member or other stakeholders with specific expertise to provide advice on particular programs.

1.3.15.5 Meetings of the Council

The Council will meet at least twice every calendar year in person and/or virtually. Council work will be conducted to the degree possible using Internet, web, audio and electronic communications and collaborations tools. As described below, Neustar will provide support for Council interaction with members of the broader usTLD community, including the DOC, and facilitate public input into the Council’s deliberations.

The Council will determine and publish its operating procedures. At a minimum, the Secretary of the Council (or a designee) will keep minutes for each meeting of the Council, which will be posted on a publicly accessible website.

1.3.15.6 Policies within Council Purview

The policies and requirements relevant to management of the usTLD that could be addressed by the Council include, but are not limited to, the following:

- Acceptable use and terms of service applicable to usTLD Registrations
- Cyber-security
- Consumer and third party rights protection
- Registrar contract compliance and enforcement of usTLD end-user obligations
- Expanding the domain names available for public use
- Terms under which domain names are made available
- Programs and expert proposals to rejuvenate the kids.us name space or otherwise serve younger users
- As discussed in greater detail in *Proposal Volume 1, Section 1.4* below, the Council may elect to consider **possible** modifications to existing usTLD policies including, without limitation:

- The Nexus Policy;
- Dispute Resolution Policies (e.g., usDRP, usRS, Nexus Dispute Resolution Policy);
- WHOIS Accuracy Program;
- Transfer policies;
- Policies permitting proxy registration in appropriately supervised settings (e.g., usTLD registrations managed by non-profit educational and/or membership organizations); and
- Registry-supported “reseller in a box” Registrar functionality to non-profit educational and/or membership organizations.

This list is notional only, as the Council will establish its policy agenda based on public consultation.

1.3.15.7 Guidelines for Council Deliberations

Deliberations by the Council will be generally governed by the following guidelines:

Policy Recommendations:

- The Council may make policy proposals to Neustar either in response to a direct request or proposal from Neustar, the DOC, or independently on its own initiative. If requests or proposals are made to the Council by Neustar or the DOC, the Council will meet to consider the request or proposal as soon as practicable, but generally within 30 days after the request or proposal is made. Neustar will give reasonable consideration to requests from Council members for additional time to enable members to conduct outreach activities within their respective constituencies and develop an educated assessment of a policy request or proposal. Neustar will seek Council input on proposed changes, if any, to core usTLD policies including, without limitation, WHOIS Accuracy, Nexus, Acceptable Use, and the Prohibition of Proxy/Privacy Services.
- The Council may initiate a policy recommendation development process if a request for consideration is made by a member of the Council and endorsed by at one-third (1/3) of the Council members. Qualified requests will be placed on the agenda for a meeting of the Council, subject to formal operating procedures to be adopted by the Council, provided that Council members will be provided at least three weeks to consider a proposed policy before being asked to vote on it.

Council Comment and Informal Input:

- Neustar may request informal input from the Council and/or individual Council members on specific aspects of usTLD management and policy that may not require full-blown policy development. The Council will develop policies and procedures for receiving and responding to such requests.

Council Input:

- Council members are free to offer input to Neustar on any issues within the Council’s purview. Neustar will give due consideration to all such input.

1.3.15.8 Decision-Making Process

Decisions of the Council require the presence of a quorum at a meeting of the Council. A quorum is present when a majority of the Council members are present, either in person or virtually.

The Council will seek to operate to the maximum possible extent by consensus. Consensus is established when the Council members present for consideration of the subject at hand have reached substantial agreement and no member of the Council objects strenuously to the proposed position.

When consensus is not reached on a Council Policy Recommendation or Comment, any Council member may request a formal vote of the Council. A simple majority of the Council membership present at a meeting is required for approval. Votes may be taken in person, electronically, or by other mechanisms mutually agreed upon by the Council members.

If requested, statements of minority opinions will be included along with the output of consensus decisions or majority votes.

1.3.15.9 Transparency of Council Activities

The Council will maintain a website, facilitated by Neustar, to inform the public about Council activities. Council meeting dates will be publicized on the website, along with meeting agenda items and the specific actions taken by the Council.

Our proposal reflects best practices for transparency and accountability, subject to and supported by, the DOC's ultimate policy authority for the usTLD. The Council will be representative of the broader usTLD stakeholder community. The Council's proposed operating procedures (including policies and procedures for public consultation), its meeting policy, and policies on transcripts and recordings will all be refined based on public consultation, as will the Council's work plan. Public comments received in the course of any consultation will be summarized and published. The work of the Council will be supported by a Manager of Public Participation, and the community will be continuously updated on Council activity through the usTLD Multistakeholder Resource Page. Members of the usTLD Stakeholder Council will be subject to the Conflicts of Interest policy contained in the proposal.

In order to ensure a transparent community consultation process, we will keep the community apprised of Stakeholder Council activity using the Multistakeholder Program Resource Page on the usTLD website. Meetings will be posted in advance, and absent a compelling reason in a specific case, we would expect Council meetings to be open and recorded. All proposed usTLD policies that fall within the scope of the Stakeholder Council will be posted for consultation and vetted by the Council in accordance with published policies and procedures.

1.3.15.10 Conflicts of Interest

The Council will adopt and administer the following usTLD Stakeholder Council Conflicts of Interest Policy.

usTLD Stakeholder Council Conflicts of Interest Policy

PURPOSE AND ADMINISTRATION

Section 1.1 The purpose of the Conflicts of Interest Policy (the “Policy”) is to ensure the integrity and independence of the usTLD Stakeholder Council (the “Stakeholder Council”) and to ensure that the deliberations, decisions, and work product of the Stakeholder Council are objective, fair, and made in the interests of the usTLD community and the global Internet community as a whole.

Section 1.2 No member of the Stakeholder Council, nor any person engaged by or on behalf of the Stakeholder Council to provide services to the Stakeholder Council (a “Covered Person”) may use his or her position with respect to the Stakeholder Council, or confidential corporate information obtained by him or her relating to the usTLD or the Registry Operator for the usTLD, in order to achieve a financial benefit for himself or herself or for a third person, including another nonprofit or charitable organization.

Section 1.3 This Policy is intended to supplement but not to replace any applicable laws governing conflicts of interest.

Section 1.5 The Chair of the Stakeholder Council shall administer and monitor compliance with this Policy, except with respect to a Potential Conflict of Interest involving the Chair, in which the Vice Chair of the Stakeholder Council shall administer and monitor compliance.

Article II –DEFINITIONS

As used in this Policy, the following terms shall have the meanings set forth below.

(a) A “Conflict of Interest” arises when the Stakeholder Council, following the procedures set forth in this Policy, determines that a Covered Person has a Potential Conflict that may in the judgment of a majority of the disinterested members of the Stakeholder Council, adversely impact the Covered Person’s ability to act fairly and independently and in a manner that furthers the independence, integrity, fairness, and objectivity of the work of the Stakeholder Council.

(b) A “Close Personal Relationship” means any relationship other than kinship, spousal or spousal equivalent that establishes a significant personal bond between the Covered Person and such other individual that in the judgment of the Stakeholder Council could impair the Covered Person’s ability to act fairly and independently and in a manner that furthers, or is not opposed to, the best interests of the Stakeholder Council and ICANN.

(c) The “Family” of any Covered Person shall include the Covered Person’s spouse; domestic partner; siblings and their spouses or domestic partners; ancestors and their spouses or domestic partners; and descendants and their spouses or domestic partners.

(d) A “Financial Interest” exists whenever a Covered Person has or is engaged in discussions to have, directly or indirectly, through business, investment, or Family:

- (i) *an ownership or investment interest in any entity with which the Registry Operator for the usTLD has an existing or proposed transaction, contract, dispute, or other arrangement;*
- (ii) *a compensation arrangement with any entity or individual with which the Registry Operator for the usTLD has a transaction, contract, dispute, or other arrangement; and*
- (iii) *a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Registry Operator for the usTLD is negotiating a transaction, contract, dispute, or other arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Transactions, contracts, and arrangements include grants or other donations as well as business arrangements.*

A Financial Interest is a Potential Conflict but is not necessarily a Conflict of Interest. A Financial Interest does not become a Conflict of Interest until the Stakeholder Council, following the procedures set forth in this Policy, determines that the Financial Interest constitutes a Conflict of Interest.

- (e) *A “Person” includes an individual, corporation, limited liability company, partnership, trust, unincorporated association, or other entity.*
- (f) *A “Potential Conflict” means any one or more of the following:*
 - (i) *a direct or indirect Financial Interest of a Covered Person or a member of a Covered Person’s Family, in a transaction, contract, dispute, or other arrangement involving or being considered by the Registry Operator for the usTLD or*
 - (ii) *a close personal relationship between the Covered Person, or a member of a Covered Person’s Family, with an individual who is, directly or indirectly through business, investment, or Family, a party to a transaction, contract or arrangement involving or being considered by the Registry Operator for the usTLD.*

PROCEDURES REGARDING CONFLICTS OF INTEREST

Section 2.1 Duty to Disclose.

A Covered Person shall promptly disclose to the Stakeholder Council the existence of his or her Potential Conflict or the Potential Conflict of another Covered Person that may give rise to a Conflict of Interest with respect to the work of the Stakeholder Council. All matters identified on the Declaration of Interests and Affirmation regarding Conflicts of Interest Policy (“Declaration of Interests”) shall be considered when disclosing the existence of a Potential Conflict. Any time there is a change in circumstance that would require an update to a Covered Persons’ Declaration of Interests or would lead to the development of a new Potential Conflict, that update and further disclosure shall be made as soon as possible.

Section 2.2 Determining Whether a Conflict of Interest Exists.

- (a) *Any disclosure made under Proposal Volume 1, Section 2.1 of this Policy shall be distributed to the members of the Stakeholder Council.*

(b) At the request of any member of the Stakeholder Council, the Stakeholder Council shall have a discussion with the Covered Person regarding the material facts with respect to the Potential Conflict and the Covered Person may make a presentation to the Stakeholder Council regarding the facts, transaction, contract, dispute, or arrangement that gives rise to the Potential Conflict.

(c) Thereafter, in the absence of the Covered Person who has disclosed a Potential Conflict, disinterested members of the Stakeholder Council shall determine whether or not the circumstances regarding the Potential Conflict constitute a Conflict of Interest.

The determination by the disinterested members in this regard is conclusive and may not be challenged by the Covered Person.

Section 2.4. Duty to Abstain

(a) No member of the Stakeholder Council shall vote on any matter with respect to which he or she has been determined by the Stakeholder Council to have a Conflict of Interest.

(b) In the event of such an abstention, the abstaining Stakeholder Council member shall state the reason for the abstention, which shall be noted in the notes of the meeting in which the abstention occurred.

(c) No member of the Stakeholder Council shall participate in deliberations on any matter in which he or she has been determined by the Stakeholder Council to have a Conflict of Interest.

Section 2.5 Violations of the Conflicts of Interest Policy.

(a) If any member of the Stakeholder Council has reasonable cause to believe a Covered Person has failed to disclose an actual or Potential Conflict of Interest, the Chair of the Stakeholder Council (or, if the Covered Person is the Chair, then the Vice Chair) shall inform the Covered Person, and initiate the procedures described in this Policy.

ARTICLE III-- RECORDS OF PROCEEDINGS

Section 3.1 The written or electronic records of the Stakeholder Council relating to Conflicts of Interest shall contain:

(a) The names of Covered Persons who disclosed or otherwise were found to have a Potential Conflict in connection with a proposed transaction, contract, or arrangement;

(b) The nature of the Potential Conflict;

(c) Any action taken to determine whether a Conflict of Interest was present;

(d) The Stakeholder Council's decision as to whether a Conflict of Interest in fact existed;

(e) The names of the persons who were present for discussions and votes relating to the transaction, contract, disputes, or arrangement giving rise to the Conflict of Interest;

(f) The content of the discussion; and

(g) A record of any votes taken in connection therewith.

ARTICLE IV – STATEMENTS OF INTEREST

Each Covered Person shall sign a statement that affirms such Covered Person: (i) has received a copy of this Policy; (ii) has read and understands this Policy; and (iii) has agreed to comply with this Policy.

.....
Affirmation

I, _____, hereby affirm that I have received a copy of the USTLD Stakeholder Council Conflict of Interest Policy; have read and understand the Policy; and agree to comply with the Policy. Except as described within my Declaration of Interest I have no (i) ownership or investment interest in any entity with which the Registry Operator for the usTLD has an existing or proposed transaction, contract, dispute, or other arrangement; (ii) a compensation arrangement with any entity or individual with which the Registry Operator for the usTLD has a transaction, contract, dispute, or other arrangement; and (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Registry Operator for the usTLD is negotiating a transaction, contract, dispute, or

1.3.15.11 Consideration of Council Action by Neustar

Neustar will review policy recommendations and other Council input, and will determine whether the recommended policy (1) falls within the scope of the Council’s authority; (2) is consistent with U.S. law; (3) furthers the purposes of the usTLD and serves the public interest and the interests of usTLD stakeholders; (4) was arrived at through a fair and open process; and (4) does not unreasonably burden or undermine the efficient and commercially reasonable operation of the usTLD.

DOC Review and Approval of Council-Proposed Policies

On the one hand, the Department of Commerce is the ultimate authority for usTLD policy, and any Stakeholder Council policies are subject to DOC approval. On the other hand, it is self-evident that multistakeholder processes cannot succeed without reasonable assurances that the reasonable product of a properly conducted policy development process will be respected. To this end, we propose to work with the DOC to establish agreed-upon processes and timeline for DOC/Contracting Officer review and approval of policies recommended by the usTLD Stakeholder Council. We believe that a clear approval procedure and timetable for review will provide appropriate assurances of the value that the DOC places on multistakeholder management of the usTLD while preserving the DOC’s ultimate authority for the usTLD namespace. In support of timely review and approval by the Commerce Department, Neustar offers the following considerations:

8. Neustar welcomes and strongly encourages the participation of the Commerce Department in the usTLD multistakeholder process in any role it deems appropriate. While such participation would not substitute for the Department’s approval, it would provide early notice of and an opportunity to provide input into Stakeholder Council activities.

9. Neustar will provide quarterly reports to the Department of Commerce with respect to any multistakeholder policy development activities, and we would encourage DOC's early participation in any such process. § 1.3.15.11
10. Neustar will review policy recommendations and other Council input, and will determine whether the recommended policy (1) falls within the scope of the Council's authority; (2) is consistent with U.S. law; (3) furthers the purposes of the usTLD and serves the public interest and the interests of usTLD stakeholders; (4) was arrived at through a fair and open process; and (4) does not unreasonably burden or undermine the efficient and commercially reasonable operation of the usTLD.
11. If Neustar concludes that a policy recommendation from the Council meets the requirements described above, it will publish the proposed policy on the usTLD site and notify the Contracting Officer in writing of the proposed policy.
 - d. It is understood that DOC retains the authority to approve any new proposals arising from the Council process and presented by Neustar.
 - e. To facilitate DOC review, Neustar will provide quarterly reports to the DOC of any ongoing Council policy development activities, and
 - f. Notify the DOC in writing of any Council recommendation that it proposes to adopt as usTLD policy (a "Proposed Policy").
12. Upon receipt of a Neustar notification that it proposes to adopt a Proposed Policy, the DOC may request additional information regarding the Proposed Policy. Neustar will respond promptly in writing to any such requests.
13. The Department of Commerce will review and approve or disapprove Proposed Policies in accordance with processes and timelines to be developed.
14. If Neustar declines to accept a policy recommendation from the Council, it will return the recommendation to the Council for further consideration, along with a detailed explanation of the reasons the recommendation was declined. The Council may reconsider the policy recommendation, make changes to it, and resubmit it for Neustar's consideration. Neustar will provide written notice to the DOC of any Council-recommended policy that it intends to reject, including an explanation of the reasons for rejecting the policy recommendations.

We believe this approach is consistent with the commitment made by the DOC in the RFP not to unreasonably withhold approval for stakeholder-developed policy, as set forth in Section C.3.2.2, Section E, and Section F of the RFP.

If Neustar concludes that a policy recommendation from the Council meets the requirements described above, it will publish the proposed policy on the usTLD site and notify the Contracting

If Neustar declines to accept a policy recommendation from the Council, it will return the recommendation to the Council for further consideration, along with a detailed explanation of the reasons the recommendation was declined. The Council may reconsider the policy

recommendation, make changes to it, and resubmit it for Neustar's consideration. Neustar will provide written notice to the DOC of any Council-recommended policy that it intends to reject, including an explanation of the reasons for rejecting the policy recommendations.

1.3.15.12 Support for the Council

Neustar will provide a Council Secretariat to manage the process for developing usTLD policy through the Stakeholder Council and ensure that the Council is informed of the range of stakeholder perspectives so that it can make policy recommendations.

The Secretariat will be responsible for reaching out to stakeholders and gathering input on specific topics at the direction of the Council. It may carry out internal research and/or commission external research to provide stakeholders with evidence based information to inform policy discussions. In some instances the Secretariat, in consultation with the Council, may also issue a call for experts on a particular topic and identify affected stakeholders to help form an issue group or roundtable forum to discuss issues in more detail. The Secretariat will assist the Council in considering how stakeholders may be affected by a proposed policy and provide policy advice to the Council on specific topics.

The Secretariat will generally be responsible for publishing a summary of the feedback received throughout the course of any policy consultation.

1.3.15.13 Start Up Plan Milestones and Deliverables

The following table provides the usTLD Multistakeholder Program Start-up Plan with milestones and deliverables.

Date	Event
Award + 60	15. Appointment of usTLD Manager of Public Participation and Secretariat 16. usTLD Multistakeholder Resource Page on registry website, including: <ul style="list-style-type: none"> ▪ Charter ▪ Notional stakeholder group listing ▪ usTLD Structure and History resources ▪ Notice of Inquiry on Multistakeholder Program ▪ Council Expression of Interest Materials
Award + 90	17. Close of NOI Response 18. Appointment of Experts Committee on Digital Children
Award + 120	19. Publication of Summary of NOI Responses, FNOI (if needed)
Award + 150	20. Close of FNOI comment period 21. Close of Expression of Interest
Award + 180	Announcement of Initial Stakeholder Council Members

Date	Event
Award + 240	22. Organizational meeting of Stakeholder Council; election of officers 23. Publication of Council Work Plan for Public Comment 24. Adoption of Conflicts of Interest Policy and publication of Member Interest Statements
Award + 270	Close of Council Work Plan comment period
Award + 300	25. Adoption and Publication of Council Work Plan (14 month plan), including schedule for public consultation and Deliverables/Milestone Schedule for Implementation Progress Evaluation 26. Revised Council Operating Procedures, including policies and procedures for public consultation, meetings policy, transcripts and recordings publication policy
Award + 360	27. usTLD Public Stakeholder Town Hall (virtual) 28. usTLD Stakeholder Council 1st Annual Report

Table1.3-9: usTLD Multistakeholder Program Start-up Plan Milestones and Deliverables

1.3.16 Infrastructure (L.6.d.xix, M.3)

Neustar's usTLD platform, including its component facilities, equipment, software, hardware, and related technology, has facilitated the delivery of exemplary services for usTLD stakeholders. Neustar will use the same proven infrastructure to support the usTLD.

Highlights:

- Existing registry infrastructure deployed at multiple, geographically-separate data centers within the United States
- Neustar's systems support a high-performance, high-availability, standards-compliant SRS
- Neustar's systems provide a robust, high-capacity, dynamically updated DNS and WHOIS

1.3.16.1 Technical Facilities

Neustar operates and maintains a world-class registry infrastructure, including fully redundant Shared Registration System (SRS) data centers, a third disaster recovery SRS site, two WHOIS sites, and 30 nameserver nodes. Facilities are based in the United States and provide diverse network connectivity and appropriate network capacity necessary to effectively operate the Registry with associated support and administrative functions, while also protecting against natural and man-made disasters.

This section describes how Neustar's operations and facilities, based on existing infrastructure, far exceeds the existing operational requirements of the usTLD registry and provides a well-developed plan for geographic diversity. It addresses both registry and administrative facilities including physical attributes and locations, network connectivity, capacity, and site security.

Registry facilities and locations

Physical Locations

Neustar’s registry facilities consist of operations and administrative headquarters, along with two fully redundant data centers and [REDACTED] sites to provide a reliable and secure registry service. Neustar’s primary data center location in [REDACTED] also houses the primary software and hardware operational support personnel.

Customer support is primarily located in Louisville, KY but also has employees based in Sterling, VA. Should the primary support facility in Louisville become unavailable, personnel located in the other locations have the ability to provide full support as needed. Additionally, all customer personnel are provided with the equipment and tools to be able to work from any location. This includes the ability to receive VOIP support calls routed directly to their laptops and the ability to access the cloud-based support ticketing system.

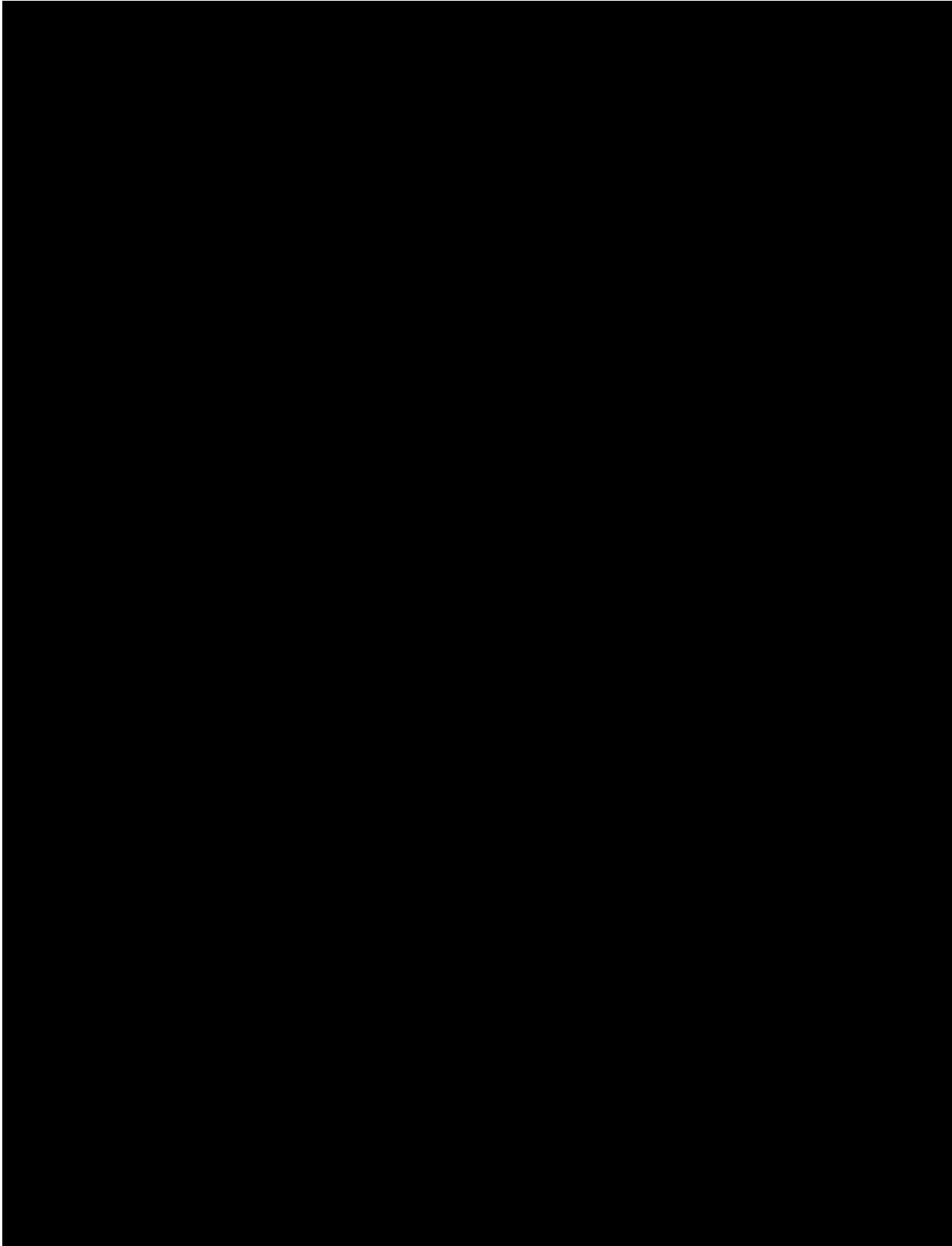
As depicted in **Figure 1.3-13**, Neustar’s redundant SRS data centers and nameserver sites are globally dispersed to provide protection against natural and man-made disasters and other contingencies. Each nameserver site is connected to each of the SRS data centers via a Virtual Private Network (VPN) exchange connection for network operations and maintenance purposes.

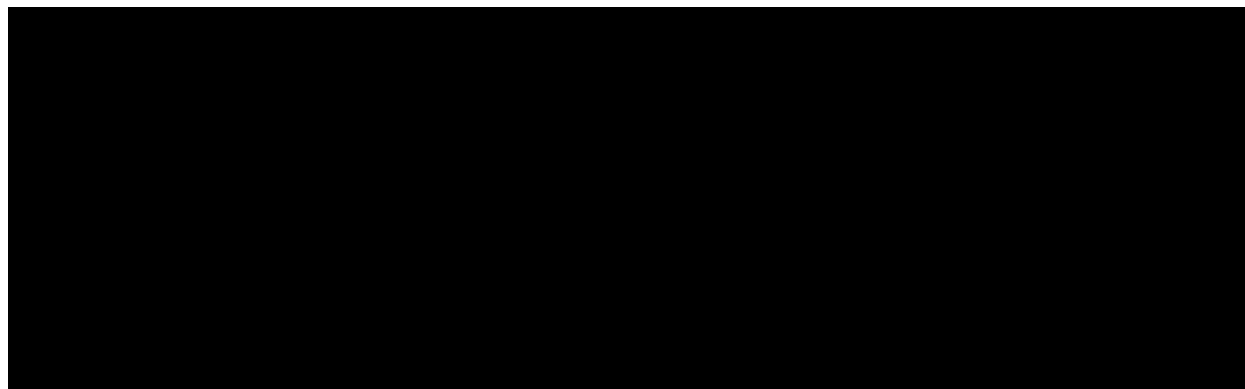


Figure 1.3.13: Geographic Diversity of Data Centers and Facilities

The following table indicates the location of data centers and Facilities.

[REDACTED]	
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The number and placement of SRS data centers, WHOIS sites, and nameserver nodes allows Neustar to commit to some of the highest service levels in the industry. By provisioning robust hardware, appropriate bandwidth with room to quickly expand as load requires and the geographic diversity of Neustar's sites, Neustar is able to handle both normal and extreme volume fluctuations. In addition, Neustar's operations team is continuously evaluating the possible addition of new nameserver sites based on normal growth as well as changes in the environment due to 'bad actors' who carry out DDoS attacks.

Facilities Description

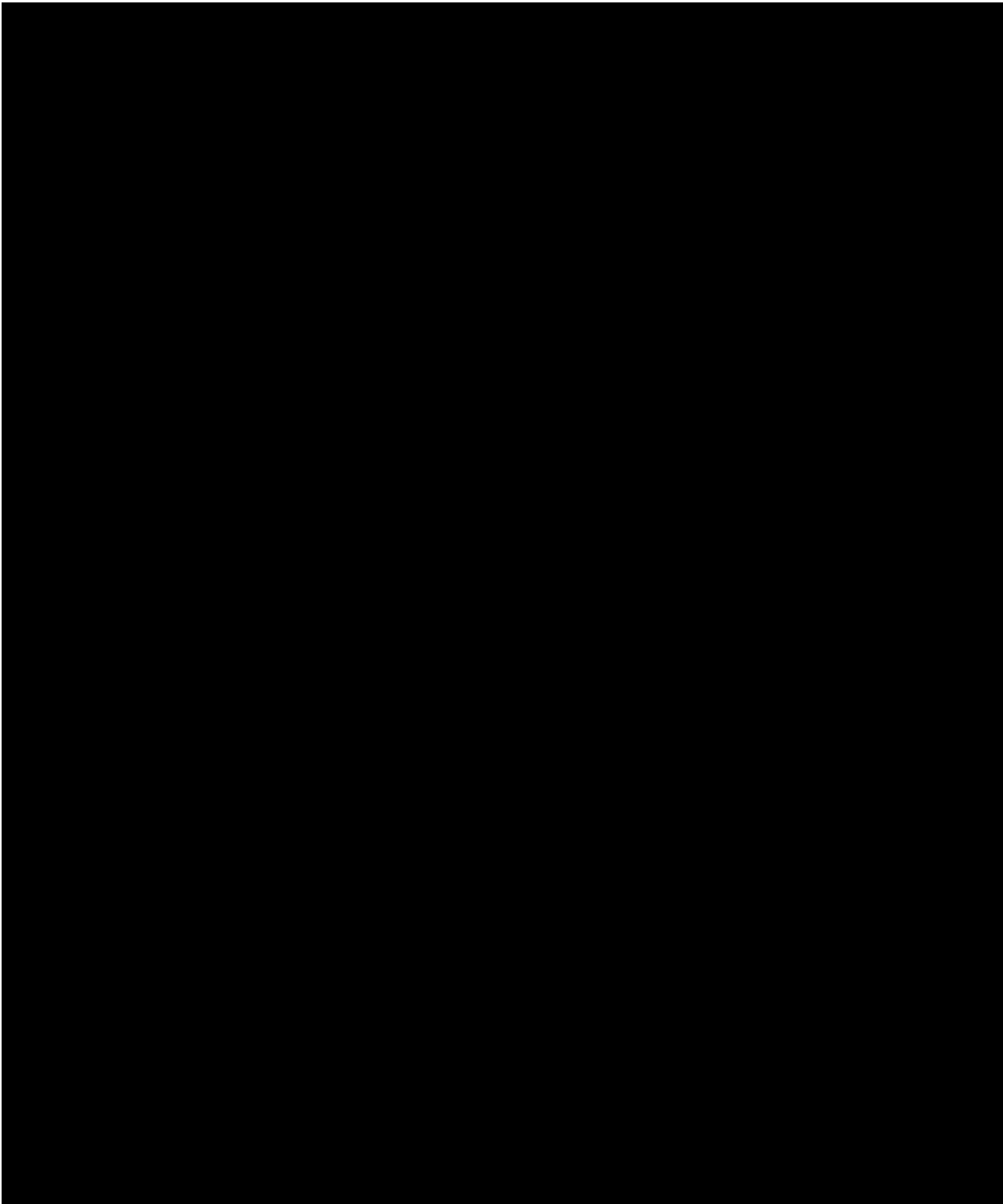
Neustar maintains world-class facilities that are stable, secure, and redundant. Each facility shares similar environmental and security attributes required to meet stringent support and service level requirements. Neustar's SRS, WHOIS, and nameserver infrastructure is operated and maintained on a full-time basis by Neustar personnel. The [REDACTED] site houses a data center and the primary operations staff responsible for the management and day-to-day operations of the registry. The [REDACTED] site is a fully redundant data center housing both SRS and WHOIS functions.

All of the nameserver hosting sites are maintained in stable, secure, and geographically diverse co-location facilities, which use both physical security and electronic security through the use of Tripwire, a change auditing software that detects and exposes unintended changes, circumvention of change management processes, and compromises of security. All nameserver equipment in each nameserver sites is owned, engineered and maintained by Neustar personnel.

SRS and WHOIS Data Centers

SRS and WHOIS are located in two fully redundant data centers. The data centers are built to equal scale with the same number of servers and capacity required for registry services. In case of failover, SRS and WHOIS can operate from one data center indefinitely without any performance degradation. Each facility is located in a modern, fire-resistant building that offers inherent structural protection from such natural and man-made disasters such as flood, hurricane, earthquakes and civil disorder. Data centers receive an extra layer of protection by the use of ceiling-mounted sprinkler systems, and each equipment room is protected by a pre-

action, fire-suppression system utilizing Inergen gas as an extinguishing agent. The key environmental factors at the SRS data center, WHOIS, and nameserver sites are described in **Table 1.3-11** below.



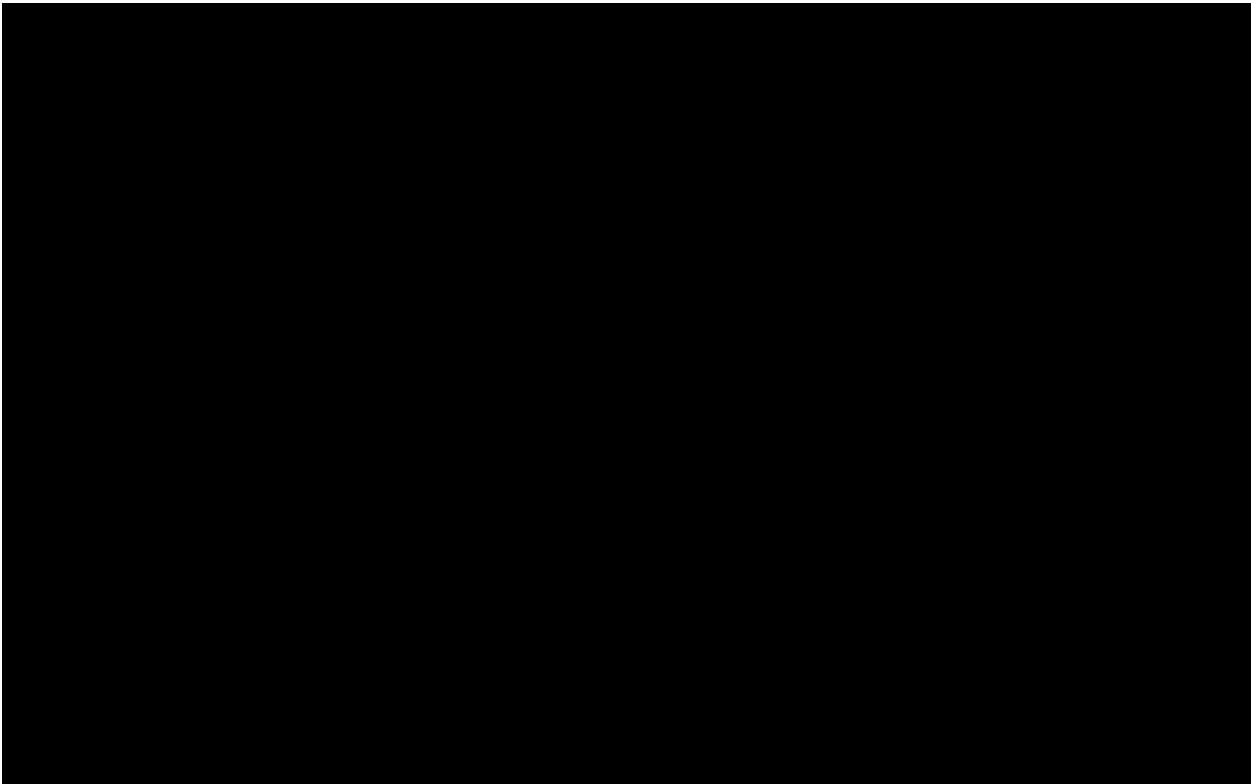
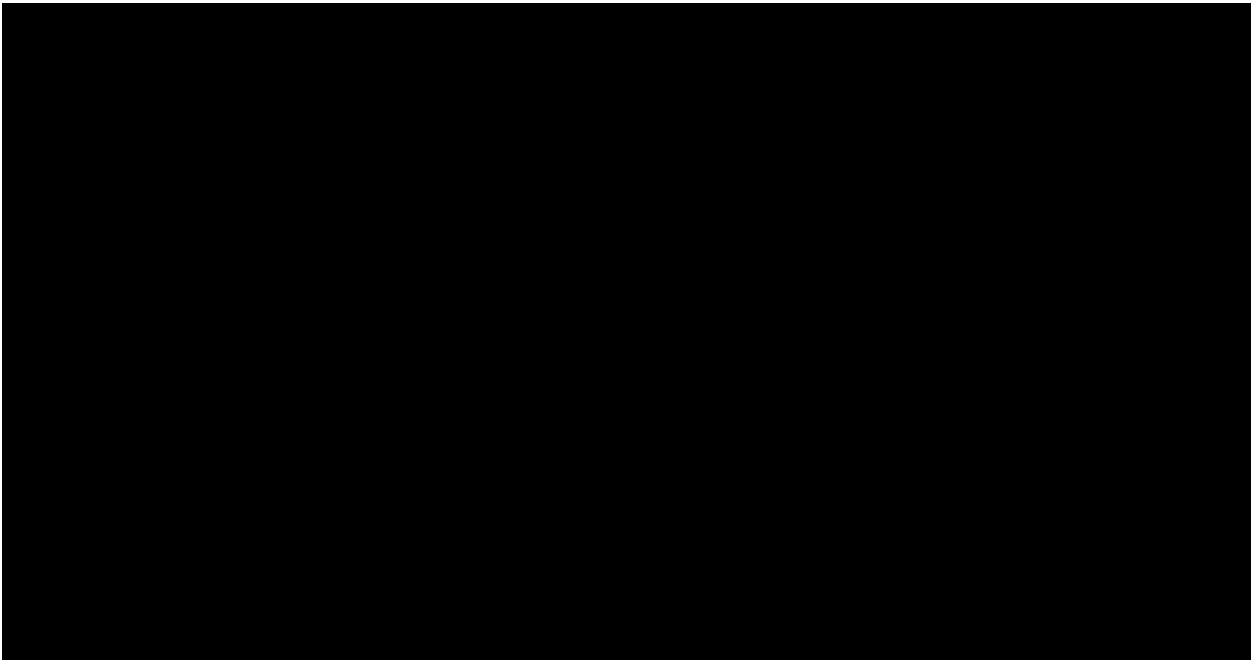


Table 1.3-11: Key environmental factors at the SRS, WHOIS, and nameserver Sites.

The [redacted] sites are maintained in stable and secure co-location facilities. Given their geographic diversity, the nameserver collocation facilities are more varied. A typical configuration is described in **Table 1.3-12** below.



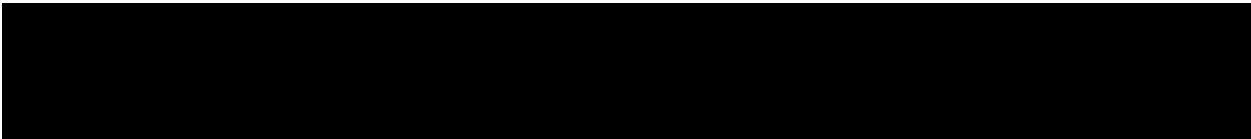
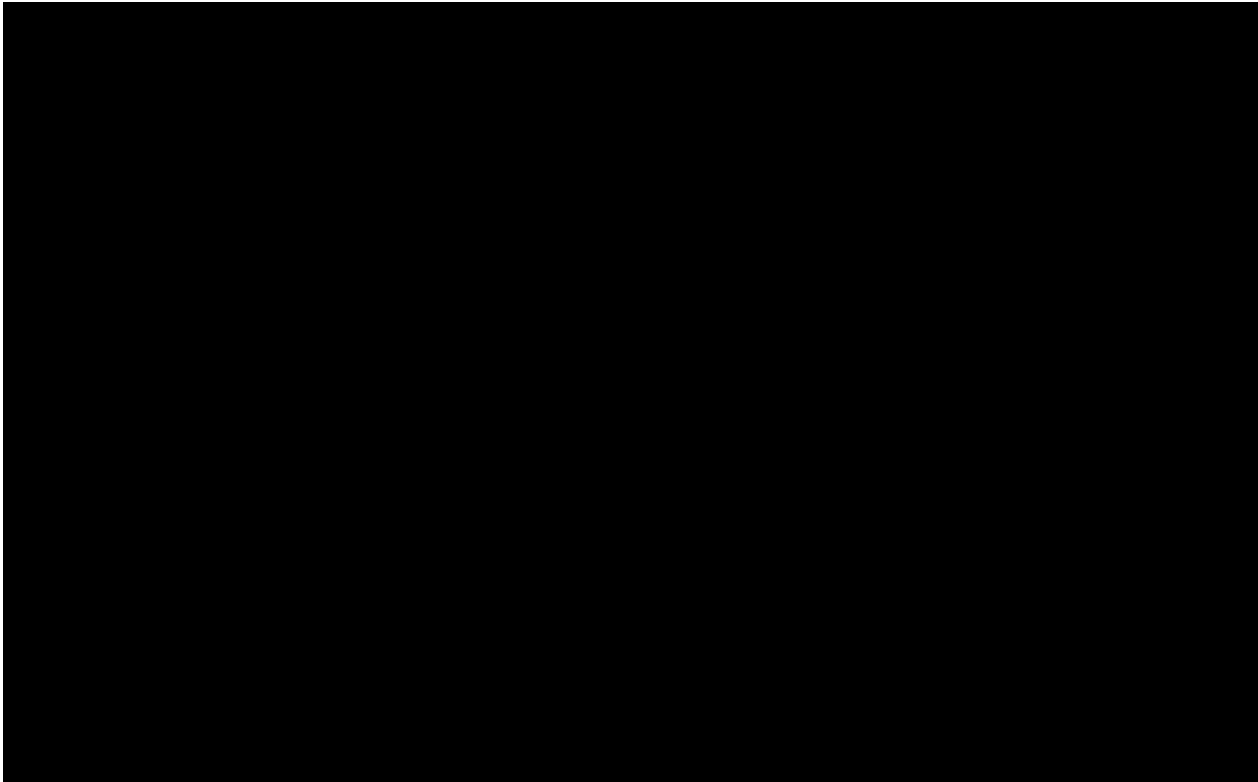


Table 1.3-12: Description of nameserver facilities

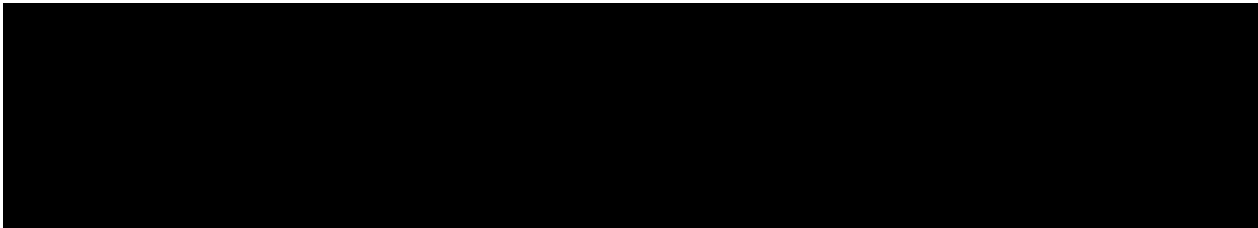
Building Security



Network Connectivity and Capacity

Four dedicated Ethernet circuits are used for communication between the SRS data centers. A VPN provides a secure Registry Management Network for communications between the SRS data centers and the nameserver sites. Each nameserver site is connected to the Internet via two or more transit providers and a multitude of BGP (Border Gateway Protocol) peers, independently of the other sites.

Internet Connectivity – SRS Data Center



Internet Connectivity—Nameserver Site

Nameservers sites located at the SRS data centers share Internet bandwidth with the SRS data center. Bandwidth engineering for those sites is covered in the previous sub-section. For co-location sites, the co-location facility provider provisions Internet bandwidth at the co-located sites. The facility provider has provisioned a highly diverse and redundant network. Neustar has provisioned capacity into each nameserver location that is burstable depending on load. [REDACTED]

[REDACTED]

VPN Registry Management Network

Each nameserver site is connected to both SRS data centers via an Internet-based VPN, and [REDACTED]. These links comprise Neustar's Secure Registry Management Network.

The links between the data centers are used for:

- Online replication of the registry database to the secondary site
- Alternate access to the Internet in the event of an outage
- System maintenance and monitoring
- Updating the back-up and disaster recovery registry database
- Updating the WHOIS databases in the secondary and disaster recovery data centers.

The secure VPN between nameserver sites is used for:

- Zone data updates
- System maintenance and monitoring
- Remote Administration of nameservers.

LAN Backbone

[REDACTED]

Use of Anycast

Neustar's unprecedented inter-networking reliability and minimized resolution latency is achieved in part by the implementation of advanced IP Anycast routing techniques. The term Anycast describes packets being sent between a single source and the nearest (in terms of network topology) of several possible destinations in a group, all having the same IP address. Anycast is different from multicast (packets between a single source and multiple, unique destinations) and unicast (packets between a single source and a single destination).

By injecting a Border Gateway Protocol (BGP) route from each node, the system leverages IP routing to deliver user queries to a topologically nearby node resulting in the network efficiencies and advantages.

Utilizing Anycast, Neustar announces the same set of IP addresses from each DNS resolver in the network infrastructure. This implementation provides additional redundancy in the face of network routing problems that can be caused by third parties. In the unlikely event that one or more of the IP addresses become unreachable, queries from users will be seamlessly directed to an alternate global IP address. Anycast allows Neustar to geographically distribute requests to any available DNS resolver for redundancy, effectively distribute traffic/requests to any given IP address globally, and increase responsiveness of the overall system by using the closest (in terms of network topology) available resource to answer any query that enters the system.

1.3.16.2 Current Equipment Configuration/Capacity

The key characteristics of the equipment which supports the SRS, WHOIS and nameserver applications are presented in **Table 1.3-13** below.

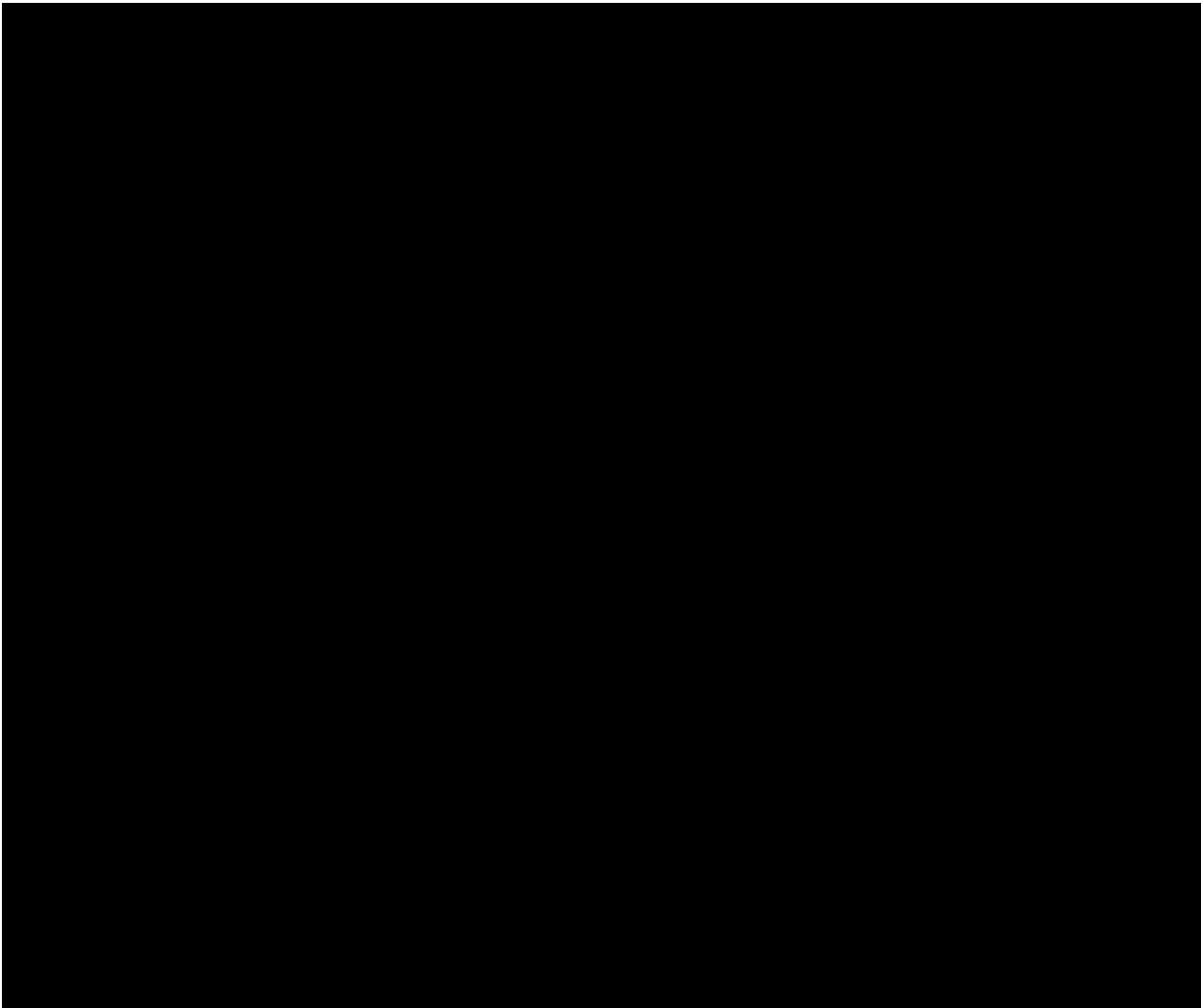


Table 1.3-13: Equipment Configuration/Capacity supports the SRS, WHOIS, and nameserver applications.

Equipment and Hardware

The equipment and hardware on which the registry operates are a critical element to providing a high quality of service. If the systems are of poor quality or difficult to maintain and operate, the registry will be prone to stability issues and outages.

Neustar has been successfully operating a domain name registry for over twelve years supporting over 370 registrars. We have built the infrastructure using best in breed systems and software.

Our primary and secondary data centers used for the operation of the SRS and WHOIS have the same number of equipment and hardware. These data centers are built to be closely identical in capacity ensuring optimal performance whenever failover is necessary.

Since Neustar built its SRS in 2001, there have been advances in technology, many of which we have implemented as part of wider technology “refresh” programs. These programs included the replacement of all new hardware components of the SRS, WHOIS and DNS, as well as the network infrastructure.

The equipment for the operation of registry services is detailed below.

Front-end Firewall

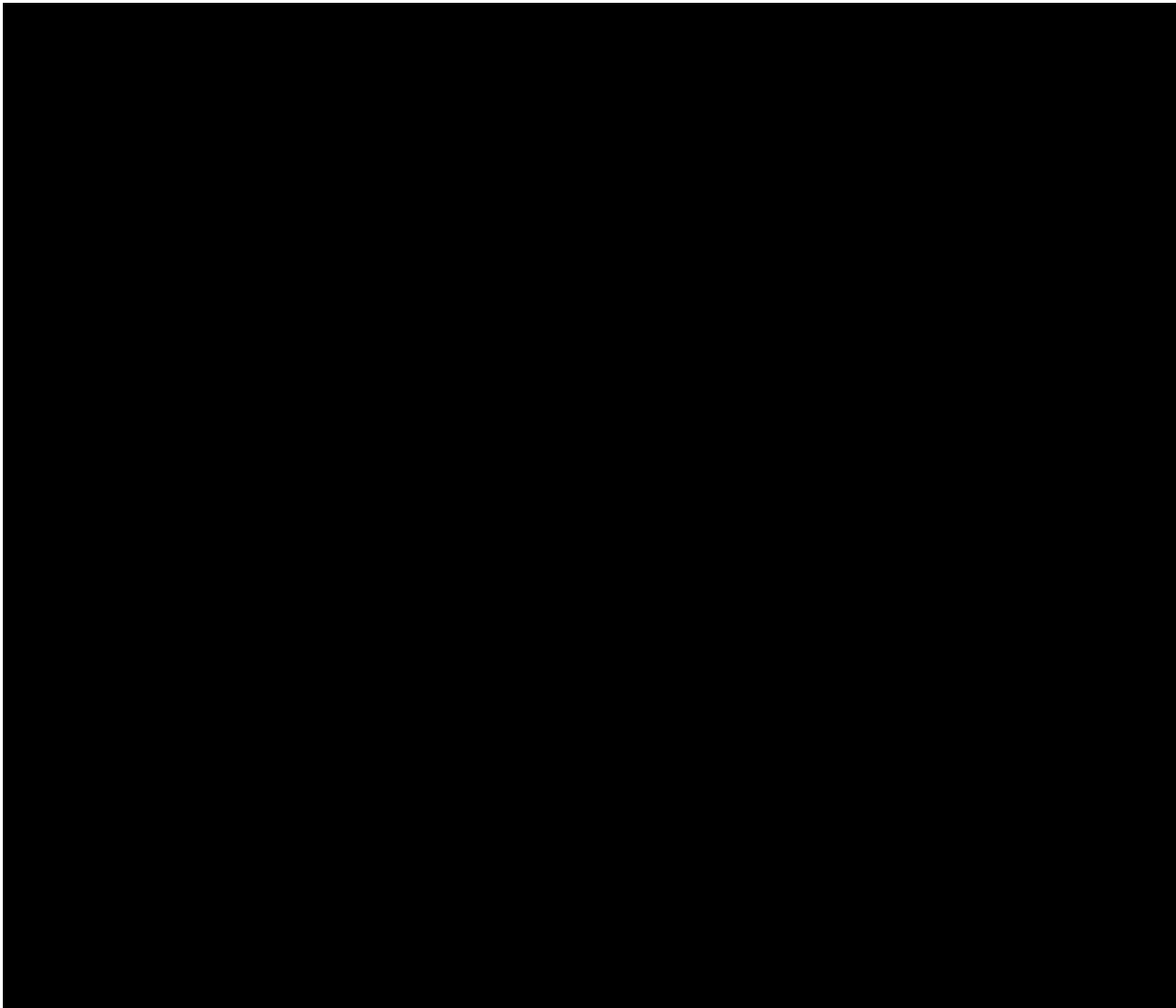
Neustar selected

Load Balancers

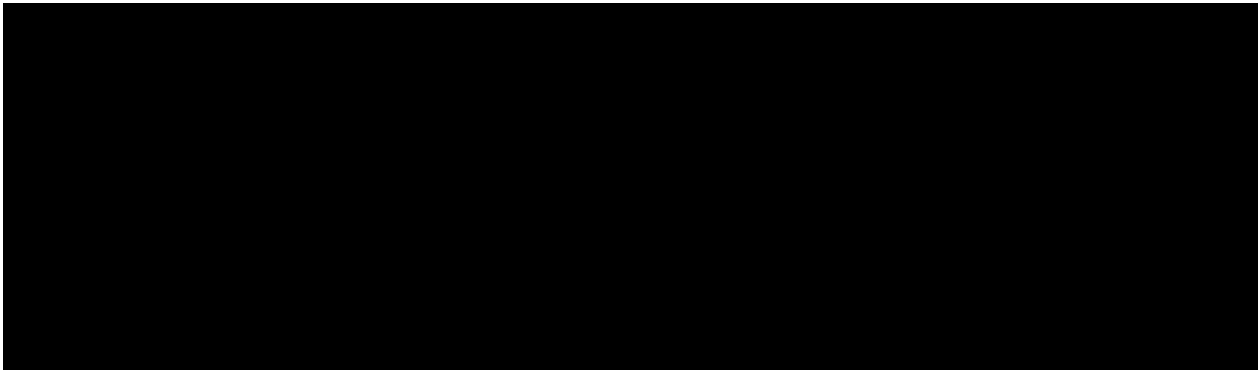
The load balancers serve a unique function in the overall architecture. They receive incoming requests and distribute these requests across multiple resources for further processing. In addition to load balancing, these devices are used to cluster devices together to provide a much higher level of service availability.

Neustar uses

EPP protocol servers/Application servers



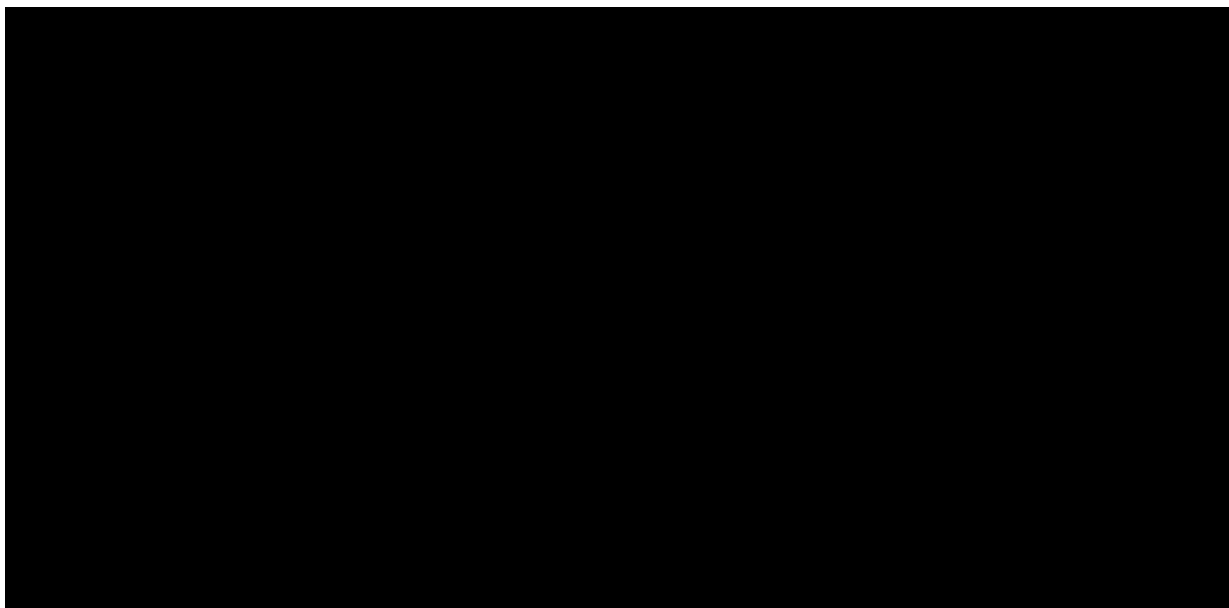
WHOIS IT and Infrastructure Resources



Database server

SRS database servers are as follows:





1.3.16.3 Software

Neustar will use the existing registry software suite to deliver usTLD services during the upcoming contract term. As with the hardware and equipment “refresh” programs previously mentioned, the Registry software continuously goes through upgrades.

SRS

The Neustar Shared Registry System (SRS) software, which has successfully supported usTLD since 2002, implements EPP, the industry-standard registry-registrar model for registration management. The operating instance of the SRS is the authoritative repository for all usTLD registrations (contacts and hosts), including the expanded space, the locality space, and kids.us. During the current contract term, Neustar has invested heavily in the engineering of SRS modifications to support these varied requirements in a single SRS system.

For provisioning interactions with registrars, the SRS software supports the Extensible Provisioning Protocol (“EPP”) standard as defined by the IETF RFCs 5910, 5730, 5731, 5733, 5734, and 3915. The SRS meets all IETF standards and will be updated as necessary to keep pace with any further updates to the EPP standards that will be deployed in the usTLD in a timely fashion.

Neustar currently provides documented SRS EPP toolkit software in both Java and C++ to assist registrars in accessing the SRS. To provide even greater connectivity assistance to new and potentially inexperienced registrars we also provide a specialized technical certification environment. This environment consists of a “scripted” EPP server that returns default responses to properly formatted EPP requests.

The usTLD SRS is a “thick” registry system with a standard registration data model for such implementations. A thick registry centralizes the authoritative registrant and other contact data at the registry to provide stability and data consistency. To reiterate the value of the thick registry model, it has been recently proven in the gTLD arena where a prominent registrar has

ceased business operations. Without thick data at the registry, registrants would risk losing their domain names.

As described above, the Neustar SRS achieves part of its scalability by leveraging load-balanced servers. Consequently, the application software is architected accordingly, with the ability to transparently handle multiple transactions from varying sources. Additionally, the SRS includes mechanisms to support the dynamic update of DNS and WHOIS.

[REDACTED] Given the importance of the data held in the registry, and the stringent operational requirements placed upon it, the importance of the database's reliability and stability is paramount. It is for these reasons that we have elected to use a commercial database, as opposed to an open source alternative. Additionally, using a commercial database vendor brings a steady stream of innovation and accountability for quality and performance. The database is configured as part of a High Availability architecture to minimize potential down time. The configuration consists

[REDACTED]

Aside from the DBMS software, the SRS is custom software, supported by an experienced team of Neustar software engineers, the majority of whom have supported the Neustar registry since its inception in 2001.

DNS

Neustar's usTLD DNS infrastructure uses a combination of BIND and proprietary resolution software to service queries for .us. We have operated versions of this software since 2005.

In addition to core resolution, Neustar currently operates proprietary software that provides continuous, near-real-time zone modifications, distributed to geographically diverse locations, resulting in up-to-date responses from nameservers.

The Neustar DNS solution is a robust proven mechanism of distributing the data across a wide network. Neustar has configured its network with a variety of redundancies so as to further ensure reliable zone distribution

During the upcoming contract term, Neustar proposes to continue using the present DNS software, with ongoing patches and improvements, as necessary to support operations.

WHOIS

The Neustar WHOIS service is built upon a sophisticated architecture that optimizes the constraints of query performance, dynamic updates, and flexible configuration. A key feature of the architecture decouples data distribution from query services.

The query capability is provided by a service that operates on the WHOIS servers, listens on port 43, and supports the standard WHOIS protocol. The query service accesses a local, custom data store in order to provide responses to received queries. Additionally, WHOIS includes a

web GUI. In order to maintain consistency of results, the WHOIS web GUI queries the WHOIS service (via port 43).

The WHOIS service came to usTLD with the launch of the second level space. (Prior, there was no centralized WHOIS). Simultaneously, we launched a dynamic update capability for WHOIS and have operated in this fashion throughout the current contract term. The WHOIS has since been expanded to include all usTLD locality-based structure domains.

Neustar's dynamic update architecture uses a workflow that decouples the update process from SRS transactions. This ensures SRS performance is not adversely affected by the load requirements of dynamic updates. It is also decoupled from the WHOIS lookup agent to ensure the WHOIS service is always available and performing well for users. Architectural components are as follows:

- **Local WHOIS database –** [REDACTED]

- **Local update agent –** [REDACTED]

- **Master update agent –** [REDACTED]

- **SRS database –** [REDACTED]

Neustar's WHOIS is provided via command line (port 43) at whois.nic.us as well as via web interface at www.whois.us.

During the upcoming contract term, we will utilize our existing WHOIS software and will modify as needed to support evolving requirements.

1.3.16.4 Specialized Web-based Tools

In addition to the aforementioned software components, our registry software portfolio also includes a number of specialized web-based tools. These tool are either unique to usTLD or are extensively modified to support the unique aspects of usTLD.

Registrar Administration Tool – Neustar currently provides a secure web system (the Registrar Administration Tool) that provides web-based access to the SRS, allowing registrars to easily manage domains, contacts, and hosts through a series of web screens. The tool allows registrar personnel to process transactions for themselves without needing to contact Registry Customer Support, which saves time for the registrar and enhances productivity. The Registry Admin Tool interface has been modified to support usTLD-specific processes, for example, kids.us and Nexus requirements. Given the obvious importance of high security on this tool, access to the Registry Admin Tool is controlled by two-factor authentication using RSA SecureID tokens and encryption of all data traffic (HTTPS). This allows registrars to closely control (by utilizing physical tokens) the accessibility of the Registry Admin Tool.

Delegated Manager Tool – As part of our responsibilities under the current contract, we have built a web-based tool to allow a Delegated Manager (DM) to manage domains under its control. The DM Tool (<https://dm.neustar.us>) is a simple web site that provides a means for DMs to manage WHOIS and DNS changes in real time. Through this tool they are able to manage nameservers and contacts associated to their domains without having to go through a manual request to customer service.

Kids.us Content Management System – Allows kids.us registrants who would like to launch a kids.us website a way to request content review. A registrant first requests a content review through www.kids.us by purchasing an annual subscription. This subscription then starts the regular review of the web site to ensure that it is in full compliance with the policies of the .kids law. Assuming that the content review passes the first check we then allow the domain name to resolve in the DNS. If during regular reviews we find a violation, then a warning is sent to the registrant. If the problem is rectified there is no impact to the domain name. If not then the domain name is taken out of DNS and therefore the web site is brought down. All existing policies can be found at http://www.kids.us/content_policy..html.

Each of these applications, while seemingly familiar, has a particular nuance that bears careful inspection to fully understand.

WHOIS Locality Web Site – This is a web application (<http://localitywhois.us>) that allows the public to query for WHOIS information on domain names in the .US locality space. While Neustar is the delegated manager for some locality spaces, others are managed by Delegated Managers. Using the Delegated Manager Tool, Delegated Managers can update WHOIS information for domains under their control. The WHOIS Locality Web Site enables the public query for both this data as well as locality data in the usTLD WHOIS.

.US Directory – Neustar developed a searchable directory of usTLD domain names based on search engine keywords found at the registrant's website. The directory serves as a vehicle for usTLD registrants to list and showcase their domain names and provide information about their businesses and interests.

1.3.16.5 Related Technology

While the previous sections have focused on some of the core technologies, we take the opportunity here to describe some of the other technology investments that we have made during the usTLD contract term.

Data Warehouse

The Data Warehouse is a central data repository used to create both internal and external reports, primarily to support registrar billing and contractual reporting requirements for DoC.

[REDACTED]

For DoC reporting, daily full backups are copied to the reporting database to perform report queries on a monthly and daily basis, per contractual requirements.

Billing and Collection System

Neustar's proven experience in successfully operating complex Billing and Collection (B&C) systems for communications and domain name registry services ensures that our usTLD registry billing services are feature-rich, accurate, secure, and accessible to the entire customer base. The B&C system maintains customer accounts, creates account statements, and audit and tracks information for both customers and the industry.

The fundamental goal of the system is to maintain the B&C data and create reports that are accurate, accessible, secured, and scalable. B&C enables detailed transaction-based charging to the customers, based on extensive resource accounting and usage data recording performed in the Registry System. The B&C system must produce timely and accurate account statements and billing reports that are accurate, easy to understand, and contain only clearly defined charges from the catalog of services and prices. Such account statements are ultimately more economical because they are less likely to provoke costly billing disputes.

Neustar offers a simple B&C process that is based on debit and/or credit card accounts established by each registrar. We withdraw all domain registration service payments from the incurring registrar's debit or credit card account on a per-transaction basis. We provide fee-incurring services (e.g., domain registrations, registrar transfers, and domain renewals) for customers only so long as their accounts are in good standing. See *Appendix A* for a complete copy of Neustar's Billing Policy. Neustar's B&C system is sufficiently flexible to adapt to different billable events, grace-period implementations, and pricing structures.

Neustar's B&C systems are located at both our primary SRS data center in [REDACTED]. These systems handle the key B&C functions, including:

- Debiting and crediting registrars' accounts,
- Initiating low-balance notifications,
- Performing credit card transactions,
- Enabling customers to view their accounts, and
- Tracking and reporting historical information.

Our B&C systems and processes are fully compliant with Sarbanes-Oxley (SOX).

Website

Neustar currently maintains a web portal for registrar use. This secure portal provides a variety of services and information that includes:

- Operational notifications for planned maintenance or upgrades;
- Operational updates on incidents such as degradations or outages;
- General registrar business notices;
- Registrar Operations Guide;
- Frequently asked questions (FAQ); and
- Client toolkit downloads.

Access to the portal is controlled by login ID/password. The home page of the web portal includes notices to registrars of planned outages for maintenance or installation of upgrades. These notifications are posted 30 days prior to a maintenance event, in addition to active notification including phone calls and email to the registrars. Finally, 7 days and again 2 days prior to the scheduled event, we use both a Web-based notification and email to remind registrars of the planned outage.

1.3.16.6 Summary

Neustar has a wide array of world-class technical facilities, equipment, software, hardware, and related technology. As much of this technology has already been extensively customized for the unique and critical elements of usTLD, it represents a portion of our investment in the TLD. Additionally, since Neustar is leveraging a proven, existing platform, there is no transition risk.

1.4 CORE POLICY REQUIREMENTS (C.5)

Overview

Neustar has proposed several **new** policies that either (i) bring existing policies and procedures together into a single coherent document (e.g., Acceptable Use Policy) or (ii) reflect industry best practices and have been adopted by ICANN in connection with the new gTLD program (e.g., Data Retention, Rapid Suspension Dispute Policy).

Neustar has proposed several **revised** policies, generally intended to bring usTLD policies in line with best practices and have been adopted by ICANN in connection with the new gTLD program (e.g., new requirements contained in the 2013 Registrar Accreditation Agreement and the New gTLD Registry Agreement, including GAC Advice).

Finally, there are a number of existing usTLD policies that we do not propose to change at this time although, in some cases, the Stakeholder Council may elect to review and propose modifications.

A usTLD Policy Matrix that summarizes the status of existing, proposed, and revised usTLD policies is attached.

1.4.1 United States Nexus Requirement (C.5.1.i, L.6.d.vi.3)

Highlights

Compliance with the usTLD Nexus Policy ensures that usTLD Registrants are subject to U.S. law, accountable for their use of usTLD domain name registrations in compliance with U.S. law and subject to the jurisdiction of U.S. Courts.

See Proposal Volume 1, usTLD Nexus Requirements Policy
Attachment 2: usTLD Nexus Dispute Policy and Rules

The usTLD Nexus requirements ensure that usTLD policies are effectively enforceable and that usTLD Registrants are accountable for use of registered names in accordance with U.S. law and usTLD policies and procedures. The resulting combination of enforceability and accountability plays a critical role in ensuring that the usTLD remains a safe and reliable name space and grows with integrity.

usTLD stakeholders, including Neustar, support continued applicability of the usTLD Nexus requirements. In response to the DOC's Notice of Inquiry on the usTLD, however, several commenters, including the International Trademark Association ("INTA") recommended, review of the usTLD Nexus Policy. INTA acknowledged the value in ensuring that "only those individuals or organizations that have a substantive lawful connection to the United States are permitted to register for usTLD domain names" but noted that "in a globalized economy, a person without a close connection to the United States can have a legitimate interest in doing

business under a usTLD registration.” INTA suggested that principles of comity might be served without compromising best practices and recommended exploration of policy changes coupled with appropriate enforcement mechanisms to ensure that Registrants offering goods and services to U.S. customers are subject to jurisdiction and legal recourse in U.S. courts. (Neustar and GoDaddy.com similarly suggested a review of the usTLD Nexus Policy.) Neustar believes that this is an appropriate issue for consideration by the new usTLD Stakeholder Council discussed in *Proposal Volume 1, Section 1.3.15*.

1.4.1.1 Current Implementation of the Nexus Requirements

Certification

The current usTLD Nexus Requirements Policy, developed and implemented by Neustar in preparation for the launch of the Second-level usTLD space, requires a usTLD Registrant (including a kids.us Registrant) to certify that it is either:

- A natural person (i) who is a United States citizen, or (ii) who is a permanent resident of the United States of America or any of its possessions or territories, or (iii) whose primary place of domicile is in the United States of America or any of its possessions [Nexus Category 1];
- A United States entity or organization that is (i) incorporated within one of the fifty (50) United States, the District of Columbia, or any of the United States possessions or territories, or (ii) organized or otherwise constituted under the laws of a state of the United States of America, the District of Columbia or any of its possessions or (including a federal, state, or local government of the United States, or a political subdivision thereof, and non-commercial organizations based in the United States)[Nexus Category 2]; or
- A foreign entity or organization that has a bona fide presence in the United States of America or any of its possessions or territories [Nexus Category 3].

The certification is acquired during the registration transaction and passed through the applicable accredited usTLD Registrar to Neustar via Extensible Provisioning Protocol (EPP). Neustar retains the documented certification in its Shared Registration System database, which is regularly updated and transmitted to our third party escrow provider, Iron Mountain.

Current Enforcement

Neustar has developed, implemented, and continues to operate two enforcement processes to address inaccurate or fraudulent certification:

Third Party Claims – Neustar’s “Nexus Dispute Resolution Policy” provides a legal and policy framework for resolving Nexus-related disputes.

A Nexus dispute initiated under the usTLD Nexus Dispute Policy may be submitted to an approved Nexus Dispute-Resolution Service Provider under contract to Neustar. The approved Nexus Dispute-Resolution Service Provider must follow the Nexus Dispute Policy and Rules (collectively referred to as the “NDP”), but may also add its own supplemental rules so long as such rules do not conflict with the NDP.

Both the American Arbitration Association and the National Arbitration Forum provide NDP services. In order to implement the NDP, we required the National Arbitration Forum to sign an

amendment to its existing usDRP Dispute Provider Agreement with Neustar. A copy of a template version of that Amendment is included in the appendices to this proposal.

Registry Spot Checks, Nexus Accuracy Reporting Tool and Enforcement – Shortly after the launch of the expanded usTLD space, it became apparent that limitations in the NDP discouraged third parties from filing NDP challenges. In particular, the existing dispute process, which may cost up to several thousand dollars (including the filing fee), does not permit transfer of the usTLD registration to a prevailing complainant. These limitations appear to explain limited use of the third party NDP challenge process to date.

In its continuing efforts to improve the usTLD, Neustar reviewed the 10 NDP cases brought before the National Arbitration Forum since 2002. Of the 10 cases:

- No cases were settled and withdrawn
- 10 decisions were rendered by the Panelists
- In 6 of the cases in which a decision was rendered, the Respondent failed to file a response
- The Complainant prevailed in 50% of the cases in which decisions were rendered.

As discussed in *Proposal Volume 1, Section 1.2.3.2*, the DOC has not approved changes to the usTLD Nexus Dispute Policy proposed by Neustar's usTLD Policy Council. In the interim, Neustar took two steps on its own to enhance enforcement of the usTLD Nexus requirements, (i) conducting pro-active Nexus spot checks and (ii) developing and deploying a Nexus Accuracy Reporting tool.

(i) On its own initiative, Neustar began conducting regular spot-checks for Nexus compliance each month. These checks are in addition to investigating specific Nexus check requests from interested third parties. Through this process, Neustar has successfully performed checks on thousands of usTLD names.

(ii) As part of its WHOIS Accuracy Program (WAP), as described in *Proposal Volume 1, Section 1.4.6.2*, Neustar launched a new program to improve the accuracy and integrity of the WHOIS database. A key element of the WAP is a WHOIS/Nexus Data Problem Report System which is hosted by Neustar and designed to receive and track third party complaints about inaccurate, incomplete or proxy WHOIS or Nexus data. The system, <http://www.whois.us/whoiscompliance/ComplaintMain.jsp> asks third parties to submit the basis for their belief that the WHOIS record for the applicable name is contains inaccurate, false or incomplete contact or Nexus information. In addition, the system collects the name and e-mail address of the third party making the complaint and confirms the third party's intent by asking the third party to confirm its complaint. All data received by Neustar through this system is forwarded to the Registrar that sponsors the domain that is alleged to contain false or inaccurate information.

Unlike complaints involving inaccurate WHOIS information where the Registrar is expected to remedy the alleged inaccuracies, if Neustar has a good faith belief that a Nexus violation has occurred, Neustar will contact Registrant directly and institute the process described below.

Nexus Cure Period

If Neustar on its own initiative or a third party dispute services provider (referred to below as the "Provider"), determines that a prima facie case has been made that the Registrant has not met any of the Nexus Requirements, the Provider issues a request for evidence of compliance, giving the Registrant thirty (30) days to demonstrate its eligibility under the Nexus Requirements Policy. If the Registrant fails to provide proof of eligibility within that period, the Provider issues an initial determination of non-compliance and a thirty day notice to cure. Failure to remedy the deficiency within the 30 day cure period results in immediate deletion of the domain name.

1.4.1.2 Proposed improvements to the Nexus Requirements

Additional Nexus Categories

While Neustar supports retention of the usTLD Nexus requirements, we believe that a limited degree of additional flexibility to permit non-U.S. registrations where appropriate safeguards are in place to ensure that such Registrants remain accountable for their conduct in the usTLD space may be appropriate. We live in an increasingly globalized world, and the usTLD – like other components of the domain name system – is at the heart of globalization. In addition, as INTA stated in its comments to the NOI, "While growth is not an end in and of itself and should only be encouraged to the extent it is responsible, deliberate, and justified, the usTLD Nexus policy may have the effect of impeding the innovation and growth of the usTLD space."¹

Accordingly, we intend to propose through the Multi-stakeholder policy process (described in *Proposal Volume 1, Section 1.3.15*) that the Council consider amending the policy to provide additional flexibility to permit non-U.S. registrations where appropriate safeguards are in place to ensure that such Registrants remain accountable for their conduct in the usTLD space. This could include opening up the usTLD to all owners of registered United States registered trademarks, even if owned by foreign companies. As the ownership of a US trademark is dependent on using the goods or services in commerce in the United States, this would certainly tie ownership of a usTLD domain name to a bona fide presence in the United States. As stated by INTA, "[t]his basis of eligibility is commonly used in other ccTLD registries by U.S. franchisors and those whose brands are used in other countries by licensees, without the owner having its own operations within the country."²

In addition, Neustar will ask the Stakeholder Council to consider whether or not foreign entities that do not otherwise qualify under the Nexus requirements should be permitted to qualify by appointing an accredited entity in the United States to serve as an agent for the purposes of service of process and legal jurisdiction. This is the approach taken, for example, by the registry operator for Germany's ccTLD, .de.

Nexus Disputes Improvements

Neustar proposes to modify the Nexus Dispute Resolution Policy to permit transfer of a usTLD to a prevailing complainant (providing the complainant meets the Nexus criteria) allow

¹ See http://www.ntia.doc.gov/files/ntia/inta_internet_committee_comment.pdf at p. 5

² See http://www.ntia.doc.gov/files/ntia/inta_internet_committee_comment.pdf at p. 4.

electronic submission of usDRP-required documents. This would bring the NDP Rules in line with more modern electronic communication practices. Although the respondent in any dispute will still receive email, mail, and fax notification, but instead of sending a paper file, the respondent will be sent instructions and a re-sendable hyperlink to a user portal containing relevant documentation. Neustar is proposing to modify the usDRP Dispute Resolution Rules in the same manner, and has worked with the National Arbitration Forum to propose the following changes (**Table 1.4-1**), which can be found in the NDP Rules.

Rule	Nature of the Changes
NDP Rule 1	Adds the definition of "Written Notice" as a new defined term.
NDP Rule 2	Removes reference to communication via mail; defines service as a mail, email, and fax notice; the complaint is emailed, but annexes may be provided via portal.
NDP Rule 3	Removes the requirement that Complainants send a hard copy of case files to Respondents.
NDP Rules 8 and 9	Removes the requirement that Respondents must send a hard copy of their [response] to the Complainant.

Table 1.4-1: Proposed Changes in the usTLD Nexus Dispute Policy Rules

Conclusion

The existing Nexus policy and process, properly enforced, helps ensure that the usTLD serves the Internet community of the United States without attracting or encouraging registrations from those without a bona fide connection to the United States. We reaffirm our commitment to this policy as well as our enforcement processes and tools described above, and propose Stakeholder Council consideration of the potential enhancements discussed above.

1.4.2 Registrar & Registrant Agreements (C.5.1.ii , L.6.d.ix)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- usTLD Registrar Accreditation and Registry-Registrar Agreement (2013)
- usTLD Delegated Manager Agreement
- usTLD Locality Registrant Agreement
- kids.us Registrar Agreement
- kids.us RAA Amendment

As the incumbent usTLD Administrator, Neustar has entered into (1) the usTLD Registrar Accreditation Agreement ("RAA") and (2) the usTLD Registry-Registrar Agreements ("RRA") with all usTLD Accredited Registrars. Neustar has entered into written contracts with Delegated Managers for the usTLD Locality Based Space, with Locality Registrants, and Registrars formerly providing registrar services in kids.us.

Neustar has a proven track record of successfully enforcing those agreements. We currently have accreditation agreements in place with 137 usTLD Registrars. Of those Registrars, 34 have also elected to become accredited for the kids.us domain prior to the suspension. In addition to

those Registrars in the expanded second-level space, we have 1,292 agreements in place with Delegated Managers, and 2,654 agreements in place with Locality Registrants. Neustar requires that all accredited usTLD Registrars and Delegated Managers also secure a Registrant agreement with their respective customers requiring compliance with all applicable law and usTLD policies, particularly covering Nexus, WHOIS, and dispute resolution processes.

These contracts establish clear and comprehensive parameters for the management of the enhanced usTLD space and document the basic requirements and obligations for Neustar, as the usTLD Administrator, and for all usTLD Registrars. In addition, because the usTLD Administrator does not have a direct contractual arrangement with usTLD Registrants, these contracts include “flow through obligations” that ensure that Registrants make enforceable commitments to comply with all usTLD policies. Unlike the ICANN RAA and typical RRAs for generic top-level domains, the usTLD agreements have always obligated usTLD Registrars to enforce these flow-through provisions on its Registrants.

The existing usTLD RAA establishes minimum criteria, requirements and obligations that all Registrars have in the expanded usTLD space, including kids.us. The usTLD RRA requires Registrars to comply with, and to include in their agreements with individual Registrants, all the substantive requirements of the usTLD Contract. This includes an obligation to pass through to registrants the requirements relating to WHOIS, Nexus, Registration Restrictions, the usDRP and all other usTLD policies and specifications. In return, Neustar grants usTLD Registrars secure access to the registry system providing them with high level of stability reliability and security. To that end, we commit to industry's highest performance specifications and support obligations and to operate in a non-discriminatory to ensure each Registrar has equivalent access to the usTLD registry system.

The existence of current contracts between Neustar as the usTLD Administrator and usTLD Registrars provides stability for the ongoing operation of the usTLD. For the contract new contract period, Neustar proposes to combine and streamline the usTLD RAA and RRA. In addition, we have proposed modifications that would incorporate new requirements contained in the ICANN 2013 Registrar Accreditation Agreement and ICANN's New gTLD Registry Agreement. Specifically, the new usTLD Registrar Accreditation and Registry-Registrar Agreement (the usTLD “RAA/RRA”) has been updated to include changes and enhancements sought by law enforcement, the ICANN Government Advisory Committee, consumer and civil society representatives, intellectual property owners, as well as Registrars themselves in negotiations that resulted in the 2013 ICANN RAA and GAC Advice regarding safeguards required for new gTLDs. Finally, the revised agreement includes modifications necessary to permit multi-stakeholder policy development for the usTLD, as discussed in *Proposal Volume 1, Section 1.3.15*.

Specifically, the 2013 usTLD RAA/RRA:

- Provides for processes and procedures to modify the RAA/RRA as needed to implement new policies and programs adopted by the usTLD Stakeholder Council;
- Establishes additional requirements related to WHOIS accuracy and verification;
- Creates new data retention requirements;

- Obligates Registrars to maintain accurate and up-to-date information required for accreditation, specifies Registrar obligations regarding Registrar maintenance of a publicly available point of contact for reporting abuse, and reinforces the existing Registrar duty to investigate complaints regarding Registrant abuse;
- Clarifies usTLD Registrar obligations to include and enforce end-user contract prohibitions on the use of usTLD registrations to distribute malware, abusively operate botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity that is contrary to applicable law;
- Obligates Registrars to support Neustar's conduct of periodic technical analysis to assess whether domains in the usTLD being used to perpetrate security threats such as pharming, phishing, malware, and botnets, and to cooperate with Neustar to respond to any such threats identified by through such efforts.

1.4.3 Sunrise Policy and the usDRP (C.5.1.iii, L.6.d.vi.2)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- usTLD Dispute Resolution Policy and Rules
- usTLD Rapid Suspension Dispute Policy and Rules
- usTLD Sunrise Policy

As the owner of a large patent, copyright and trademark portfolio, Neustar understands the importance of protecting intellectual property, and has been among the most active of all domain name registry operators in advocating the rights of trademark owners. We have an exceptional record of responding to their needs, and our innovative approach in the usTLD delivers additional rights protection mechanisms above and beyond those offered in the other ccTLDs and existing gTLDs.

In addition to the protections provided by Neustar to combat abusive registrations in the usTLD described in *Proposal Volume 1, Sections 1.4.6.6 and 1.4.6.7*, two of the most fundamental protections offered by domain name registry operators to trademark owners include: (i) efficient dispute resolution processes involving domain names that have been registered or used in bad faith, and (ii) implementation of a Sunrise period during the launch of the second level name space or any future third level subdivision. As discussed below, Neustar proposes to modify the usTLD Dispute Resolution Policy, adopt a new usTLD Rapid Suspension Policy, and enhance the usTLD Sunrise Policy to ensure that usTLD policies continue to reflect the highest level of best practices in the Internet domain name space.

- The usDRP: A marked improvement over the UDRP – In 2002, Neustar successfully implemented and continues to operate the usDRP in accordance with all requirements set forth in the current agreement. The usDRP sets forth the terms and conditions applicable to disputes between trademark owners and usTLD over domain names that have been registered or used in bad faith. Neustar has a proven track record of successfully administering this policy and we will continue to do so throughout the new contract term. As discussed below, Neustar proposes enhancements for the usDRP to provide more robust rights protections in the usTLD space.

- The usRS: A newly proposed rights protection mechanism -- In response to complaints by trademark owners that the UDRP (the usDRP equivalent in gTLDs) was too cost prohibitive and slow, and the fact that more than 70 percent of UDRP cases were "clear cut" cases of cybersquatting, ICANN adopted the implementation review team ("IRT") recommendation that all new gTLD registries be required to take part in a Uniform Rapid Suspension System ("URS"). Neustar proposes to implement a URS for the usTLD – the usTLD Rapid Suspension System (the "usRS"). The purpose of the usRS is to provide a more cost effective and timely mechanism for brand owners than the usDRP to protect their trademarks and to promote consumer protection on the Internet. As the only ccTLD or gTLD Registry Operator participant in the IRT, Neustar believes that the American Internet community would benefit from the implementation of the usRS described below.
- The Sunrise Process: In early 2002, Neustar became the first registry operator to launch a successful authenticated Sunrise process that permitted qualified trademark owners to pre-register their trademarks as domain names in the second-level usTLD space prior to opening the second-level usTLD space to the general population. Unlike any other "Sunrise" plans implemented or even proposed before that time, Neustar validated the authenticity of trademark applications and registrations with the United States Patent and Trademark Office ("USPTO"). Neustar subsequently successfully rolled out a similar Sunrise mechanism for the launch of the kids.us domain names space and commits to launch a Sunrise process in the event future developments necessitate such action.

1.4.3.1 The usTLD Dispute Resolution Policy ("usDRP")

Neustar has a proven record of successfully implementing the usTLD Domain Name Dispute Resolution Policy.

Jeff Neuman, now Neustar's VP of Registry Services, was a key contributor to the development of the ICANN's first "Consensus Policy" – the Uniform Dispute Resolution Policy ("ICANN UDRP"). The UDRP has been a standard requirement for all generic domain name registries since 1998. The ICANN UDRP is intended as an alternative dispute resolution process to transfer domain names from those that have registered and used domain names in bad faith.

The usDRP Policy and Rules, drafted by Neustar and approved by the DOC in 2002, are incorporated by reference into the usTLD Registrar Accreditation Agreements signed by all accredited usTLD Registrars, which also passes the policy through to usTLD Registrants. The usDRP sets forth the processes to be used in connection with a dispute between a usTLD Registrant and any third party, other than the usTLD Administrator or an accredited usTLD Registrar. Neustar reaffirms its commitment to the current policy, with the exception of the proposed changes described below. These changes, which were implemented by ICANN for the gTLDs, have also been recommended by the usDRP dispute resolution provider, the International Arbitration Forum.

Although the usDRP is substantially similar to the ICANN UDRP implemented in generic TLDs (such as .biz, .com, .net and .org), there are several improvements that have been implemented in the usTLD that make it a more dependable tool to protect intellectual property interests of trademark and service mark owners.

The first aspect of the usDRP that uniquely distinguishes it from the ICANN UDRP for gTLDs is that usDRP panelists may find in favor of the trademark owner if the trademark owner can establish that the domain name was either registered or used in bad faith. In contrast, under the ICANN UDRP, trademark owners must demonstrate that the domain name was both registered and used in bad faith. This new language for the usDRP has largely eliminated from the usDRP an early-identified deficiency in the ICANN UDRP.

A second important and unique aspect of the usDRP addresses ambiguous ICANN UDRP language suggesting that “evidence of registration or use in bad faith” requires a complainant to prove “a pattern of such conduct.” This has led to several decisions in favor of cybersquatters where, although it was shown that they registered the complained-of domain name in question to intentionally prevent the trademark owner from registering the domain, the complainant could not show that there was a “pattern of such conduct.”

Neustar's usDRP adopted WIPO's suggestion to allow panelists to find in favor of the trademark owner if the trademark owner could establish that the Registrant registered the domain name in question in order to prevent the trademark owner from reflecting its trademark in a corresponding domain name, without the need to show a “pattern of such conduct.”

Agreements with usDRP Dispute Providers

Unlike other gTLD Registry Operators that rely on ICANN to accredit and form relationships with entities providing dispute resolution services, the usTLD Administrator is solely responsible for finding and entering into agreements with dispute resolution service providers for the usTLD. Since the launch of the enhanced usTLD space, Neustar has accredited two dispute resolution providers: the American Arbitration Association (“AAA”) and the National Arbitration Forum (“NAF”). Both of these dispute providers also perform Nexus Dispute Resolution services for the usTLD. A template of the usTLD Dispute Provider Agreement that Neustar has executed with each of these providers is available on Neustar's website at <http://www.Neustar.us/policies/>, and is attached as an appendix to this proposal.

In addition, Neustar has made available on its website an information sheet on the accreditation process for usTLD dispute resolution service providers. A copy of that informational sheet is set forth at <http://www.Neustar.us/usdrp-approval-process/> and is attached as an appendix to this proposal.

Proposed Changes to usDRP

Going forward, Neustar proposes modest changes to the usDRP Policy and Rules to achieve the following: (i) bring them in line with current electronic communication practices, (ii) place an affirmative duty on the Registrar to lock the domain name in dispute and provide the needed contact information to the dispute resolution provider, and (iii) ensure that a prevailing usDRP complainant is only entitled to a transfer of the .us domain name, if and only if, that complainant can provide demonstrable evidence to the dispute resolution provider that it possesses both legitimate rights to the domain name, and that it meets the U.S. Nexus Requirements.

1. Electronic Filings:

In 2009, ICANN approved updates to the ICANN UDRP that allowed dispute resolution service providers to eliminate the requirement that Complainants send hard copies of case files (which in some cases could reach several hundreds of pages) to the parties at a very high cost for paper and postage, not to mention the negative environmental impact. Instead, all documents are now submitted electronically. The respondent in the dispute is still notified via email, mail, and fax, but instead of sending a paper file, the respondent receives only the complaint itself, a short letter with instructions, and a hyperlink to a user portal that contains the all the documents related to the case. This link can be re-sent to the email address respondent chooses, upon their request. This eliminates the need to send voluminous paper documents and, by reducing, the size of the emailed file, decreases the risk of email rejection.

2. Locking Domains Subject to usDRP:

In addition, ICANN is in the process of implementing an ICANN Consensus Policy which modifies the UDRP to impose an affirmative duty on Registrars to prevent “cyberflight,” which may occur as a result of the requirement that the Complainant notify the Respondent of a dispute before the sponsoring Registrar has the chance to lock the domain name. Receiving this notice before the Registrar has locked down the domain name enables unscrupulous cybersquatters to transfer the domain names in question to new Registrars and render the initial complaint void. To address this situation, ICANN added a requirement that Registrars place the subject domain names in a “lock” status prior to the dispute providers notifying the complainant about the dispute. This prevents Respondents from quickly transferring names prior to the going through the UDRP process.

As a result of these two issues, Neustar has worked with the National Arbitration Forum to propose the following changes (**Table 1.4-2**), which are included in the usDRP Rules.

Rule	Nature of the Changes
usDRP Rule 1	Adds the definition of “Written Notice” as a new defined term.
usDRP Rule 2	Removes reference to communication via mail; defines service as a mail, email, and fax notice; the complaint is emailed, but annexes may be provided via portal.
usDRP Rule 3	Removes the requirement that Complainants send a hard copy of case files to Respondents.
usDRP Rule 3	Removes the requirement that Complainants notify the Respondent of the Complaint. (usDRP Rule 4 requires the provider to notify the Respondent.) Removes the requirement that the Complainant provide a copy of the usDRP policy each time they file (it is available online).
usDRP Rule 4	Places an affirmative duty on the Registrar to lock the domain name and provide the needed contact information for service. This will allow Neustar to police its Registrars for bad actors.

Rule	Nature of the Changes
usDRP Rule 5	Removes the requirement that Respondents must send a hard copy of their [response] to the Complainant.

Table 1.4-2: Proposed usDRP Rules Changes

3. Ensuring Transfers Occur only if Nexus is met

Under the existing policy and rules, it is theoretically possible for a foreign trademark owner to prove that (i) the usTLD Registrant has no legitimate rights to the .us domain name, (ii) the foreign trademark owner has legitimate trademark rights to the name, and (iii) the usTLD Registrant registered or used the .us domain name in bad faith. In that scenario, even if the foreign trademark owner/complainant does not meet the U.S. Nexus Requirements, the usDRP Policy and Rules would permit the transfer of the domain name. Neustar proposes to rectify this situation by changing the usDRP rules to allow a transfer of the domain name only if the Administrative Panel (as defined in the usDRP) finds that the Complainant meets the U.S. Nexus Requirements. In a case where the complainant does not meet Nexus, it will still be entitled to request that the domain name should be deleted.

To implement the above, Neustar proposes the following additional modifications to the usDRP:

- Section 4(i) of the usTLD Dispute Resolution Policy should be changed to read:
 - i. Remedies—The remedies available to a Complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the Complainant; ***provided, however, that a transfer of the domain name registration to the Complainant may only be made if the Complainant has also demonstrated its compliance with the U.S. Nexus Requirements.***
- Section 3(x)(the “Complaint”) of the usTLD Dispute Resolution Rules should be changed to read:
 - x. Specify, in accordance with the Policy, the remedies sought. ***In the event that Complainant seeks a transfer of the domain name, Complainant shall include demonstrable evidence that it satisfies all Nexus Requirements;***

Progress Reports from the usDRP Dispute Resolution Service Providers

In its continuing efforts to improve the usTLD, Neustar reviewed all of the 459 usDRP cases brought before the National Arbitration Forum since 2002. Of the 459 cases:

- 58 cases were settled and withdrawn
- 384 decisions were rendered by the Panelists
- In 300 of cases in which a decision was rendered, the Respondent failed to file a response

- The Complainant prevailed in 95% of the cases in which decisions were rendered; and
- The Complainant prevailed in 77% of the cases where a response was filed.

As part of the new Agreement, Neustar proposes to conduct a more frequent review of the usDRP process to determine whether to recommend to DOC additional changes to the usDRP policies and rules. In addition, Neustar will seek feedback from the dispute resolution service providers on whether they believe any changes should be made to the usDRP and the rationale behind such changes. Upon request, Neustar will provide these reports to the DOC. If Neustar receives information that indicates changes should in fact be made to advance the protection of intellectual property (or alternatively to balance the rights of domain name Registrants), Neustar will seek Stakeholder Council review to consider whether policy changes are appropriate.

1.4.3.2 The usRS

Neustar believes that the usTLD Administrator should continue to innovate in ways to protect intellectual property owners and consumers and therefore proposes to adopt a “Uniform Rapid Suspension Service” for the usTLD (the “usRS”).

In response to complaints by trademark owners that the UDRP (the usDRP equivalent in gTLDs) was cost prohibitive and slow, and the fact that more than 70 percent of UDRP cases were “clear cut” cases of cybersquatting, ICANN adopted the IRT recommendation that all new gTLD registries be required to take part in a Uniform Rapid Suspension System (“URS”). Neustar proposes to implement a URS for the usTLD – the usTLD Rapid Suspension System (the “usRS”). The purpose of the usRS is to provide a more cost effective and timely mechanism for owners than the usDRP to protect their trademarks and to promote consumer protection on the Internet. As the only ccTLD or gTLD Registry Operator participant in the IRT, Neustar believe that the American Internet community would benefit from the implementation of a rapid suspension policy – the “usRS” described below.

Aiming at the clearest cases of trademark abuse, the usRS is intended to offer a lighter complement to the existing usDRP. As described by the World Intellectual Property Organization, “It is not intended for use in proceedings with open questions of fact or more involved legal scenarios. While the substantive criteria of the usRS are similar to the usDRP criteria, the usRS is supposed to carry a higher burden of proof for complainants.” In an attempt to ensure that there is a balance between the need of trademark owners to a fast and more cost-effective procedure, the usRS also includes a range of additional Registrant defenses over an extended time period. The only remedy a usRS panel may grant a successful complainant is the temporary suspension of a domain name for the remainder of the registration period (which may be extended by a prevailing complainant for one year at commercial rates). A transfer of the domain name, the strongest remedy in a usDRP proceeding, is not available to the Complainant in a usRS matter.

Should a panel deny a usRS complaint, the usRS proceeding is terminated without prejudice for the Complainant to proceed with an action under the UDRP or in a court of competent jurisdiction. A panel may also deem a usRS complaint “abusive,” which may result in a complainant being barred from utilizing the usRS for a period of time.

Unlike the UDRP which requires little involvement of gTLD registries, the usRS envisages much more of an active role at the registry-level. For example, rather than requiring the Registrar to lock down a domain name subject to a UDRP dispute, it is the registry under the usRS that must lock the domain within twenty-four hours of receipt of the complaint from the usRS Dispute Resolution Service Provider to restrict all changes to the registration data, including transfer and deletion of the domain names. In addition, in the event of a determination in favor of the complainant, the registry is required to suspend the domain name. This suspension remains for the balance of the registration period and queries to the domain name would not resolve to the associated website. Rather, the nameservers would be redirected to an informational web page provided by the usRS Dispute Resolution Service Provider about the usRS.

Additionally, the WHOIS would be modified to reflect that the domain name may not be transferred, deleted, or modified for the life of the registration. Finally, a successful complainant has the option to extend the registration period (and thus the suspension period) for one additional year at commercial rates.

Neustar is fully aware of each of these requirements and is fully capable of implementing these requirements in the usTLD. In fact, during the initial development of the URS, Neustar began examining the implications of the usRS on its registry operations and provided ICANN with feedback on whether the recommendations would be feasible for registries to implement.

1.4.3.3 The usTLD Sunrise Policy

Prior to the launch of the usTLD second-level space in April 2002, Neustar designed, tested and implemented an unprecedented Sunrise policy and process that helped to protect U.S. Trademark holders. Our Sunrise solution was hailed as a success and we would certainly utilize the same process in any future launch of a new space in the usTLD.

For both the second-level usTLD and kids.us spaces, the protection of intellectual property began with the implementation of a Sunrise process for qualified trademark owners. The Sunrise process implemented in the second-level usTLD space in 2002, and subsequently in kids.us in 2003, were the first of its kind to launch without any claims of fraud or wrongdoing. Unlike the launches of .info, .mobi or even .eu, the usTLD Sunrise Process was not marred by scandal or controversy. As developments in the second-level usTLD space may necessitate, Neustar will endeavor to implement a sunrise period for qualified trademark owners in the same flawless and successful manner.

Historical Application of Sunrise in Enhanced usTLD and Kids.us Domains

Sunrise Policy and Implementation

In early 2002, Neustar became the first registry operator to launch a successful authenticated Sunrise process that permitted qualified trademark owners to pre-register their trademarks as domain names in the second-level usTLD space prior to the opening of the second-level usTLD space to the general population. Unlike any other "Sunrise" plans implemented or even proposed before that time, Neustar validated the authenticity of Trademark applications and registrations with the United States Patent and Trademark Office (USPTO).

Applicants for .us and kids.us domain names during the Sunrise period needed to complete an application process that involved the submission of the standard domain name contact and

nameserver information as well as specific information relating to then-existing or pending United States trademarks or service marks ("Trademarks"). All domain name applications submitted during the Sunrise periods had to contain the following information:

- Requested domain name(s) (see below on the process for determining eligible domain names;
- Exact trademark;
- Trademark's filing date;
- Trademark's registration date (if applicable);
- Trademark's serial number;
- Trademark's registration number (if applicable);
- The name, address, telephone number, fax number, and e-mail address of the domain name Registrant, administrative contact, technical contact and billing representative
NOTE: Domain name Registrant must be either the current or original owner of the trademark application or registration);
- Assignment recorded? [Yes or No];
- Name, address, telephone number, fax number and e-mail address of a contact person regarding the Sunrise Application;
- Name servers and the IP address for each name server; and
- Confirmation of compliance with usTLD Nexus requirement

Domain names requested in the enhanced usTLD and kids.us spaces during the Sunrise periods had to:

- Exactly match the textual, word or numeric elements of the trademark application or registration on file with the USPTO. Special characters, such as spaces, ampersands, and @ symbols, were eliminated entirely (no space) or replaced with hyphens within a domain name. Additionally, the ampersand optionally needed to be replaced by the character string "AND". For example, for the kids.us Sunrise Process, if you owned a trademark application or registration for:
 - "SMITH & JONES," you could have applied for either
 - i. SMITHJONES.kids.us;
 - ii. SMITH-JONES.kids.us;
 - iii. SMITHANDJONES.kids.us; or
 - iv. SMITH-AND-JONES.kids.us.
- Contain only ASCII characters;
- Contain ONLY alphanumeric characters (letters A-Z, numerals 0-9) and/or hyphens -- no spaces, control characters, etc. were allowed;
- Contain no more than 63 characters (not including the kids.us suffix);
- Not begin or end with a hyphen;
- Not have hyphens in both the third and fourth characters positions; and

- Not have two consecutive “periods”.

Processing of applications

Submission of applications / tracking numbers—Sunrise applications were accepted on a first-come, first-served basis. Each Registrar was allowed to submit only one application to the Registry at a time in the specific format specified by the usTLD Administrator (i.e., one application per e-mail). Upon receipt of the Sunrise application, Neustar issued a unique tracking number to the Registrar that submitted the domain name application, corresponding to that particular application. All applications received tracking numbers regardless of whether they were complete or the first applications received for those particular domain names.

Comparison of trademark information—The United States Patent and Trademark information provided by the domain name applicant was reviewed by Neustar for accuracy and to ensure that the information actually corresponded to the actual trademark application or registration data on file with the USPTO. More specifically, Neustar:

- Performed a look up of the submitted serial number (also known as “application number”) in the USPTO database to identify the appropriate trademark record. If the serial number did not exist, or the number did not match the trademark contained in the application, the application was rejected.
- Checked the filing date (also known as the application date) in the USPTO database to determine if both were prior to previously established cut-off date. For example, for the kids.us Sunrise, this date was December 4, 2002 (the date the Dot Kids Act was signed into law). If the USPTO date was after the cut-off date, the application was rejected.
- Compared the submitted trademark in ASCII to the trademark in the USPTO database, ignoring spaces and special characters in the mark such as commas, dashes, and periods. If there was not an exact match, the application was rejected.
- Compared the submitted domain names to the trademark application or registration data in the USPTO database. Before the comparison, through its proprietary software, Neustar converted the USPTO trademark to a set of candidate domain names formed by removing spaces, punctuation marks, special characters, and periods and converting these to marks that did not contain a space or contained a dash. For example:
 - MP3.com become MP3com or MP3-com;
 - Barnes & Noble became barnesnoble, barnes-noble, barnes-and-noble, barnesandnoble, barnes-andnoble, or barnesand-noble;
 - excite@home became excitehome or excite-home; or
 - Nike Just Do It became nikejustdoit, nike-justdoit, nikejust-doit, nikejustdo-it, nike-just-doit, nike-justdo-it, or nikejust-do-it.
- Rejected domain name applications if any of the submitted domain names were not an exact match with one of the candidate names. If all submitted names on an application were rejected, the application was rejected.
- Compared the submitted Registrant name to the USPTO owner name. The Registrant name had to correspond to either: (i) the name of the Trademark Owner (as it appears in

the USPTO's Trademarks BIB database); or (ii) the Assignee (as it appears in the USPTO's ASSIGN database).

- Compared the status of the trademark submitted with the status in the USPTO database. Only "APPLICATION" or "REGISTRATION" was allowed.
- Rejected applications if the registration number at the USPTO did not match the registration number submitted by the applicant.
- Performed a manual look up of a "Marked Drawing Code" in the USPTO Database to ensure that the Sunrise application submitted corresponded to the textual element of a trademark (in cases where the domain name was based on a "design mark"). The trademark must have been either a Typed Drawing (Mark Drawing Code 1), or a Design Plus Words, Letters and/or Numbers (Mark Drawing Code 3). All trademarks containing a Code of 0, 2, 4, 5, or 6 in the USPTO database were rejected.

Sunrise Fees

For both the enhanced usTLD and kids.us Sunrise periods, Neustar charged a small Sunrise processing fee ("Sunrise Fee") to each of the applications for which review was required. The amount of the Sunrise Fee was determined by evaluating the number of anticipated applications in light of the costs of implementing the Sunrise Process and approved by the United States Department of Commerce. It was therefore no surprise that the Sunrise Fee was less during the enhanced usTLD launch than the kids.us launch, as fewer applications were forecast for the latter (increasing the cost per application).

Sunrise Dispute Resolution

Because of Neustar's unique and innovative approach to the Sunrise Process, coupled with actual validation of Trademarks with the USPTO, Neustar is proud to state that although a dispute resolution process was developed, this process was never invoked in either the launch of the enhanced usTLD space or the kids.us space.

Future use of the Sunrise for New Third-Level Domain Spaces

In the event that any new third-level domain spaces are introduced in the usTLD in the future, and the DOC believes that a Sunrise Period is warranted in that space, Neustar would commit to utilizing the Sunrise Process again, just as it did for the enhanced usTLD and kids.us spaces.

In order to reflect the changes that have been made in the domain name industry with the anticipation of new gTLDs, and in an effort to reduce the administrative burden on intellectual property owners, if a Sunrise Period does need to be implemented, Neustar would propose doing so utilizing the newly created Trademark Clearinghouse. The Trademark Clearinghouse is a global repository for trademark data, the first of its kind in the domain name space. Designed to meet global needs for the domain name system (DNS), Trademark Clearinghouse providers: (i) verify trademark data from multiple global regions; and (ii) maintain a database with the verified trademark records. The Trademark Clearinghouse was established specifically for the new gTLD program, but has already been used with the .pw country code and is likely to be utilized in the expansion of ccTLDs and existing gTLDs.

Prior to any launch of a Sunrise Process, Neustar would submit its detailed plans, including pricing and pricing justification, to the DOC for its review and ultimate approval.

1.4.4 Existing Policy Frameworks and Best Practices (C.5.1.iv)

1.4.4.1 Best Practices for ccTLD Administration

As the Registry Operator for the usTLD, Neustar takes seriously its responsibility under both RFC 1591 and the GAC Principles to act as the trustee for the delegated ccTLD, serving both the local Internet community as well as the global Internet community.

Since assuming responsibility as Registry Operator for the usTLD in October 2001, Neustar has fully complied with best practices for ccTLD Administration including, without limit, RFC 1591 and all relevant ICANN Government Advisory Committee (GAC) principles and procedures.

Neustar recognizes, consistent with Government Advisory Committee Principles and Guidelines for the Delegation and Administration of Country Code Top Level Domains (2005) (the "GAC Principles") that "ultimate public policy authority over the relevant ccTLD rests with the relevant government or public authority; how this authority is exercised is determined by applicable law." Neustar administers the usTLD in the public interest under the supervision of the U.S. Department of Commerce. Our management services are grounded in the framework of US national public policy and relevant laws and regulations as determined by the U.S. Department of Commerce, which ensure effective and fair conditions of competition, at appropriate levels and scale of activity.

Throughout its tenure as the Registry Operator for the usTLD, Neustar has demonstrated its commitment to participate in the ICANN process as a partner to the U.S. Department of Commerce. Neustar is an active participant in the ICANN Country-Code Name Supporting Organization ("ccNSO") and has played a leadership role within the ccNSO and on the ccNSO Council. As an active member of the ICANN Country-Code Name Supporting Organization ("ccNSO") Neustar has actively promoted continuous improvement in ccTLD best practices. The usTLD representative on the ccNSO Council, Neustar's Deputy General Counsel Becky Burr, is the Vice-Chair of, and is a key contributor to, the work of the ccNSO's Framework of Interpretation Working Group (the "FOIWG"). This Working Group, in consultation with the GAC, is tasked with developing interpretive guidance regarding the requirements of RFC 1591 as applied to country-code TLDs.

As the usTLD representative to the ccNSO, Neustar has also been actively engaged in upholding and fostering the GAC principles. Neustar has also worked to educate and inform ccNSO members about the role of the U.S. Department of Commerce with respect to the Internet Assigned Name and Number ("IANA") functions. For example, as the usTLD representative on the ccNSO Council, Neustar contributed to the ccNSO's constructive response to NTIA's Notice of Inquiry and Further Notice of Inquiry on the IANA Functions Contract, much of which was reflected in the final requirements issued by the Department of Commerce for that contract. Neustar has also participated in numerous ccNSO workshops regarding best practices for technical management of ccTLDs.

1.4.5 Multistakeholder Consulting Process (C.5.1.v, L.6.d.vi.2)

See *Proposal Volume 1, Section 1.3.15*, Process Using the Multistakeholder Approach.

As described in detail in *Proposal Volume 1, Section 1.3.15*, Neustar proposes to create and sustain a new usTLD Stakeholder Council to facilitate stakeholder participation in the

management of the usTLD, including policy development. Neustar is particularly enthusiastic about this aspect of the 2013 RFP. Neustar proposed and created the usTLD Policy Council in 2001 in response to the Department of Commerce's first RFP for usTLD management services (the "usTLD RFP"). Although the structure of the contracts awarded in 2001 and 2007 did not support a multistakeholder policy process for the usTLD, we have long felt that this was a key missing ingredient for the long-term success of the American namespace.

The .us Top Level Domain (the "usTLD") must remain a trusted domain space for all Americans (including state and local governments, schools, libraries, businesses, and consumers) and a stable, secure, and safe environment that fosters economic growth, promotes innovation and prepares young Americans for leadership roles in the global digital economy. To do so, the usTLD requires responsible management, careful oversight, and clear and reliably enforced policies. usTLD policies must also evolve and develop over time to respond to changing needs of the usTLD community, emerging technology, new ideas, and cyber security challenges.

To assist and guide policy development for the usTLD and facilitate nimble and creative evolution of the namespace, Neustar proposes to create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the many constituencies whose members have an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and participate in the management of the usTLD. Using a multistakeholder approach, the Council will provide regular feedback on usTLD management and may propose policies for the usTLD. The Council will provide a vibrant, diverse, and independent forum for future development of the usTLD, working directly with usTLD stakeholders and helping Neustar identify public needs and develop policies, programs, and partnerships to address those needs.

Proposal Volume 1, Section 1.3.15 contains the Charter for the proposed Council and describes in detail:

- The goals of the Council;
- The principles that will guide the Council's work and the procedures that will govern its operation and its interactions with Neustar;
- The initial make-up of the Council, terms of service, and the manner in which members of the Council will be selected (including through individual expressions of interest);
- Initial operating procedures for the Council;
- The scope of the Council's authority;
- Procedures for Council deliberation and decision-making, including community outreach and consultation;
- Procedures for Neustar's receipt, consideration, and proposed adoption of Council recommendations;
- DOC approval processes;
- Policies and procedures related to transparency and conflicts of interest;
- Neustar support for Council activities including the provision of Secretariat services and a dedicated staff resource (Manager of Public Participation) to manage community outreach and consultation for the Council; and

- A list of deliverables and milestones to ensure successful implementation of multistakeholder participation in the usTLD.

1.4.6 Implement and enforce policies concerning: (C.5.1.vi)

1.4.6.1 Data Rights and Use (C.5.1.vi.a)

Relevant policies provided in *Proposal Volume 1, Attachment 2*:

- usTLD Privacy Policy
- usTLD Registry Operator Code of Conduct
- Neustar Code of Business Conduct

Throughout our tenure as Registry Operator for the usTLD, Neustar has developed and implemented clear policies regarding Data Rights and Use and incorporated those policies into the Registry Operator for the usTLD-Registrar agreement and Neustar's usTLD Code of Conduct. Our practices regarding use of Registrant data are also clearly reflected in Neustar's Online "Privacy Center," our public facing Privacy Principles, and our layered Privacy Policy, which is posted and publicly available from the usTLD website. We disclose the following information on our public websites including www.neustar.us and www.neustar.biz.

Domain Name Registry Services. *When you register a domain name, your Registrar will collect certain information, including your name, address, contact information, and the IP address of the servers on which your domain name is hosted. As the Registry Operator for .BIZ and .US, and as the registry service provider for other top level domains, Neustar collects this information, known as "WHOIS Information" from Registrars, and makes it available online in the WHOIS database.*

Neustar uses WHOIS Information and other information collected in the course of providing registry services to: comply with policy requirements, law and regulation, and contractual obligations; investigate and respond to complaints of abusive conduct; and enforce registry policies related to, without limitation: WHOIS accuracy, the use of proxy and/or privacy registration services, limitations on registration, and prohibitions against the use of domain names to distribute malware, operate botnets, or engage in phishing, piracy, intellectual property infringement, fraud or deceptive practices, counterfeiting or other activity that is contrary to applicable law.

Neustar reserves the right to use and disclose this information as needed to provide the domain registry services, identify and respond to cyber security threats, protect our rights and the rights of third parties, and as required by law. In addition, Neustar may from time to time collect and aggregate demographic data or statistical analysis and other research, but does not disclose Personal Information in that process.

Neustar's proposed RAA/RRA also incorporates this privacy disclosure as a standalone exhibit. Neustar's corporate culture of rigorous neutrality helps to maintain the trust of usTLD Registrars, Delegated Managers, and end users. A key component of Neustar's neutrality is our commitment to protection of privacy and the recognition that we do not own our customers' data or data provided to us through our administration of the usTLD registry.

Neustar's Corporate Code of Conduct as well as the usTLD Registry Operator's Code of Conduct prohibits the use of data obtained from Registrars and Delegated managers, other than for purposes of providing usTLD services, as set forth in the Registry-Registrar Agreement and disclosed in the usTLD Privacy Policy. Neustar will continue to abide by these requirements, including the updated usTLD Registry Operator Code of Conduct described in further detail in *Proposal Volume 1, Section 1.4.7* below.

1.4.6.2 Publicly Accessible, Accurate, and Up-to-Date WHOIS Database (C.5.1.vi.b, L.6.d.vii)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- usTLD WHOIS Accuracy Program Specification
- usTLD WHOIS Specification
- usTLD Data Retention Specification
- usTLD Registrar-Registrant Specification

Compelling Interest in a complete, accurate WHOIS – The usTLD community and the U.S. Government each have a compelling interest in ensuring that its national country-code top-level domain, the usTLD, is administered in a secure manner and that the information contained within the usTLD is accurate, reliable and up-to date. One of the mechanisms to ensure the integrity of the usTLD is the maintenance of a complete and accurate WHOIS database.

In addition, a complete and accurate WHOIS database promotes the public interest in preventing identity theft, fraud and other on-line crime, in promoting the public's ability to police its rights against unlawful copyright and trademark infringement, and avoiding technical mishaps. This includes ensuring a smooth transition of domain name holders in the event that Registrar goes bankrupt or otherwise becomes incapable of performing its contractual obligations. The government also has a compelling interest in accounting to itself and the public for the use of public assets, and ensuring that those assets are used by U.S. citizens and companies, or others with an appropriate connection to the United States, in accordance with the U.S. Nexus requirement and U.S. law.

Finally, an accurate and up-to date WHOIS database promotes the U.S. Government's compelling interest in abiding by its treaty obligations. In fact, the United States has entered into treaties with several foreign governments, including Australia, Singapore and others, in which each country has agreed to maintain an accurate, searchable database of personal contact information for Registrants in its respective country TLD.

Neustar operates a compliant WHOIS -- Since April 2002, Neustar has operated an accurate, up-to-date, and publicly accessible WHOIS database and we reaffirm our commitment to this key policy requirement.

Neustar's WHOIS service is based on a "thick data" registry model where all domain registration data is kept in the central, authoritative registry SRS database. This ensures a unified, openly accessible system for usTLD Registrant data. To accommodate the widest range of users, Neustar offers both a web-based and Port 43 WHOIS interface which can also be linked to by each usTLD Registrar that is a party to a usTLD Administrator-Registrar Agreement with Neustar.

As required in the RFP, Neustar's WHOIS service allows for multiple string and field searching through a free, public, web based interface. To thwart attempts at WHOIS data mining, Neustar's web-based interface will provide up to seventy-five (75) responses to any given query.

The usTLD Public WHOIS Output

The WHOIS query result for domain contains the following information:

- The domain name registered
- The IP address and corresponding names of the primary and secondary nameservers for the registered name
- The Registrar name and URL or, where appropriate, the identity of the delegated manager that sponsors the name
- The original creation date and term of the registration
- The name and postal address of the domain name Registrant
- The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the billing contact for the name registered
- The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the name registered
- The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the name registered
- Status values

Enforcement of Accurate Contact and WHOIS Information ("WHOIS Accuracy Program")

Contractual Requirements

The existing usTLD Registrar Accreditation Agreement requires usTLD Registrars to enter into a registration agreement with a Registrar including at least the following provisions:

- [Registrant] shall provide to Registrar accurate and reliable contact details and promptly correct and update them during the term of the [Registrant] registration, including: the full name, postal address, e-mail address, voice telephone number, and fax number if available of the [Registrant] name of authorized person for contact purposes in the case of an [Registrant] that is an organization, association, or corporation; and the data elements listed in Subsections [in the relevant subsections].
- [Registrant]'s willful or grossly negligent provision of inaccurate or unreliable information, its willful or grossly negligent failure promptly to update information provided to Registrar, or its failure to respond for over fifteen (15) calendar days to inquiries by Registrar concerning the accuracy of contact details associated with the [Registrant]'s registration shall constitute a material breach of the [Registrant]'s Registration Agreement with the Registrar and be a basis for cancellation of the [Registrant] registration.
- In addition, the usTLD Accreditation Agreement was amended in early 2005 to insert a new section that clarified and made more explicit that the provision of anonymous or proxy domain name registration services amounted to provision of inaccurate WHOIS data. The amendment provided that: "neither registrar nor any of its resellers, affiliates,

partners and/or contractors shall be permitted to offer anonymous or proxy domain name registration services which prevent the Registry from having and displaying the true and accurate data elements . . . for any registered name.”

- For the new contract period, Neustar proposes to modify the usTLD WHOIS Accuracy Program to specify additional requirements related to WHOIS accuracy and verification procedures consistent with the provisions of the 2013 ICANN Registrar Accreditation Policy and the New gTLD Registry Agreement. Neustar also proposes to create new requirements for Registrar retention of Registrant information, and to clarify Registrar obligations regarding investigation and response to reports of abusive conduct, including inaccurate and/or incomplete WHOIS data.
- The revised RAA-RAA also: provides for processes and procedures to modify the RAA/RAA as needed to implement new policies and programs adopted by the usTLD Stakeholder Council; requires additional requirements related to WHOIS accuracy and verification requirements; and creates new data retention requirements.

The usTLD Delegated Manager Agreement obligates Delegated Managers to certify that all data provided is, and will remain, true, correct, current, and complete; that the Delegated Manager will require Registrant of Locality Names to certify in their completed Registrant Agreements that all information submitted in its domain name registration application is true, correct, current, and complete. The Registration Agreement must also provide that a Registrant's willful or grossly negligent provision of inaccurate or unreliable information, its willful or grossly negligent failure promptly to update information shall constitute a material breach of the Registration Agreement and serve as a basis for cancellation of that registration.

The usTLD Locality Based Registrant Agreement requires locality Registrants to certify that all data provided by Registrant in the domain name registration application is true, correct, up to date and complete. Registrant will maintain and update, by providing notice to usTLD Administrator pursuant to this Agreement, the information contained in the domain name registration application as needed to keep such data true, correct, up to date and complete at all times.

Although the requirement for accurate WHOIS information has been in ICANN's Accreditation Agreement for Registrars in the .com, .net and .org TLDs since 1999, historically, these provisions have largely been ignored. The result has been an increase in inaccurate, false or information in those WHOIS databases. Neustar, however, has adopted provisions in its agreements with Registrars and Delegated Managers that obligate them take affirmative steps to enforce its agreements with its own Registrants. For example, Neustar requires that Registrars accept written complaints from third parties regarding false and/or inaccurate WHOIS data and requires them to investigate the accuracy of the WHOIS contact information. If the Registrar determines that the information is false, inaccurate, or not up to date, the Registrar is required to take action to either correct the deficiency or delete the domain name.

WHOIS Accuracy Program

During the current usTLD Agreement, Neustar launched a WHOIS Accuracy Program (“WAP”) aimed at increasing the accuracy of WHOIS information in the Second-level usTLD and Delegated Manager spaces. There are very few other country-code TLD operators and no

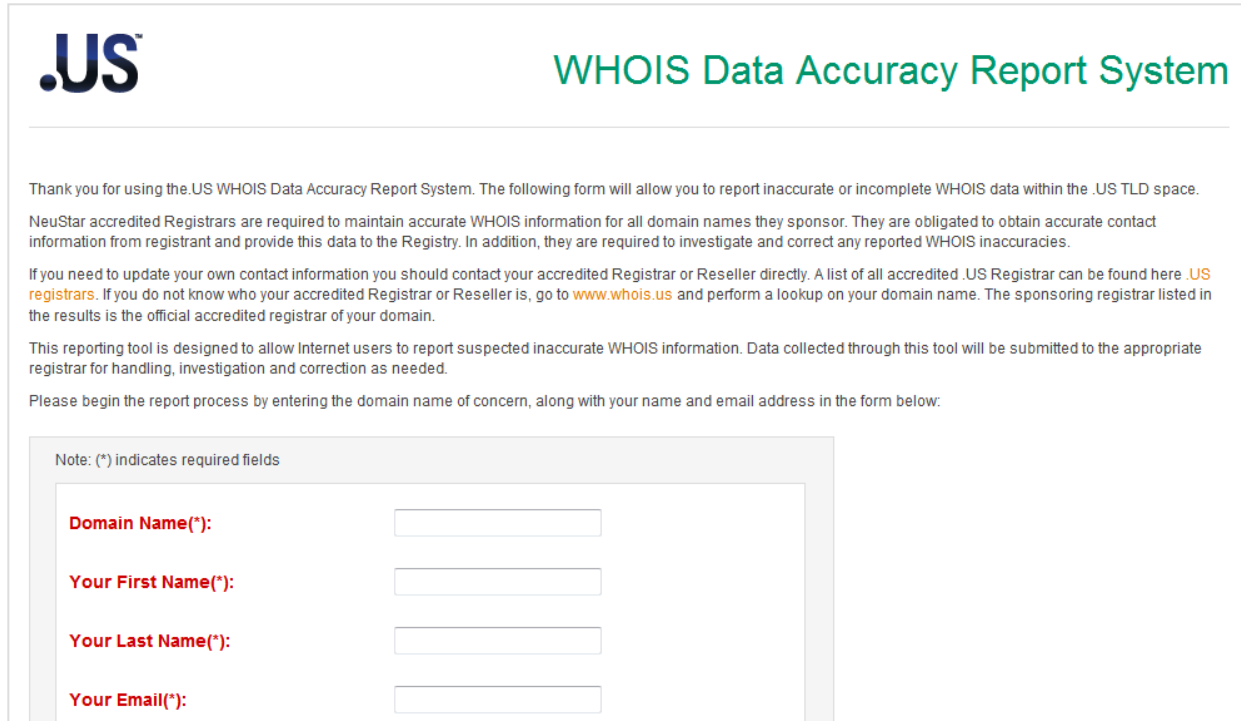
existing gTLD Registry Operators that employ such a comprehensive program to ensure accurate, reliable and up-to-date information. The existing gTLD registry operators rely almost exclusively on ICANN to maintain the database of third party complaints, reporting capabilities and enforcement mechanisms. Unlike the gTLD Registry Operators, the usTLD Administrator is responsible for providing all of this functionality on behalf of the United States Internet community. If the usTLD is transitioned away from Neustar, the successor operator will be forced to design, develop and administer its own accuracy program without the valuable experience and on the job training currently in place with Neustar's customer support, policy and legal staff. The Neustar WHOIS Accuracy Program already in place includes the following elements:

- WHOIS/Nexus Data Reminder Policy;
- WHOIS/Nexus Data Problem Report System ("WDPRS");
- WHOIS data accuracy audit;
- Semi-annual large random sampling of WHOIS records;
- Inspection of Registrars' WHOIS functionality;
- WAP Annual Report; and
- Proactive monitoring of Proxy/Privacy and Anonymous Domain Name Registrations.

WHOIS Accuracy Specification and WHOIS/Nexus Data Reminder Policy. The enhanced WHOIS Accuracy Specification in the usTLD Registrar Accreditation and Registry-Registrar Agreement (2013) obligates Registrars to confirm the existence of specified and properly formatted WHOIS data elements, to verify Registrant-provided WHOIS data using email/text/or phone technology, to take specified steps to investigate information regarding potentially inaccurate or incomplete WHOIS data.

WHOIS/Nexus Data Reminder Policy. This policy requires that Registrars present current WHOIS information to each Registrant at least annually and remind the Registrant that the provision of false data can be grounds for the cancellation of a registration. Registrants must review their WHOIS and Nexus data and make any necessary corrections. Neustar requires each Registrar to demonstrate that such notices have been delivered to their Registrants, and provides a sample reminder template for Registrar use.

WHOIS Data Accuracy Report System. The WHOIS Data Access Report System is a system that is hosted by Neustar and designed to receive and track third-party complaints about inaccurate, incomplete or proxy WHOIS data. The system asks third parties to submit the basis for their belief that the WHOIS record for the applicable name is contains inaccurate, false or incomplete contact or Nexus information. In addition, the system collects the name and e-mail address of the third party making the complaint and will confirm the third party's intent by asking the third party to confirm its complaint. All data received by Neustar through this system is forwarded to the Registrar that sponsors the domain that is alleged to contain false or inaccurate. A screen shot of the system is provided in **Figure 1.4-1**.



.US

WHOIS Data Accuracy Report System

Thank you for using the .US WHOIS Data Accuracy Report System. The following form will allow you to report inaccurate or incomplete WHOIS data within the .US TLD space.

NeuStar accredited Registrars are required to maintain accurate WHOIS information for all domain names they sponsor. They are obligated to obtain accurate contact information from registrant and provide this data to the Registry. In addition, they are required to investigate and correct any reported WHOIS inaccuracies.

If you need to update your own contact information you should contact your accredited Registrar or Reseller directly. A list of all accredited .US Registrar can be found here [.US registrars](#). If you do not know who your accredited Registrar or Reseller is, go to [www.whois.us](#) and perform a lookup on your domain name. The sponsoring registrar listed in the results is the official accredited registrar of your domain.

This reporting tool is designed to allow Internet users to report suspected inaccurate WHOIS information. Data collected through this tool will be submitted to the appropriate registrar for handling, investigation and correction as needed.

Please begin the report process by entering the domain name of concern, along with your name and email address in the form below:

Note: (*) indicates required fields

Domain Name(*):

Your First Name(*):

Your Last Name(*):

Your Email(*):

Figure 1.4-1: WHOIS Data Accuracy Report System

Consistent with the Registrars' requirement under the usTLD agreements as more fully described above, after 30 days Neustar will examine the current WHOIS data for names that were previously alleged to be inaccurate to determine if the information was corrected, the domain name was deleted, or there was some other disposition.

WHOIS Data Accuracy Audit and Report. In addition, during the current usTLD Agreement performance period, Neustar conducted an annual WHOIS data accuracy audit testing whether usTLD Accredited Registrars are investigating and correcting WHOIS and Nexus related contact details in response to inaccuracies reported through WHOIS Data Problem Report System. Neustar made each of these reports available to the Department of Commerce and will continue to do so during the next term.

Semi-Annual Sampling of Domain Names by the Registry. On our own initiative, no less than twice per year, Neustar performs a manual review of a random sampling of at least 2500 usTLD domain names to test the accuracy of the WHOIS information. Although this does not include verifying the actual information in the WHOIS record, we examine the WHOIS data for prima facie evidence on its face of inaccuracies. Registrars are required to take affirmative action in response to information suggesting the existence of inaccurate or incomplete Whois information, and the new RAA-RRA clarifies and reinforces these obligations.

Inspection of Registrars' WHOIS functionality. In addition to all of the above, no less than once per year, Neustar will perform a test of a significant number of Registrars, to ensure that each Registrar is complying with the WHOIS functionality required in the usTLD Accreditation and Registrar Agreements. This will include verifying that the Registrar is either providing a WHOIS interface directly or linking to Neustar's authoritative WHOIS service.

WAP Annual Report. On no less than an annual basis, Neustar, as the usTLD Administrator makes available to the Department of Commerce an annual report summarizing the results of the WAP initiatives described above. Neustar shall continue to provide such reports to the Department of Commerce if re-selected to serve as the usTLD Administrator.

Proactive Monitoring of Anonymous, Privacy and Proxy Domain Name Registrations.

Although prohibited under the current usTLD Registrar Accreditation Agreement, proxy, Neustar has from time to time identified anonymous and/or privacy domain name registrations (collectively, "Proxy Registrations") in the usTLD. Whether inadvertent or intentional, Neustar believes that it is the usTLD Administrator's job to proactively look for such registrations and ensure that they are either corrected to reflect the true, accurate and up-to-date owner of the registration or, alternatively, deleted. In addition, to the extent that the registrations are sponsored by Registrars (or their resellers) that have a pattern of allowing Proxy Registrations, to ensure that they are appropriately disciplined for violating the contractual terms of its accreditation.

To address the issue of Proxy Registrations, Neustar has developed an algorithm to search the entire usTLD database for Proxy Registrations. Neustar runs this algorithm on a frequent basis (at least once per month) to ensure no new Proxy Registrations have been added to the usTLD zone. If Neustar's customer support discovers that new Proxy Registrations have been registered, Neustar notifies the sponsoring Registrar about the offending domains and requires that the Registrar correct the WHOIS record with the accurate domain name Registrant information by no later than fifteen (15) days from the date of such notice. If the registration(s) are not corrected by that date, then not only with the registrations be deleted, but the Registrar will be found to be in breach of its agreement, potentially resulting in sanctions including, but not limited to, termination.

Recommendations on Revisiting the Proxy Registration Ban

A key differentiator of the usTLD space is the quality of its WHOIS data. It is critical to the reputation and integrity of the domain and provides global leadership on best practices. To the best of our knowledge, the usTLD is the only top-level domain (gTLD or ccTLD) that simply prohibits the use of privacy, anonymous or proxy services to register domain names. We believe, however, that this goal may be served without the current across-the-board prohibition on privacy/proxy registrations. So long as appropriate limits and safeguards are in place, permitting certain kinds Registrants to use accredited and accountable privacy/proxy services under certain circumstances would facilitate use of the usTLD space by individuals who are legitimately concerned about their privacy without compromising user accountability. The lack of this service, for example, discourages usTLD registrations by mature students, including for educational purposes, by families, and in connection with prospective, non-public business transactions.

Of course, any privacy/proxy service provider would need to agree to a set of best practices including, at a minimum: (a) reliable channels for communicating with U.S. law enforcement and for receiving and responding to complaints about abusive registrations, (b) the prompt relay of information from law enforcement and other third party complainants regarding the domain name to the actual Registrant, and (c) prompt disclosure of the underlying Registrant's

WHOIS information to law enforcement or third party complainants under appropriate, specified circumstances. Neustar believes that the newly proposed Stakeholder Council should consider commencing a multi-stakeholder policy process to develop the policies and processes by which entities can become accredited .us proxy service providers and the terms and conditions under which such providers would operate, including the terms and conditions governing the “relay” of information to the Registrant as well as the “reveal” of the Registrant’s actual WHOIS information. Not only would this serve the interests of the usTLD community, it could serve as a model for similar services in the gTLD space.

Neustar notes that the recent 2013 Registrar Accreditation Agreement (RAA) signed by ICANN-Accredited Registrars does contain certain guidelines and requirements for Registrars offering Proxy Registrations for existing and new gTLDs. Although the RAA does contain some provisions related to the relay of information to Proxy Registrants and circumstances on which the reveal of Registrant information is required, the RAA language was intended to serve as a placeholder for language developed through ICANN’s Generic Names Supporting Organization’s policy development process which has just within the past month commenced. Neustar is currently actively monitoring the progress of the working group, the output of which will certainly provide some valuable input into a usTLD Administrator led initiative through the usTLD multi-stakeholder policy development process.

1.4.6.3 Reserved Domain Names. (C.5.1.vi.c, L.6.d.vi.4)

Neustar has a demonstrated track record of successfully managing various groups of usTLD reserved names. Consistent with existing usTLD and ICANN policies, Neustar maintains and administers a list of certain second-level usTLD domain names reserved from registration under usTLD Contract Modification SB1335-02-W-0175

(http://www.ntia.doc.gov/files/ntia/publications/mod_4.pdf). As required by current contract, Neustar maintains a publicly accessible list of reserved domain names at the

[http://www.neustar.biz/enterprise/docs/misc/domain-name-](http://www.neustar.biz/enterprise/docs/misc/domain-name-registry/reservedlist_march2012.txt)

[registry/reservedlist_march2012.txt](http://www.neustar.biz/enterprise/docs/misc/domain-name-registry/reservedlist_march2012.txt). These names were part of a much larger list of domains that had been reserved, and included names set aside for local, state, and Federal use, names related kids.us, and names for the program set to be developed for specific public benefit. A large number of unclaimed reserved names were released to the general registration pool at the end of 2004 pursuant to contract modification

http://www.ntia.doc.gov/files/ntia/publications/mod_14.pdf. However, the program retained names that had either been claimed or were deemed too important for national, state and local government assets to be released to the general pool.

Government Reserved Name Program

Prior to the expansion of the usTLD, certain reserved names were set aside for use by local, state, and Federal use. A special program was initiated to offer designated entities within these groups the first right of refusal to register domains corresponding to their locality or Federal agency. For example, nasa.us was reserved for use by the National Aeronautics and Space Administration, whereas marincounty.us was reserved for Marin County in California, and ohio.us was reserved for the State of Ohio. Each local and Federal entity was provided the opportunity to register their domains for terms of 3 years, 5 years, or lifetime. In addition,

these entities had an option to permanently reserve the domains. At the conclusion of the program, any domain that was not registered or permanently reserved was released from the registry and made available for registration by the general public.

As of May 15, 2013, there were about one hundred 3 and 5 year registration domains and close to two thousand lifetime reservation and registration domains in the registry reserve Registrar account. The Administrator of the usTLD is responsible for acting as the Registrar for these domains, including providing ongoing customer support, delegation support, and administering various processes such as renewals and contact record updates. Under the current contract, domains held in the registry reserve account cannot be transferred out of the registry reserve Registrar account through the normal inter-Registrar transfer process.

Neustar strongly supports the reserved names program, and will continue to support Registrants who stay in the program. However, we recognize that either because they want to consolidate all their domains in one Registrar portfolio for easier management, or for the sake of finding more competitive registration rates, Registrants of domains in the program, especially those with 3 or 5 year registrations, may want to transfer their domains to other regular .us accredited Registrars. Therefore, we would be open to and will suggest that the newly proposed Stakeholder Council consider whether or not Registrants should be permitted to transfer out of the reserved names program. Neustar commits to lending its expertise and believes that Registrants will want to consider their own unique circumstance. For instance, Registrants with 50-year or lifetime registrations would be ill-advised to transfer their domains to regular Registrars who contractually can only register domains for a maximum of 10 years. For these Registrants, transferring out of the Reserve Registrar account would entail forfeiting the balance of their registration over the permissible 10-year maximum. Thus, a 50-year registration that still has 40 years left on its current registration under the reserved names program would automatically reduce to 10 years upon transferring to a regular Registrar. Additionally, a Registrant transferring a domain out of the reserved names program will automatically lose the protections offered by the reserved programs since regular Registrars do not have a mechanism for such protections. See *Proposal Volume 1, Section 1.4.6.3* for additional information on domains in this program.

Kids.us Reserved Names

In conjunction with the launch of the kids.us name space, in 2002, Neustar worked with the DOC to reserve several categories of domain names specifically for kids.us. These names could be broadly categorized as follows:

Federal websites related to children. Based on our research, there are approximately 175 websites maintained by federal government agencies that contained content for children. We reserved names that were potentially confusingly similar to these sites, and reserved them for the appropriate agency. The intent was to make sure government agencies had the right to reserve names matching those of their own child-friendly sites before speculators or “cyber-squatters” could register such names. Specifically, this list includes all sites that we found on the KIDS.GOV web portal maintained by the GSA.

State websites related to children. Most state governments operate web pages that include content for children. Neustar added such names to the reserve list to give states the right to

register them the domain names matching such state names and abbreviations needed to be reserved for registration or reservation by state governments. The intent was to make sure government agencies had the right to reserve names matching those of their child-friendly sites before speculators or “cyber-squatters” can register such names. All U.S. state and territory names, as well as their corresponding two-letter abbreviations, were included on the reserved list.

City websites related to children. Our research showed that most city governments serving a large population had web pages devoted to child-friendly material. We reserved the top 100 city names registration by city governments who wished to publish information related to children’s activities in their city. We requested that the top 100 city names be reserved, as these were prime targets for domain name speculation. The intent was to assure government agencies that they had the right to reserve names matching their child-friendly sites before speculators or “cyber-squatters” could register such names.

Registry reserved domain names. Neustar reserved a list of domain names that were to be used by the Registry to provide services to our Registrars and distribution channel. The names would stay with the Registry and increase the utility of the name space.

Generic high visibility domain names. Neustar conducted research and determined the top 100 key words (domains) related to child-friendly sites on the Internet today. These untrademarked, generic names have the highest likelihood of being targeted by domain name speculators. In order to discourage speculators and increase the brand value and usability of the name space, Neustar reserved these names and assigned them to organizations that agreed to use and promote these kids.us domain names.

Although a large number of the names that remained unclaimed also were released at the end of 2004, Neustar has continued to monitor for any .us sites that are reported to contain inappropriate material targeted at or involving kids, and expeditiously works with law-enforcement to curtail such instances. Additionally, between 2002 and June 27, 2012, Neustar worked with DOC to try and develop the KIDS.US space, pursuant to the Dot Kids Implementation and Efficiency Act of 2002, Public Law 107-317 (Dot Kids Act). Over the years that the program was in active operation, registrations rose to a high of 1505 KIDS.US domains, with 23 of them activated and providing child-friendly content. At the time of its suspension on June 27, 2012, pursuant to contract Modification #012 (http://www.ntia.doc.gov/files/ntia/publications/ustld_27_jun_2012_mod_012-1.pdf), the KIDS.US space had 628 names still registered. Of those, 6 had live websites and had Content Management System (CMS) accounts that facilitated a daily reviewing for compliance of the corresponding websites. Neustar believes that addressing the safety and educational needs of children on the Internet, either through kids.us or in other ways, must be a high priority for the administrator of the usTLD and has committed to facilitating a special committee of experts to examine this issue and report to the multistakeholder group (see *Proposal Volume 1, Section 1.8*)

All single-character labels

All two-character ISO 3166 country codes or United States Postal codes in addition to the state codes already reserved, were initially reserved to avoid conflict with the other country codes

and the states. These domains are still reserved and cannot be registered by individuals or organizations through the general registration process, nor can they be transferred. Please see further discussion of the 1 & 2 character reserved domain names in *Proposal Volume 1, Section 1.4.6.3* on maintenance of the reserve list.

Public Good Reserved Names

A second reserve name program involves developing certain generic domains for the good of the general public. At the time the space was expanded a number of generic domain names were set aside with the intention of developing them into websites for the benefit of public internet community. Administration of the reserved name development program requires specific skills and operations not normally performed by a Registry operator. We have focused on developing the zip code domains (e.g. 22314.us), as well as such domains as LIBRARY.US, PARKS.US, VOTE.US, and ZIPCODE.US into community websites containing information that can be accessed both locally and globally by interested parties. These community sites contain such unique features as a usTLD domain directory of user contributed information and clickable links to public libraries, parks, voter information, and maps within each selected region or state.

1.4.6.4 Domain Name Transfers. (C.5.1.vi.d)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- usTLD Inter-Registrar Transfer Policy
- Standard form of Authorization
- TOS Agreement: Bulk Transfer After Partial Portfolio Acquisition

Neustar strongly believes that the portability of domain names from one Registrar to another is an important facet to ensuring competition in the domain registration market. In fact, the issue of transfers is one that has been discussed at great length in the ICANN community and has been the subject of numerous formal policy development processes for the past decade. Neustar has been an active participant in those discussions.

Inter-Registrar Transfers

The latest set of transfer policies approved during the current term of the usTLD Agreement sought to address concerns that were raised about the approvals that were deemed necessary in order to transfer a name. In response to those concerns, and in order to take advantage of best practices developed by the ICANN community, Neustar adopted and implemented usTLD Transfer Policy. The policy ensures that Registrants are allowed to transfer their domain name registrations between Registrars provided that the "gaining Registrar's" transfer process meets the minimum standards set forth in the policy. It also required that Registrars' domain name transfer processes are clear and concise in order to avoid confusion. Finally, Registrars should inform Registrants of, and provide access to, the published documentation of the specific transfer process employed by the Registrars.

As part of the policy, Registrars are required to obtain confirmation from Registrants seeking to transfer their domain names via a Standard form of Authorization.³

The transfer policy also makes it clear that both the Administrative Contact and the Registrant, as listed in the usTLD Administrator's publicly accessible WHOIS service, are the only parties that have the authority to approve or deny a transfer request to the Gaining Registrar. In the event of a dispute, the Registrant's authority supersedes that of the Administrative Contact (the Registrant and the Administrative Contact are collectively referred to as the "Registered Name Holder").

Through accredited usTLD Registrars, Neustar collects a unique "AuthInfo" code from Registered Name Holders. The "AuthInfo" code is the usTLD domain Registrant's unique identifier that verifies they are the actual owner and that the transfer request is legitimate.

- Registrars must provide all Registered Name Holders with their unique "AuthInfo" code within five (5) calendar days of the Registered Name Holder's initial request if the Registrar does not provide facilities for the Registered Name Holder to generate and manage their own unique "AuthInfo" code.
- In addition, Registrars may not employ any mechanism for complying with a Registered Name Holder's request to obtain the applicable "AuthInfo" code that is more restrictive than the mechanisms used for changing any aspect of the Registered Name Holder's contact or name server information.
- The Registrar must not refuse to release an "AuthInfo" code to the Registered Name Holder solely because there is a dispute between the Registered Name Holder and the Registrar over payment.
- Registrar-generated "AuthInfo" codes must be unique on a per-domain basis. The "AuthInfo" codes must be used solely to identify a Registered Name Holder.

Neustar has determined that ongoing evaluation of the transfer policy would be beneficial to ensure that the interests of the American consumer and the internet community continue to be served. In addition, as the transfer policies implemented in the usTLD are similar in nature and scope to the transfer policies of gTLDs, Neustar would like to propose that the usTLD Stakeholder Council consider adopting some or all of the recommendations recently approved by the ICANN community as part of the Inter-Registrar Transfer Policy Development Process. Those policies can be found at <http://www.icann.org/en/resources/registrars/transfers>.

Our goal is to develop and refine a transfer policy that takes into consideration the legitimate operational and business concerns of the Registrars while protecting the needs and interests of

³ See [http://www.neustar.biz/enterprise/docs/misc/domain-name-registry/usregistrartransfer-foa-1.pdf?__utma=1.1739931444.1382621687.1384284757.1384297056.14&__utmb=1.8.9.1384298165330&__utmc=1&__utmx=-&__utmz=1.1382621687.1.1.utmcsr=\(direct\)|utmccn=\(direct\)|utmcmd=\(none\)&__utmv=1.12=Status=nusDir=1&__utmk=268024334](http://www.neustar.biz/enterprise/docs/misc/domain-name-registry/usregistrartransfer-foa-1.pdf?__utma=1.1739931444.1382621687.1384284757.1384297056.14&__utmb=1.8.9.1384298165330&__utmc=1&__utmx=-&__utmz=1.1382621687.1.1.utmcsr=(direct)|utmccn=(direct)|utmcmd=(none)&__utmv=1.12=Status=nusDir=1&__utmk=268024334).

the usTLD community by ensuring the portability of usTLD domains, the enhancement of competition at the Registrar level, and the maximization of consumer choice.

Bulk Transfer After Partial Portfolio Acquisition (BTAPPA)

In August 2012, Neustar proposed, and the DOC approved, a new policy called "Bulk Transfer After Partial Portfolio Acquisition" or "BTAPPA." Prior to the adoption of BTAPPA, Registrars were only able to transfer their entire portfolio of domain names to another Registrar without incurring a substantial fee. The new approved services addressed the business situation where only a portion of a Registrar's TLD portfolio is acquired. Thus, the BTAPPA service provides a safe and consolidated method to change sponsorship of domain names acquired from one usTLD accredited Registrar from another usTLD accredited Registrar.

The BTAPPA service permits the bulk transfer of domains between two consenting Registrars in the circumstance where one usTLD accredited Registrar purchases, by means of a stock or asset purchase, merger or similar transaction, a portion—but not all—of another usTLD accredited Registrar's usTLD domain name portfolio. Neustar performs the bulk transfer of the sponsorship of the acquired portfolio of names on a mutually agreed upon date/time within 30 days of request from the current Registrar of record to the Registrar who acquired the names.

Each BTAPPA request must be submitted to Neustar in writing and must comply with each of the following provisions:

- The Gaining Registrar, the Losing Registrar, and Neustar must mutually execute the "Terms of Service Agreement for Bulk Transfer After Partial Portfolio Acquisition (BTAPPA)"
- Gaining Registrar must already have usTLD accreditation for the usTLD.
- Gaining Registrar must have in effect at the time of transfer an Administrator-Registrar Agreement in good standing with the usTLD Administrator.
- Gaining Registrar must provide usTLD Administrator with evidence (i.e. affidavit) of the acquisition documenting closing date and Registrars involved in the acquisition.
- Both Gaining and Losing Registrar must approve the list of names subject to the Bulk Transfer prior to the change in sponsorship of names by the usTLD Administrator.
- Domain names in the following statuses at the time the Bulk Transfer is processed will not be transferred: pending transfer, redemption grace period (RGP), pending delete. Names within the 45-day auto renew grace window will be subject to bulk transfer, but the usTLD Administrator may be permitted to deny credit for those names Registrant(s) who choose to delete after the bulk transfer, but prior to the expiration of the 45-day auto renew grace window.
- Fifteen (15) days before completing the bulk transfer, the Losing Registrar must provide written notice of the bulk change of sponsorship to all domain name Registrants for names involved in the bulk transfer. This notice must include: (1) Explanation of how the WHOIS record will change after the bulk transfer occurs, (2) Customer Support and Technical Contact information of the Gaining Registrar; (3) Statement that all Transfers Rules and Policies set by the usTLD Administrator shall remain in effect.

- BTAPPA service is limited to one (1) request per Registrar or Registrar Group per six-month period. Registrar Group is defined as multiple Registrar businesses that share common ownership and/or management teams. A single request for the BTAPPA service for names held across multiple Registrar accounts held by a Registrar Group, which is party to the purchase by means of a stock or asset purchase, merger or similar transaction is permitted, however the transfer cannot occur solely within and among the Registrar businesses of a Registrar Group. Further, at least 50% of all names in the usTLD for which sponsorship will be changed, must be changed to a Registrar outside the Registrar Group.
- The usTLD Administrator has discretion to reject the request for BTAPPA Service if there is reasonable evidence that BTAPPA is being requested to avoid fees otherwise due to the usTLD Administrator.
- BTAPPA may not be requested if Gaining Registrar's request would qualify for bulk transfer under the usTLD Administrator-Registrar Agreement.

1.4.6.5 Redemption Grace Period. (C.5.1.vi.e)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- Redemption Grace Period Specification

Despite the fact that the domain name of a particular organization could be the sole source from which its income is derived or the lifeblood of its existence, domain name Registrants often do not pay attention to the expiration or renewal dates of their registrations. In response to requests by domain name Registrants caught unaware by the unintended or accidental deletion of their domain names, in May 2004, Neustar proposed a policy to the Department of Commerce that allowed for Registrants to restore expired or deleted domain registrations within a reasonable time period. The Department of Commerce in June of 2004 approved Neustar's Redemption Grace Period ("RGP") proposal and subsequently made it part of the standard usTLD Agreement. Neustar's implementation of the RGP provided the basis for what has now become an ICANN consensus policy required to be implemented by all existing and new gTLD registries. We reaffirm our commitment to this policy and recommend no changes.

Neustar's implementation of the RGP for the usTLD is fully automated and EPP-compliant. The Neustar RGP enables Registrars to restore registered usTLD domain names that have been inadvertently deleted through Registrant or Registrar error, but which are still within a designated 30-day grace period (called the Redemption Period). During the Redemption Period, the domain name is "removed from the zone;" meaning that the domain name no longer continues to resolve. It is believed that a Registrant who accidentally deleted its name or failed to renew the name prior to its final expiration would know fairly quickly that something was wrong with its name when none of the services, including e-mail or web traffic, resolved. The Registrant could then "restore" its name with its then-current Registrar, and by doing so, reconnect its non-resolving services.

More specifically, the key highlights of Neustar's RGP implementation include the following in the event a usTLD domain is deleted:

- In order to remain EPP-compliant, Neustar only uses domain statuses defined in the current EPP specifications. As such, a domain that has been deleted by a Registrar will remain in "PendingDelete" status for the shorter of 35 days or until it is restored.
- The Redemption Grace Period does not apply to domain names that are within the Add Grace Period. Thus, it would not apply to domains that have been deleted during the first five days after its initial creation.
- All domains deleted outside the Add Grace Period will be placed on PendingDelete status for a total of 35 days, after which time, the names will be purged from the Registry database and made available again for registration.
- During this PendingDelete timeframe, a domain name is only redeemable for the first 30 days, and cannot be otherwise modified. In other words, the only action allowed by the Registrar during this period is the restoration of the domain name.
- Upon being placed in PendingDelete status, a domain name will be immediately removed from the DNS, but will remain in the WHOIS with a notation about their dates of deletion in the "Last Updated Date" field.
- At the conclusion of the 30-day restoration period, the domain will remain on PendingDelete for an additional five days. During this time, the domain cannot be restored, modified, deleted, or transferred. At the conclusion of this five-day period, the domain will be purged from the Registry database.
- Neustar uses the existing EPP Renew command as the basis for the Restore command. In addition, EPP extensions will be used to capture additional required information as described below.
- Registrars may only restore a domain in order to correct unintentional deletions caused by the Registrant or Registrar. Restoring registered domains in order to assume the rights to use or sell them will be considered a violation of the Registry-Registrar Agreement.
- Registrars must verify their compliance with the intention of the RGP service by submitting a Registrar Restore Report to the Registry. The primary purpose of the report is to identify the circumstance that led to the Restore request. Neustar will take advantage of its "thick data" registry to collect the reporting data at the time the Restore command is submitted.

In addition, the following information must be submitted by the Registrar to Neustar as part of the Restore command. Failure to provide all of the following data at the time the command is submitted will result in a failure to restore the domain name:

- Written explanation and corresponding reason code as to why registered name was restored (e.g., Registrar error, dispute resolution, etc.);
- Written statement affirming that Registrar has not, unless required by law, restored the .US domain name in question in order to assume the rights to use or sell the name for itself or for any third party; and
- Written statement affirming that information in report is factually accurate to the best of the Registrar's knowledge.

Neustar will retain copies of all Registrar Restore transactions and will provide the United States Department of Commerce with such reports as requested. For the first five (5) days of the RGP, a domain name that has been deleted can be restored for a one-time fee of \$6.00; The cost of restoring a deleted name is raised to a one-time fee of \$40.00 for the remaining 25 days of the RGP.

It is also worth noting that fees associated with the restoration of a domain name through the RGP are separate and apart from the fees that are due and payable to Neustar for the registration or renewal of a domain name. Thus, if a domain name is deleted within five (5) days of the expiration of a domain name registration and a domain name Registrant would like to restore the name through the RGP, the registry would charge the Registrar the \$6 for the restoration plus \$6.00 for the renewal of the domain name. If the restoration occurs more than five (5) days after the expiration of the domain name, the registry would charge the Registrar \$40 for the restoration of the domain name plus \$6.00 for the one (1) year renewal of the domain name registration.

1.4.6.6 Domain Name Review. (C.5.1.vi.f)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- Administrative Policy Statement
- Registry Reservation of Rights Policy

In April 2002, Neustar developed and implemented the following usTLD Domain Review policy. We reaffirm our commitment to this policy (the Administrative Policy Statement, attached as an exhibit) and propose no changes.

The usTLD Administrator will follow a policy to preserve and enhance the value of the .US Internet address to all users, including, in particular, state and local governments, libraries, and K-12 schools. Given the importance of as a national public resource, certain guidelines must apply. Therefore, Neustar reviews, for possible deletion, all registered second-level and locality domain names that contain, within the characters of the domain name registration, any of the seven words identified in Federal Communications Commission v. Pacifica Foundation, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978), the "Seven Words."

Neustar also adopted the following Reservation of Rights Policy, attached as an exhibit, for the usTLD:

usTLD Administrator reserves the right to deny, cancel or transfer any registration that it deems necessary, in its discretion; (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, in compliance with any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of usTLD Administrator, as well as its affiliates, subsidiaries, officers, directors, representatives, employees, and stockholders; (4) for violations of this Agreement (including its Exhibits); (5) to correct mistakes made by usTLD Administrator or any registrar in connection with a domain name registration or (6) to prevent the use of a domain name used for the submission of unsolicited bulk e-mail, phishing, pharming, malware, bot-nets or other abuse or fraudulent purposes. usTLD Administrator also

reserves the right to freeze a domain name during resolution of a dispute either by: (i) rendering the domain name unresolvable; (ii) preventing the transfer of the domain name to another person, entity or registrar; or (iii) preventing any changes to the contact information associated with the domain name.

As the usTLD Administrator, Neustar promotes robust competition within the usTLD, including registration services, to ensure greater choice and improved services for the American business, individuals, and localities for the benefit of the nation's internet community.

In order to protect the space while providing opportunities to a wide range of Registrants, Neustar has put in place various policies to govern the usTLD space like usTLD Nexus Policy, usTLD Transfer Policy, usTLD Dispute Resolution Policy etc.

In addition Neustar follows a formalized Registration Process governed by these usTLD related policies and terms and conditions of the Registry-Registrar agreement.

In 2002 Neustar developed and implemented usTLD Administrator Reservation of Rights Policy to reasonably refuse registration of any domain name in the usTLD, which provides

As the usTLD Administrator, Neustar reserves the right to deny, cancel or transfer any registration that it deems necessary, in its discretion; (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, in compliance with any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of usTLD Administrator, as well as its affiliates, subsidiaries, officers, directors, representatives, employees, and stockholders; (4) for violations of this Agreement (including its Exhibits); (5) to correct mistakes made by usTLD Administrator or any Registrar in connection with a domain name registration or (6) to prevent the use of a domain name used for the submission of unsolicited bulk e-mail, phishing, pharming, malware, botnets or other abuse or fraudulent purposes. usTLD Administrator also reserves the right to freeze a domain name during resolution of a dispute either by: (i) rendering the domain name irrevocable; (ii) preventing the transfer of the domain name to another person, entity or Registrar; or (iii) preventing any changes to the contact information associated with the domain name.

Neustar continues to operate the usTLD Dispute Resolution Policy, as adopted by United States Department of Commerce, in accordance with all requirements of the usTLD. This policy sets forth the terms and conditions in regards to a dispute between usTLD Registrants and any party other than the usTLD Administrator or accredited usTLD Registrar. Neustar has proven its ability to successfully administer this policy and we will continue to do so throughout the new contract term.

Neustar will work closely and consult with the usTLD Stakeholder community to provide input and receive feedback on ongoing operation and management of the usTLD Registry.

1.4.6.7 Registration Abuse. (C.5.1.vi.g)

Relevant documentation provided in *Proposal Volume 1, Attachment 2*:

- usTLD Acceptable Use Policy
- usDRP Policy and Rules

- usRS Policy and Rules
- usTLD Administrator Reservation of Rights
- usTLD Administrative Policy Statement
- usTLD Registry-Registrar Specification
- Policy on Prevention of Phishing, Malware, and Botnets
- Policy on Delegated Manager DNS Inspection

Neustar is a trusted, neutral provider of real-time information and analysis to the Internet, telecommunications, entertainment, advertising, financial and marketing industries throughout the world. Neustar applies its advanced, secure technologies in routing, addressing and authentication to its customers' data to help them identify new revenue opportunities, network efficiencies, and cybersecurity and fraud protection measures.

As the trustee for an important public resource, the usTLD Administrator is responsible for the development of sound policies and procedures designed to ensure that usTLD serves the public interest and the needs of the U.S. and global Internet communities

To properly serve the public interest in the usTLD context, the usTLD Administrator must implement and enforce a variety of policies and procedures to effectively combat abusive use of usTLD registrations to harm, mislead, or confuse consumers and/or misappropriate intellectual property.

In addition to implementing the usDRP as set forth above and in *Proposal Volume 1, Section 1.4.3*, and the newly proposed usRS, both of which are designed to curb the registration or use of usTLD domain names in bad, Neustar has implemented a host of programs specifically aimed at improving the integrity of the usTLD and curbing abusive domain name practices. Neustar proposes to enhance those policies, procedures, and mechanisms going forward to create a "best-in-class" toolbox to combat abuse of the usTLD namespace. These policies and procedures include, without limitation:

1. Maintaining a 24-hour Abuse Point of Contact and requiring usTLD Registrars to do the same;
2. Ensuring readily available and easy to use mechanisms for submitting complaints about abusive use of the usTLD, and creating specific obligations requiring investigation of and response to such complaints;
3. An enhanced and expanded WHOIS Accuracy Program requiring verification of Registrant contact information, WHOIS reminder requirements, mandated investigation of information suggesting the presence of inaccurate and/or incomplete WHOIS data, and mandatory suspension of registrations associated with inaccurate and/or incomplete WHOIS data, all of which are backed up by extensive sampling of WHOIS data for proactive quality monitoring;
4. Enforceable prohibitions on the Registered Name Holder's use of the Registered Name to (i) distribute malware, (ii) abusively operate botnets, (iii) engage in phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or (iv) otherwise engage in activity that is contrary to U.S. law and clear disclosures

about the consequences of engaging in conduct prohibited by the Registry-Registrant Agreement and usTLD Specifications and Policies, including the possibility of suspension or termination of the Registered Name either by the Registrar or, in accordance with the Registry-Registrant Agreement, the Registry Operator;

5. Advanced automated systems to detect and combat phishing, bot-nets, malware and other abusive behaviors that leverage the DNS;
6. Curbing or eliminating the abuse of the add-grace period, which was originally intended to protect Registrants;
7. Removing Orphan Glue Records.

Finally, Neustar has implemented an innovative Registry Threat Mitigation Service to detect, investigate and mitigate a number of forms of the above abuse domain name activities. Below is a description of that service along with a number of reports that Neustar commits to providing the Contracting Officer during the subsequent term of the usTLD Agreement.

Abuse Point of Contact

Neustar commits to establish and publish on its website a single abuse point of contact responsible for addressing inquiries from law enforcement and the public related to malicious and abusive conduct. Neustar will also provide such information to the Contracting Officer as well as the Contracting Officer's Technical Representative at the commencement of the new usTLD Agreement. This information shall consist of, at a minimum, a valid e-mail address dedicated solely to the handling of malicious conduct complaints, and a telephone number and mailing address for the primary contact. We will ensure that this information will be kept accurate and up to date and will be provided to ICANN if and when changes are made. In addition, with respect to inquiries from usTLD Accredited Registrars, Neustar shall have an additional point of contact, as it does today, handling requests by Registrars related to abusive domain name practices. usTLD Registrars will similarly be required to provide abuse point of contact and other information consistent with the enhanced requirements of ICANN's 2013 Registrar Accreditation Agreement.

Policies Regarding Abuse Complaints

One of the key policies each new registry should have going forward is an Acceptable Use Policy that clearly delineates the types of activities that constitute "abuse" and the repercussions associated with an abusive domain name registration. In addition, the usTLD Administrator should, and currently does (i) obligate Registrars to enforce registry policies and (ii) reserve the right to take the appropriate actions based on the type of abuse. This includes locking down the domain name preventing any changes to the contact and nameserver information associated with the domain name, placing the domain name "on hold" rendering the domain name non-resolvable, transferring to the domain name to another Registrar, and/or in cases in which the domain name is associated with an existing law enforcement investigation, substituting name servers to collect information about the DNS queries to assist the investigation.

Although Neustar has clearly laid out what practices are acceptable and which are not throughout the Registrar and Delegated Manager Agreements, we propose to bring these requirements together in a single, centrally published, and comprehensive Acceptable Use

Policy. The usTLD Acceptable Use clearly defines the types of activities that will not be permitted in the usTLD and reserves the right to lock, cancel, transfer or otherwise suspend or take down domain names violating the Acceptable Use Policy and allow the usTLD Administrator where and when appropriate to share information with law enforcement. Each usTLD Accredited Registrar must agree to pass through the Acceptable Use Policy to its Resellers (if applicable) and ultimately to the TLD Registrants.

Below is the usTLD Administrator Acceptable Use Policy that Neustar intends to use in connection with the usTLD.

usTLD Acceptable Use Policy

1. *By registering a name in the usTLD, you represent and warrant that you will not use that registration for any illegal purposes, including without limitation, to:*
 - a. *Distribute malware or engage in malicious hacking, botnetting, phishing, pharming, fast flux hosting, fraudulent or deceptive practices;*
 - b. *Use, promote, encourage the promotion of, or distribute child abuse images or engage in the exploitation of minors in any way;*
 - c. *Illegally sell or distribute pharmaceuticals;*
 - d. *Infringe the intellectual property rights of any other person or entity including, without limitation, counterfeiting piracy or trademark or copyright infringement;*
 - e. *Impersonate any person or entity, or submit of information on behalf of any other person or entity, without their express prior written consent;*
 - f. *Violate the privacy or publicity rights of any other person or entity;*
 - g. *Promote or engage in any spam or other unsolicited bulk email;*
 - h. *Distribute software viruses or any other computer code, files or programs designed to interrupt, destroy, or limit the functionality of any computer software, hardware, or telecommunications equipment or computer or network hacking or cracking;*
 - i. *Interfere with the operation of the usTLD or services offered by the usTLD; or*
 - j. *Otherwise engage in activity that is contrary to U.S. law or usTLD Policies.*
2. *By registering a name in the usTLD:*
 - a. *You represent and warrant that you have provided current, complete, and accurate information in connection with your Registration, and that you will correct and update this information to ensure that it remains current, complete, and accurate throughout the term of any resulting Registration or Reservation. Your obligation to provide current, accurate, and complete information is a material element of this Agreement, and the usTLD Registry Operator reserves the right to immediately deny, cancel, terminate, suspend, lock, or transfer any Registration if it determines, in its sole discretion, that the information is materially inaccurate;*

- b. *You consent to the collection, use, processing, and/or disclosure of your personal information in the United States and in accordance with the usTLD Privacy Policy posted on the usTLD website at www.neustar.us;*
 - c. *You agree to submit to proceedings commenced under the usTLD Domain Name Dispute Resolution Policy ("usDRP"), and the usTLD Rapid Suspension Service ("usRS"), each as described on the UsTLD website at www.nuestar.us. You further agree to abide by the final outcome of any of those processes, subject to any appeal rights provided in those processes or the law, and you hereby release the usTLD Registry Operator, its affiliates and service providers from any and all direct or indirect liability associated with such dispute resolution processes.*
3. *By registering a name in the usTLD:*
- a. *You acknowledge and agree to abide by all usTLD Policies set forth on the usTLD website at www.nuestar.us. You specifically acknowledge and agree that the usTLD Policies may be modified by the usTLD Registry Operator, and agree to comply with any such changes in the time period specified for compliance;*
 - b. *You acknowledge and agree that the usTLD Registry Operator reserves the right to disqualify you or your agents from making or maintaining any Registrations or Reservations in the usTLD if you are found to have repeatedly engaged in abusive registrations, in its sole discretion;*
 - c. *usTLD Administrator reserves the right to deny, cancel or transfer any registration or transaction, or place any domain name(s) on registry lock, hold or similar status, that it deems necessary, in its discretion if it reasonably concludes that the domain name is being used in a manner that appears to (i) threaten the stability, integrity or security of the usTLD, the DNS or the global Internet, or any of its registrar partners and/or (ii) put the safety and security of any registrant or user at risk. The process also allows the Registry to take proactive measures to detect and prevent criminal conduct or cybersecurity threats.*
 - d. *You acknowledge and agree that the usTLD Registry Operator reserves the right, in its sole discretion, to take any administrative and operational actions necessary, including the use of computer forensics and information security technological services, among other things, in order to implement the Acceptable Use Policy. In addition, the usTLD Administrator reserves the right to deny, cancel or transfer any registration or transaction, or place any domain name(s) on registry lock, hold or similar status, that it deems necessary, in its discretion:*
 - *to enforce usTLD Policies, as amended from time to time;*
 - *to protect the integrity and stability of the usTLD Registry Operator, its operations, and the usTLD;*

- *to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the usTLD Registry Operator or you;*
 - *to establish, assert, or defend the legal rights of the usTLD Registry Operator or a third party, or to avoid any liability, civil or criminal, on the part of the usTLD Registry Operator as well as its affiliates, subsidiaries, owners, officers, directors, representatives, employees, contractors, and stockholders;*
 - *to respond to violations of this policy;*
 - *to correct mistakes made by the usTLD Registry Operator or any Registrar in connection with a Registration or Reservation; or*
 - *as otherwise provided herein.*
- e. *You agree to indemnify to the maximum extent permitted by law, defend and hold harmless the usTLD Registry Operator, its affiliates and service providers, and each of their respective directors, owners, officers, employees, contractors, and agents, from and against any and all claims, damages, liabilities, costs and expenses, including reasonable legal fees and expenses, arising out of or relating to your use, operation, Registration of any name and/or website in the usTLD.*

The usTLD Registry Operator reserves the right to modify, change, or discontinue any aspect of its services, agreements, this Acceptable Use Policy.

Enforcement of Accurate Contact, Nexus, and WHOIS Information

An aggressive WHOIS enforcement program is one of the best ways to deter abusive registration practices. A complete and accurate WHOIS database promotes the U.S. government's interest in preventing identity theft, fraud and other on-line crime, in promoting the public's ability to police its rights against unlawful copyright and trademark infringement, and avoiding technical mishaps.

As further discussed in above during the current term of the usTLD Agreement, Neustar launched a comprehensive WHOIS Accuracy Program. As part of the WAP, Neustar recommends implementing the following proven successful programs implemented by ICANN, including:

WHOIS Accuracy Specification, including:

- WHOIS Data Reminder Policy;
- WHOIS accuracy and verification Requirements
- Duty to investigate and respond to complaints regarding WHOIS inaccuracy
- Duty to either verify information manually or suspend the registration until such time as Registrar has verified the applicable contact information

WHOIS/Nexus Data Reminder Policy, which requires that a Registrar present current WHOIS information to each Registrant at least annually and remind the Registrant that the provision of false data can be grounds for the cancellation of a registration;

WHOIS/Nexus Data Problem Report System is a Neustar-designed system that receives and tracks third party complaints about inaccurate, incomplete or proxy WHOIS data;

WHOIS Data Accuracy Audit and Report, under which Neustar undertakes a WHOIS data accuracy audit during each year of the contract that will test whether usTLD Accredited Registrars are investigating and correcting WHOIS and Nexus related contact details in response to inaccuracies reported through WHOIS Data Problem Report System;

Semi-Annual Sampling of Domain Names, whereby Neustar will perform a manual review of a large number of domain names, randomly selected, to test the prima facie accuracy of WHOIS records;

Inspection of Registrar WHOIS Functionality, through which Neustar enforces a Registrar's requirement to either provide a WHOIS interface or link to Neustar's authoritative WHOIS service;

WAP Annual Report, presented to the DOC, describing the results of the WAP initiatives described above; and

Proactive Monitoring of Ban on Proxy Registrations, where Neustar employs a proven algorithm to detect the inadvertent or intentional registration of proxy, anonymous and/or private domain name registrations, and enforces a Registrar's obligations to the usTLD Administrator.

Prevention of Phishing, Malware, Botnets and other abusive DNS practices

Neustar believes that the usTLD Administrator must not only aim for the highest standards of technical and operational competence, but also needs to act as a steward of the space on behalf of the U.S. government in promoting the public interest.

One of those public interest functions for a responsible domain name registry includes working towards the elimination of fraud and identity theft that result from phishing, pharming, and email spoofing of all types involving the DNS. In addition, although traditionally bot nets have used Internet relay chat (IRC) servers to control registry and the compromised PCs, or bots, for DDoS attacks and the theft of personal information, an increasingly popular technique, known as fast-flux DNS, allows botnets to use a multitude of servers to hide a key host or to create a highly-available control network. This ability to shift the attacker's infrastructure over a multitude of servers in various countries creates an obstacle for law enforcement and security researchers to mitigate the effects of these botnets. But a point of weakness in this scheme is its dependence on DNS for its translation services. By taking an active role in researching and monitoring these sorts of botnets, Neustar has developed the ability to efficiently work with various law enforcement and security communities to begin a new phase of mitigation of these types of threats.

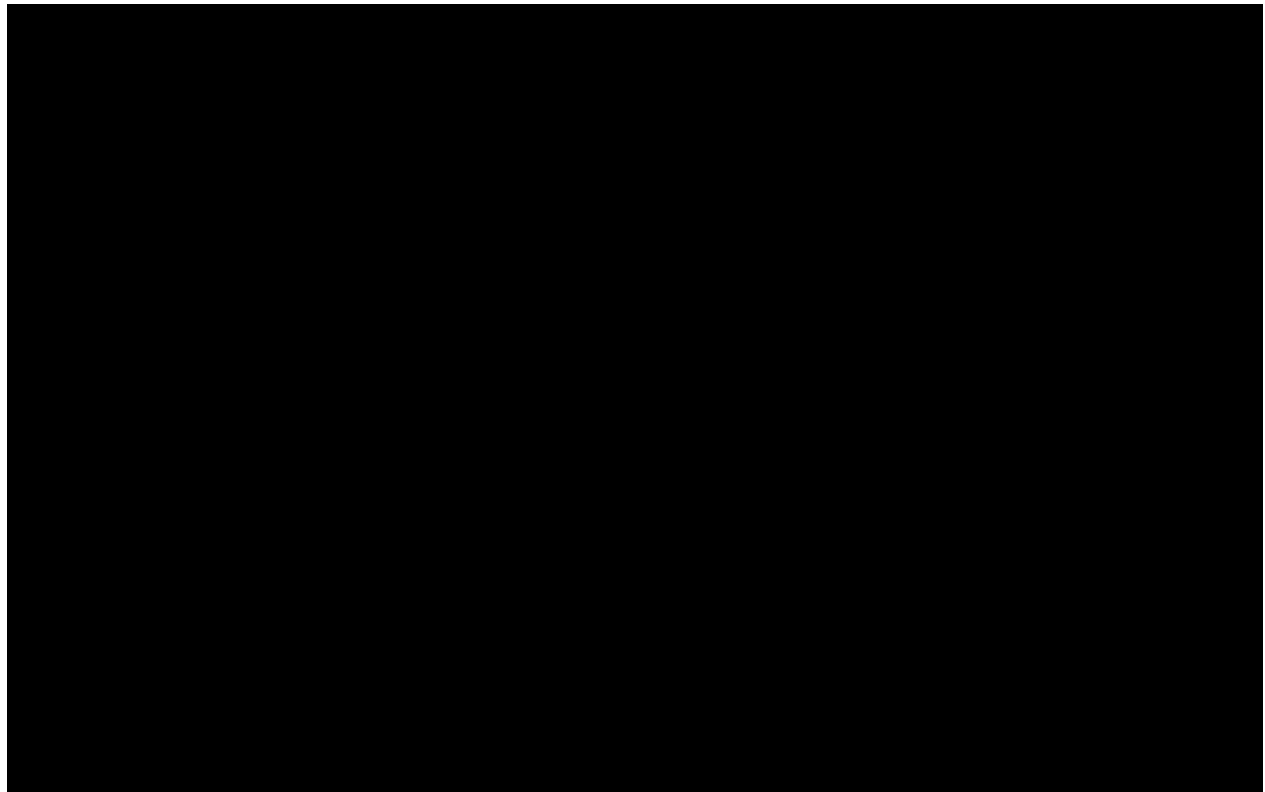
The usTLD Administrator must have the policies, resources, personnel, and expertise in place to combat such abusive DNS practices. Neustar, as the usTLD Administrator, is at the forefront of the prevention of such abusive practices and is the only known registry operator to have actually developed and implemented an active "domain takedown" policy. Neustar's program not only detects malicious activity, but thoroughly investigates such activity to ensure that the complained of activity is actually going on, and then finally takes remedial action. No other registry operator has been known to implement as comprehensive of processes to effectively combat these issues.

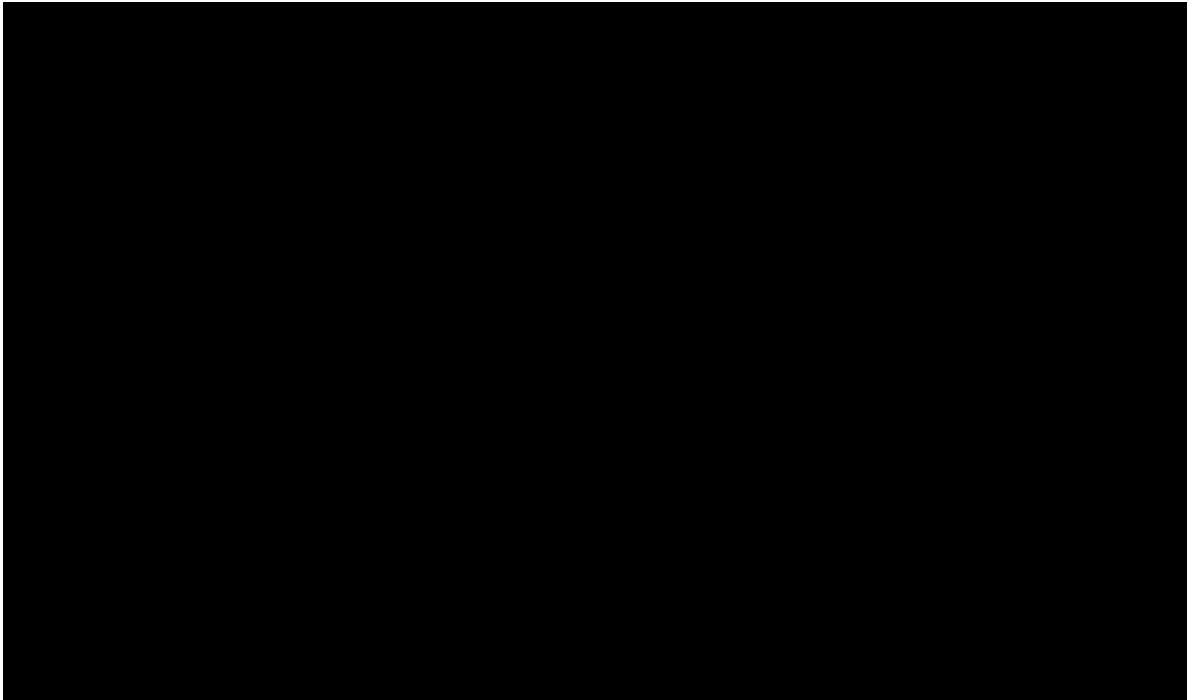
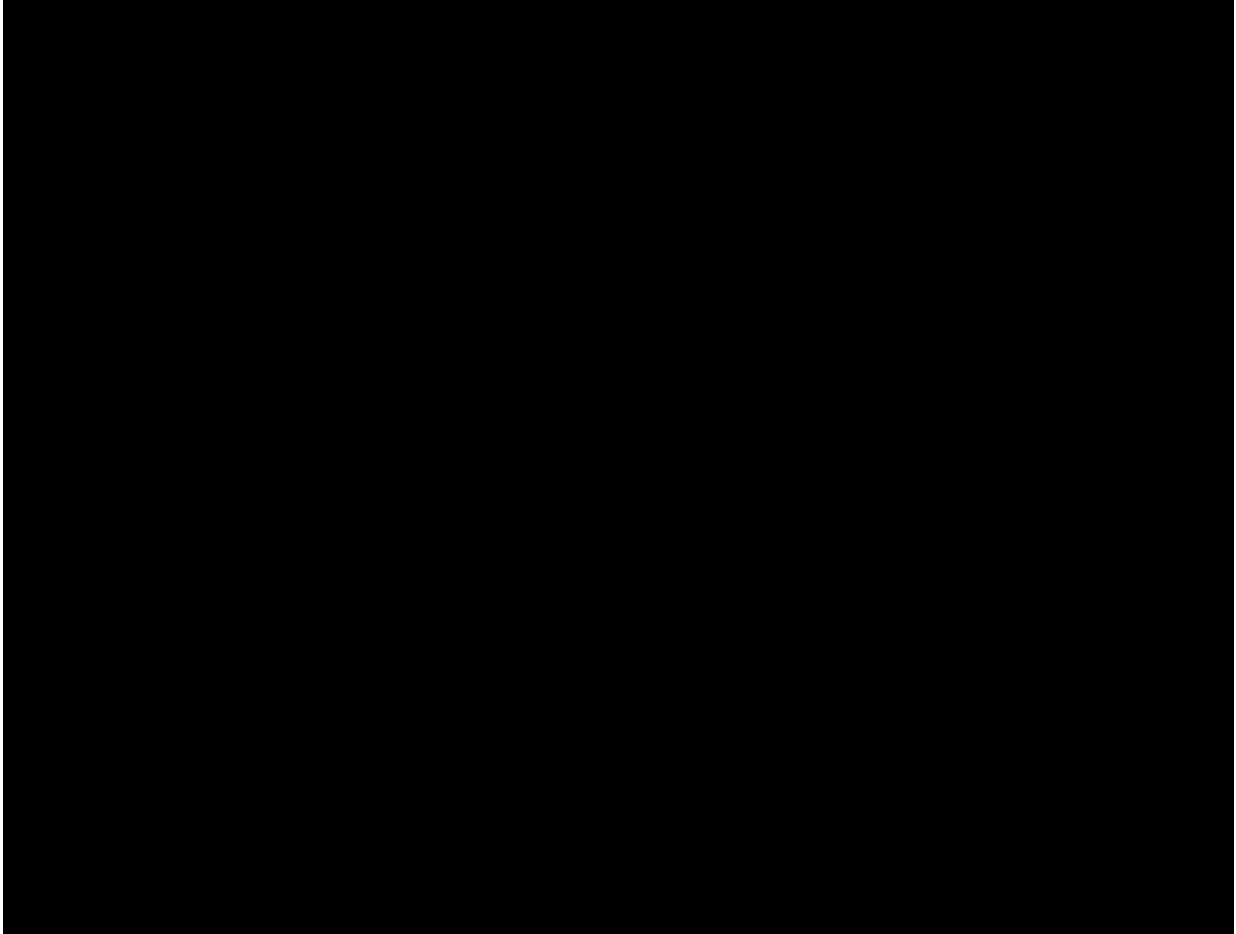
Neustar's active prevention policies stem from the notion that Registrants in the uTLD have a reasonable expectation that they are in control of the data associated with their domains, especially its presence in the DNS zone. Because domain names are sometimes used as a mechanism to enable various illegitimate activities on the Internet (including malware, bot command and control (C&C), pharming, and phishing) often the best preventative measure to thwart these attacks is to remove the names completely from the DNS before they can impart harm, not only to the domain name Registrant, but also to millions of unsuspecting Internet users.

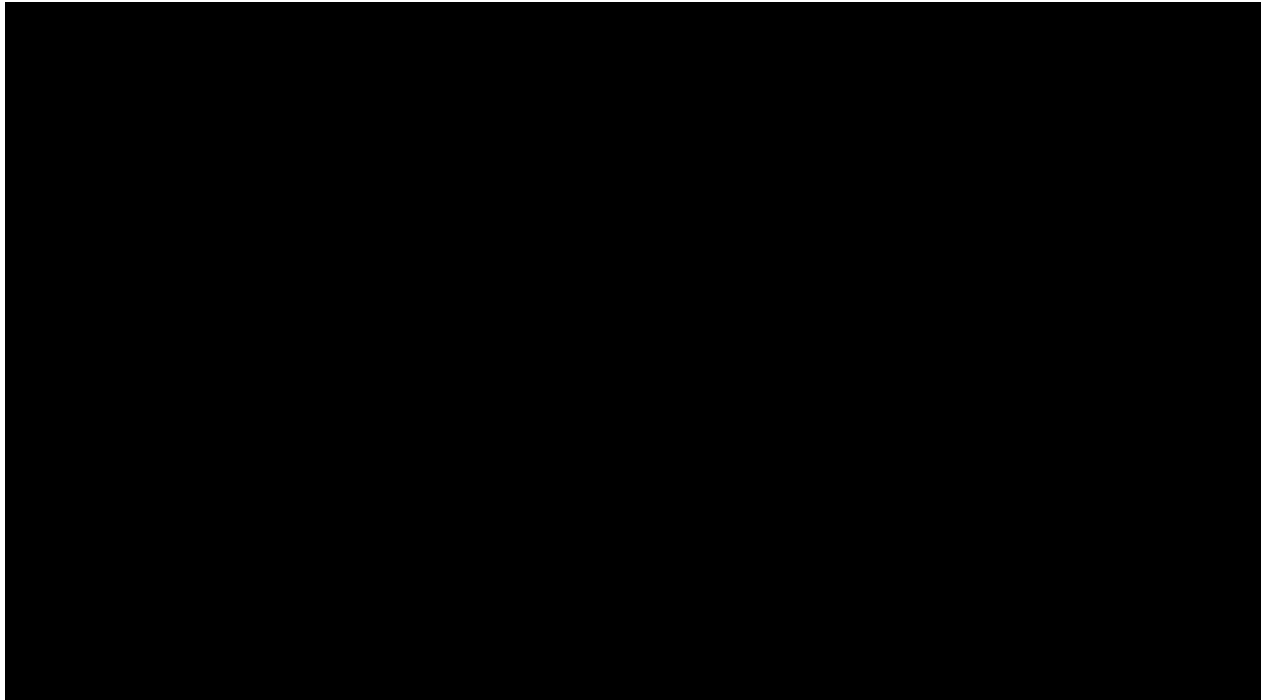
Removing the domain name from the zone has the effect of shutting down all activity associated with the domain name, including the use of all websites and e-mail. Thus, the use of this technique should not be entered into lightly. Neustar, therefore, has an extensive, defined, and documented process for taking the necessary action of removing a domain from the zone when its presence in the zone poses a threat to the security and stability of the infrastructure of the Internet or the Neustar registry. Neustar has been successfully implementing this first-of-its kind program since 2006.

Monitoring for Malicious Activity

Neustar's proven and innovative approach is quite different from a number of other ccTLD and gTLD Registries and the results have been not only exceptional, but unmatched. Neustar targets verified abusive domain names and removes them within 12 hours regardless of whether or not there is cooperation from the domain name Registrar. This is because Neustar has determined that the interest in removing such threats from the consumer outweighs any potential damage to the Registrar/Registrant relationship.

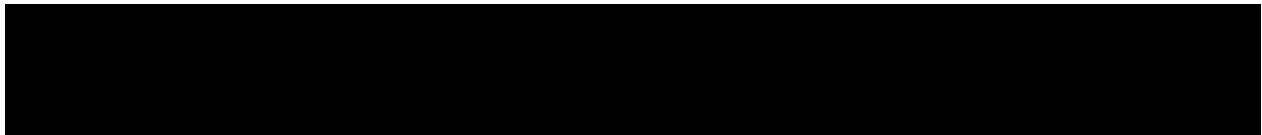






Coordination with Law Enforcement & Industry Groups

Neustar also has extensive experience with industry-leading abusive domain name and malicious monitoring program and our close working relationship with a number of law enforcement agencies, both in the United States and internationally. [REDACTED]



Neustar is also a participant in a number of industry groups aimed at sharing information amongst key industry players about the abusive registration and use of domain names. These groups include the Anti-Phishing Working Group, DNS-OARC and the Center for Safe Internet Pharmacies, where Neustar was one of the founders and continues to service on the Board of Directors. In addition, Neustar's Jeff Neuman served for three years as an Executive Officer of CSIP. Through these organizations and others, Neustar shares information with other ccTLDs, gTLD registries, Registrars, law enforcement, security professionals, etc. not only on abusive domain name registrations within its own TLDs, but also provides information uncovered with respect to domain names in other registries' TLDs. Neustar has often found that rarely are abuses found only in the TLDs for which it manages, but also within other TLDs, such as .com and .info. Neustar routinely provides this information to the other registries so that it can take the appropriate action.

Neustar affirms its commitment to take reasonable steps to investigate and respond to reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of its TLD. Neustar will respond to legitimate law enforcement inquiries within one business day from receiving the request. Such response shall include, at a minimum,

an acknowledgement of receipt of the request, Questions or comments concerning the request, and an outline of the next steps to be taken by Neustar for rapid resolution of the request.

Abusive Use of Add Grace Period: Domain Name Tasting – Neustar Solutions Solves the Problem

Although several proposals were initially presented by the global internet community, Neustar's innovative solution not only preserved the integrity and intent of the original rationale behind the AGP, but also virtually eliminated domain tasting as a widespread practice.

The Problem

By way of background, the Add Grace Period (AGP) is used by most prominent ccTLD and gTLD registries, including .us, .uk, .biz, .com, .net and .org. The original intent of the AGP was to allow the no-cost cancellation of a domain registration when Registrants or Registrars mistyped or misspelled domain names during the registration process. In addition, AGP can also be used by Registrars to correct system errors. For example, if names are erroneously added at the registry, the fees can be refunded to the Registrar if the names are deleted during the AGP. AGP may help Registrars recover some losses from failed payment transactions or fraud cases, although many of these types of scenarios extend beyond the first five days of registration.

In the mid-2000s, the growth of Internet advertising and overall Internet usage has helped the emergence of “traffic” businesses that make heavy use of domain names. By registering many domain names, generating many websites, and attracting users (“traffic”), Registrants can profit.

“Domain tasting” was a first step in a monetization practice previously employed by Registrants to use the five day add-drop grace period (“AGP”) to register domain names in order to test their profitability. During this “tasting” period, Registrants conduct a cost-benefit analysis to determine if the tested domain names return enough traffic that can be monetized to offset the registration fee paid to the registry over the course of the registration period. Critics of domain tasting argued, however, that such practice amounts to the “systematic exploitation” of the AGP to gain access to domain names without cost. In addition to domain tasting is a phenomena known as “Domain Kiting” in which a Registrant is continuously able to register a domain name, drop it within the five-day AGP, and re-register the domain name at no net cost.

Prior to Neustar's implementation of its innovative solution introduced first in its operation of the .biz top-level domain, and subsequently in the usTLD, Neustar noticed that Registrars that have been “known gTLD tasters” began to participate in this practice in the usTLD.

Critics of domain tasting argued that the negative consequences associated with domain tasting/kiting, include:

- **Threatening Destabilization of the Domain Name System** – The tremendous volume and rate of registrations and deletions associated with tasting and kiting is described as placing operational loads on Registry systems that are orders of magnitude above steady-state operations.
- **Facilitation of Trademark Abuse** – Automated registration systems permit registration of virtually every typographical permutation of a trademark in order to test for traffic,

facilitating trademark infringement on a massive level. Further, by the time the trademark owner discovers that a domain name identical or similar to its trademark has been registered, it is often too late for the trademark owner to act, as the domain name has already been deleted, along with the WHOIS data.

- **Facilitation of Criminal Activity** – Due to the transient nature of AGP-deleted registrations, it is difficult for law enforcement to trace the Registrant of tasted domains, which makes these domains ideal candidates for phishing, pharming, and other forms of internet fraud.

Neustar Initiative Solves the Problem and Eliminates the Abuse of the Add/Drop Period

Although several proposals were initially presented by the global internet community, Neustar's innovative solution not only preserved the integrity and intent of the original rationale behind the AGP, but also virtually eliminated domain tasting as a widespread practice. Neustar's solution, implemented in the 2012 uTLD Administrator-Registrar Agreement, allows a Registrar each month to delete up to (i) 10% of its new registrations or (ii) fifty (50) domain names, whichever is greater. Neustar based the limit of 10% on observations of known, legitimate Registrars deleting up to 8 or 9% of new registrations each month.

For example, if a Registrar registers 1,000 new domain name registrations in a given month and deletes 150 names, at the end of the month, the Registrar receives a credit from Neustar for the deletion of 100 of those domain names (10% of 1000), but not for the additional 50 names. Recognizing that a small number of deletions by a Registrar that does a smaller volume of new registrations could be adversely impacted by the percentages, we allow each Registrar to delete up to 50 uTLD domain names during AGP regardless of the Registrar's size. Thus, a Registrar that registers 250 uTLD domain names in a given month is permitted to delete up to 50 domain names during AGP at no charge despite the fact that this would be 20% of its total monthly registrations.

Neustar believed that requiring domain name tasters to pay full price for any domain names deleted above the 10% threshold would increase the costs of domain tasting so much that it would greatly exceed any potential benefits to the domain tasters. Neustar's belief was proven correct and we have seen very little if any domain tasting in the uTLD since implementation of Neustar's proposal was approved by the Department of Commerce.

Measures for Removal of Orphan Glue Records

As the Security and Stability Advisory Committee of ICANN (SSAC) rightly acknowledges, although orphaned glue records may be used for abusive or malicious purposes, the "dominant use of orphaned glue supports the correct and ordinary operation of the DNS."

While orphan glue often support correct and ordinary operation of the DNS, we understand that such glue records can be used maliciously to point to name servers that host domains used in illegal phishing, botnets, malware, and other abusive behaviors. Problems occur when the parent domain of the glue record is deleted but its children glue records still remain in DNS. Therefore, when the Registry has written evidence of actual abuse of orphaned glue, the Registry will take action to remove those records from the zone to mitigate such malicious conduct.

Neustar runs a daily audit of entries in its DNS systems and compares those with its provisioning system. This serves as an umbrella protection to make sure that items in the DNS zone are valid. Any DNS record that shows up in the DNS zone but not in the provisioning system will be flagged for investigation and removed if necessary. This daily DNS audit serves to not only prevent orphaned hosts but also other records that should not be in the zone.

In addition, if Neustar becomes aware of actual abuse on orphaned glue after receiving written notification by a third party through its Abuse Contact or through its customer support, such glue records will be removed from the zone.

1.4.6.8 Other Policies. (C.5.1.vi., L.6.d.vi.5–8)

Neustar proposes to adopt the following new policies and specifications:

- usTLD Acceptable Use Policy
- usTLD Registrar Use of Resellers Specification
- usTLD Data Retention Specification
- usTLD Rapid Suspension Policy and Rules

Neustar proposes to modify the following policies and specifications:

- usTLD Nexus Dispute Resolution Rules
- usTLD WHOIS Accuracy Program Specification
- usTLD Registry Operator's Code of Conduct

In addition, we anticipate that once the Stakeholder Council proposed in *Proposal Volume 1, Section 1.3.15* is in place, it may want to consider policy development in a variety of additional areas. For example, it may be called upon to consider new policies and procedures implementing proposals to better serve children based on input from the special committee of children's educational, media, and internet experts described in *Proposal Volume 1, Section 1.8*. Policy consideration may also be appropriate in connection with the suggestions of those who commented in response to NTIA's Notice of Inquiry (the "NOI") on the usTLD rebid including, without limitation, the following:

- In response to NTIA's Notice of Inquiry with respect to the 2013 usTLD contract, the International Trademark Association recommended review of the usTLD Nexus Policy. INTA acknowledged the value in ensuring that "only those individuals or organizations that have a substantive lawful connection to the United States are permitted to register for usTLD domain names" but noted that "in a globalized economy, a person without a close connection to the United States can have a legitimate interest in doing business under a usTLD." The INTA suggested that principles of comity might be served without compromising best practices and recommended exploration of policy changes coupled with appropriate enforcement mechanisms to ensure that Registrants offering goods and services to U.S. customers are subject to jurisdiction and legal recourse in U.S. courts. (Neustar similarly suggested a review of the usTLD Nexus Policy.)
- In its comments in response to the NOI, Neustar recommended that consideration be given to relaxing the prohibition of direct registration of usTLD names through the registry, particularly in connection with specific programs aimed at non-profit

organizations and governmental entities to facilitate no/low cost registrations to achieve specified education and public policy goals. Based on our experience as the usTLD Registry Operator, we believe that some non-profit and educational organizations would be well served through a low/no cost reseller “in a box” service that would enable organization-sponsored usTLD registrations and promote innovation in the usTLD name space. While any such service would need to be carefully structured to maintain appropriate incentives for continued distribution by the usTLD Registrar community, we believe that this concept may be of interest to the usTLD Multistakeholder Stakeholder Council.

- Neustar also recommended multistakeholder review of the usTLD's ban on the use of proxy/privacy registrations in appropriately limited circumstances. In particular, we believe it may be appropriate to permit certain non-profit, educational, and/or membership organizations (e.g., the Girl Scouts of America, digital literacy education programs) to provide proxy registration services for well-supervised registrations sponsored by qualified educational and membership programs.
- Neustar will recommend Stakeholder Council review of changes to the transfer policy recently adopted by ICANN.

1.4.7 Code of Conduct (C.5.1.vii)

Neutrality is a fundamental part of Neustar's DNA, starting with the company's name. As part of our neutrality framework, we are required to comply with a code of conduct that is designed to ensure our continued neutrality. This commitment to neutrality is applied to all of Neustar's activities through the company's Code of Business Conduct. The Code of Business Conduct, adopted by the Board of Directors of Neustar has adopted the Code of Business Conduct to provide standards by which directors, officers, employees and contractors providing services to or on behalf of Neustar will conduct themselves in order to protect and promote organization-wide integrity and to enhance Neustar's ability to achieve its mission.

All Neustar employees, including those with responsibility for usTLD Administration, are required to comply with Neustar's Corporate Code of Conduct, which has been adopted by the Neustar Board of Directors and is published online at <http://www.Neustar.biz/about-us/investor-relations/code-of-conduct>. The company requires employees to report suspected Code violations to supervisors, specified executives, the Audit Committee directly or via a compliance hotline or a web-based compliance reporting form

In addition to the Neustar Code of Business Conduct, Neustar has adopted a Registry Operator Code of Conduct for the usTLD. The Registry Operator code requires Neustar to:

- 1) Administer the usTLD in the public interest, in compliance with our contractual obligations and applicable law and regulation;
- 2) Publish all policies, procedures, and requirements applicable to usTLD Registrars, Delegated Managers, and usTLD Registrant (collectively, “usTLD Users”);
- 3) Develop policies and procedures for the usTLD in consultation with usTLD Stakeholders in accordance with the usTLD Multistakeholder Process, with the goal of ensuring that usTLD policy continuously meets the needs of existing usTLD Registrants, supports a more robust, certain, and reliable DNS, enhances the user experience and utility of the usTLD space,

promotes innovation while protecting intellectual property rights, and supports ongoing discussion of and response to evolving and emerging DNS issues;

4) Apply standards, policies, procedures or practices neutrally and fairly, without singling out any usTLD Registrar, Delegated Manager, or usTLD Registrant for disparate treatment over other such users unless justified by substantial and reasonable cause;

5) Ensure that usTLD Users have equal access to administration services provided by Neustar;

6) Ensure that no data, including personal information about a usTLD Registrant or proprietary information from any usTLD Registrar or Delegated Manager is disclosed to affiliates, subsidiaries, or other related entities, or to other usTLD Users, except as necessary for the management and operations of the usTLD;

7) Not register names in the usTLD for its own use except through a usTLD Registrar unless such names are reasonably necessary for the management, operations, promotion, and other purposes of the usTLD;

8) Not disclose confidential information about its Registry Services, including proprietary information about searches or resolution requests by consumers for unregistered domain names to employees of any usTLD User (including any parent, subsidiary, affiliate, subcontractor or other related entity engaged in the provision of registry services with respect to the usTLD) with the intent of putting them at an advantage in obtaining usTLD administration services from Neustar, except as strictly necessary for the management and operations of the usTLD; and

9) Require any parent, subsidiary, affiliate, subcontractor or other related entity engaged in the provision of registry services with respect to the usTLD to maintain separate books of accounts with respect to such services.

Neustar will conduct internal neutrality reviews on a regular basis. In addition, Neustar and DOC may mutually agree on an independent party to conduct a neutrality review of Neustar, ensuring that Neustar and its owners comply with all the provisions of this Code of Conduct. The neutrality review may be conducted as often as once per year. Neustar will provide the analyst with reasonable access to information and records appropriate to complete the review. The results of the review will be provided to DOC and shall be deemed to be confidential and proprietary information of Neustar and its owners.

1.5 LOCALITY-BASED usTLD STRUCTURE FUNCTIONS (C.6, C.6.1)

Neustar's administration of the usTLD guarantees uninterrupted administrative, operational and technical support excellence of the usTLD locality-based structure, including a no-cost service for Delegated Managers and Locality Registrant. We are committed to securing agreements with every user of a usTLD locality name to ensure awareness of, and enforcement for, all usTLD policies while responsibly bringing greater accountability to the legacy space.

Highlights

- Neustar re delegated and updated the contacts of over 99% of the 12,979 delegations as part of the locality registration data accuracy compliance program;
- Neustar worked with and obtained signed Delegated Manager Agreements from 1,292 of approximately 1,300 legacy Delegated Managers;
- Neustar obtained signed Locality Registrant Agreements from 2,654 Registrants
- Neustar provides comprehensive services at no-cost to Delegated Managers and Locality Registrant;
- Neustar's continued administration of the usTLD will eliminate transition costs and risk for current users of the space while delivering exception support.

1.5.1 Introduction (C.6.1.i.a)

As responsible stewards of the usTLD, Neustar has managed the locality based domain name space since becoming the Administrator in October 2001. During this time the number of known delegated managers has grown from 800 to 1,300 and the number of locality domain names has grown to nearly 13,000. Most of this growth occurred as a result of bringing organization to the space that did not previously exist. This section discusses the current policies and procedures in place for the management of the Locality Space.

1.5.2 Provide Service for Existing Delegees and Registrants. (C.6, C.6.1.i/C.5, C.5.1)

Neustar provides a variety of services for delegated managers. In addition to providing the DNS and other support services discussed in *Proposal Volume 1, Section 1.3*, Neustar also provides 24x7 customer service for Delegated Managers and Locality Registrants via publicly available phone and email contact information. We also provide dedicated services such as a delegated manager web portal and Locality WHOIS. We are committed to our continued support of the Locality Space and each of its stakeholders.

1.5.2.1 Support for Existing Delegees and Registrants (c.6.1.i.b)

Neustar has developed and implemented procedures and tools to ensure that all delegated managers abide by the usTLD policies and that they maintain minimum technical capabilities and services. These procedures are outlined in more details below.

1.5.2.2 Delegated Manager Requirements (C.6.1.i.b.1)

Neustar created comprehensive technical and service requirements for delegated managers. The following key policies have been incorporated into the usTLD Administrator-Delegated Manager Agreement.

- No new Delegated Managers are authorized in the usTLD Locality Space. While the existing Delegated Managers perform a valuable function that has historical significance, there is little benefit to be gained by adding new Delegated Managers. Neustar's extensive experience as default delegated manager for several thousand delegations makes it the best choice for the continued fulfillment of that role.
- For existing Delegated Managers, a contractual relationship is required between each Delegated Manager and the usTLD Administrator outlining obligations and rights of both parties. Also, a contractual relationship is required between each Delegated Manager and the Registrants of locality domains outlining obligations and rights of both parties.
- As a component of that agreement, Delegated Managers are required to provide explicit levels of customer service that can be enforced, including fair and reasonable customer service response times for updates and changes to the domain record. In the event a Delegated Manager is not responsive, the usTLD Administrator retains the right to take back delegations if and when Delegated Managers do not meet their contractual obligations and after defined cure periods have passed.
- As the Registrants of the legacy domains, state and local governments have the right to take direct control of their locality delegations, if they so choose, especially where there is documented evidence of Delegated Manager unresponsiveness to service needs.
- Delegated Managers are required to report every new sub-delegation to the usTLD Administrator and add it to a master list of all delegations, and each Delegated Manager shall maintain accurate and up-to-date information in the WHOIS database. Further, Delegated Managers are required to use their delegations or relinquish them. In other words, it is the usTLD Administrator's role to enforce compliance to the prohibition against "lame delegations" that do not resolve for a specified period of time. To ensure compliance, Neustar has implemented a DNS crawler that runs once a month, logs any violations, and generates a report for follow-up.
- The usTLD Administrator also supports a process for transferring locality delegations between existing Delegated Managers, provided such transfers are coordinated directly with and approved by the usTLD Administrator in advance of the actual transfer of responsibility. Any fees charged by Delegated Managers must be fair and reasonable.
- To the extent not inconsistent with other usTLD policies, Delegated Managers are required to comply with RFC 1480 and any successor document.
- Delegated Managers are required to agree to provide equal access and support to all Registrants of locality names.
- Delegated Managers are required to comply with U.S. Nexus and other usTLD policies, and to comply with all DOC-mandated requirements.
- Delegated Managers must have a "registration agreement" with the localities that require the Locality Registrants to agree to (a) usTLD Dispute Resolution Policy and Rules, (b) usTLD Nexus Requirements, (c) Nexus Dispute Policy and Rules, and (d) Registration Review Policy (April 22, 2002)

- Delegated Managers shall obtain and supply accurate and up-to-date contact information from Locality Registrant, and the Delegated Manager must follow specific enforcement provisions to ensure accurate Registrant information.
- Delegated Managers shall agree, and shall require Registrants to agree, to allow their information to be publicly displayed in the central WHOIS database operated by the usTLD Administrator.
- Delegated Managers must agree to submit to usDRP. In addition, in the event of a dispute between the Delegated Manager and the Registrant of a locality domain, the Delegated Manager gives the usTLD Administrator permission to take back the delegation until the dispute is resolved.
- The usTLD Administrator reserves the right to deny, cancel or transfer any registration that it deems necessary, in its discretion, and the usTLD Administrator is given rights to terminate the agreement (take back the delegations) in certain events.
- The Delegated Manager Agreement contains express provisions stating that there are no third party beneficiaries.

1.5.2.3 Process for Rescinding Delegation (C.6.1.i.b.3)

In close coordination with the DOC, Neustar developed a process for rescinding delegations from any delegated managers who fail to execute the required Delegated Manager Agreement or abide by usTLD policies and minimum technical and service requirements.

Neustar identified five possible take-back scenarios that require varying approaches for completing a take-back. These scenarios were defined by the level of cooperation from the Delegated Manager (DM) of record. The take-back scenarios as proposed on January 25, 2007 were; Cooperative but unable continue to provide service, Uncooperative, Unresponsive, Unknown or Government. Those DM's that fell into one of these categories were subject to a "take-back". **Figure 1.5-1** below captures this process in graphic format:



Figure 1.5-1: usTLD Locality-space Compliance Process

usTLD Take-Back Activities

Neustar works with delegated managers and Locality Registrant to ensure they get all the needed assistance to become compliant both in terms of signing the appropriate agreement and also in ensuring that their registration data is always up-to-date. In the process of performing a take-back Neustar will execute the following steps:

- **Investigation.** Identification of delegated manager or Locality Registrant using original inherited data, online research to locate and/or verify contact data, verify accuracy of contact data.
 - If unable to verify contact then declare the DM or Registrant as unknown;

- Reach out to the verified known contacts.
- **Outreach.** Reach out to known Delegated Managers
- **Compliance.** Work with the Delegated Manager or Locality Registrant to obtain compliance by obtaining signed agreements.
- **Take-back.** Delegated Managers may decide that they want to turn over their delegation to Neustar voluntarily and for personal reasons. Others may enter “take-back” due to a refusal to comply with the above-mentioned requirements. The following table (**Table 1.5-1**) explains the process for delegated managers who are cooperative, unknown, unresponsive, uncooperative, or a government and provides more details on the Delegated Manager states.

Delegated Manager	Process
Cooperative	<ul style="list-style-type: none"> ▪ DM elects to cease operating as DM ▪ DM gives Neustar all the necessary zone file data ▪ Neustar loads zone file data into registry database ▪ DM notifies Locality Registrant of change ▪ Neustar takes on DM role and provides customer support.
Unknown	<ul style="list-style-type: none"> ▪ Neustar attempts to identify DM or Locality User ▪ Neustar contacts State Government officials with prior notice of a pending take-back. ▪ Neustar submits proposed list to DOC for take-back approval ▪ DOC responds with approval/disapproval. ▪ For approved take-backs, Neustar changes nameservers to point to a Neustar Customer Support landing page with instructions for contacting Neustar. This action will cause live sites and email to stop functioning. ▪ Neustar takes on DM role and provides customer support.
Unresponsive	<ul style="list-style-type: none"> ▪ Neustar attempts to contact known DM or Locality User ▪ DM or Locality User does not respond and has not executed an agreement. ▪ Neustar contacts State Government officials with prior notice of a pending take-back. ▪ Neustar submits proposed list to DOC for take-back approval ▪ DOC responds with approval/disapproval. ▪ For approved take-backs, Neustar changes nameservers to point to a Neustar Customer Support landing page with instructions for contacting Neustar. This action will cause live sites and email to stop functioning. ▪ Neustar takes on DM role and provides customer support.
Uncooperative	<ul style="list-style-type: none"> ▪ Neustar contacts known DM or Locality User ▪ Known DM or Locality User refuses to cooperate and states unwillingness to comply with usTLD Locality Space requirements, including execution of the applicable agreement. ▪ Neustar contacts State Government officials with prior notice of a pending take-back. ▪ Neustar submits proposed list to DOC for take-back approval ▪ DOC responds with approval/disapproval. ▪ For approved take-backs, Neustar changes nameservers to point to a Neustar Customer Support landing page with instructions for contacting Neustar. This action will cause live sites and email to stop functioning.

Delegated Manager	Process
	<ul style="list-style-type: none"> Neustar takes on DM role and provides customer support.
State or Local Government	<ul style="list-style-type: none"> Neustar contacts known DM or Locality User State Government proposes amended language. Neustar reviews proposed amended language and negotiates with State or Local Government to reach mutually acceptable language. Neustar submits proposed amended language to DOC. If accepted by DOC, the State or Local Government signs the agreement and becomes the DM for their locality names. If not accepted, we reach an impasse. Neustar submits proposed list of names to DOC for take-back approval DOC responds with approval/disapproval. For approved take-backs, Neustar changes nameservers to point to a Neustar Customer Support landing page with instructions for contacting Neustar. This action will cause live sites and email to stop functioning. Neustar takes on DM role and provides customer support. If not approved, the names remain in the current state and are pending further action.

Table 1.5-1: Delegated Manager States

In a majority of cases involving government agencies as Delegated Managers, Neustar rarely takes back a delegation, but rather works with the individual locality agency to adapt the agreement to terms that are acceptable under their local contracting rules.

To ensure full compliance with all usTLD policies, Neustar has worked and continues to work with state and local governments to secure Delegated Manager and Locality Registrant Agreements. Experience from these negotiations clearly shows that the usTLD Administrator must have the legal expertise in U.S. Government contract law to effectively and responsibly deal with state and local government officials on negotiations related to the relevant locality agreements. Only through this knowledge and experience can the usTLD Administrator balance the needs of the states and localities to comply with their own statutes and regulations, while also ensuring the effective administration and operation of the locality-based structure and the U.S. Government's need for the usTLD Administrator, to modify its policies governing the operation of the usTLD. ***Neustar is the only registry operator with such experience.***

Post Take-Back Activities

While the take-back process seems to be straight forward, each take-back is unique. Since DNS by its very nature is hierarchical and could be infinitely deep with delegations managed (or not managed) by any number of people. This creates a lot of risk in any take-back as one missed delegation could break service. The lack of good record keeping by many Delegated Managers lead to problems that have to be worked out on a case by case basis. Our technical expertise and customer service members perform forensic analysis before, during and after a take-back to attempt to limit disruption. The following are some of the tactics we learned through trial and error to use in a take-back.

1. Obtain a list of all 4th and other lower level sub-domains within each delegation, along with at least two working nameservers

2. Initiate the take-back of the respective 3rd level domain
3. Create the sub-delegations within the registry database using default registry contact data
4. Track down contacts for sub-delegations still in use, and
5. Work with those contacts to bring into compliance domains created with default contact data.

This process is slow, labor-intensive, and requires a lot of patience and understanding, especially considering that most localities have little or in many cases no knowledge of the domain name registration process. Neustar's experience and skills developed over 12 years of working with this type of customers would be hard to pass along to a new usTLD Administrator, and an extremely important constituency of the usTLD domain space would be most disadvantaged.

As an example, since CENIC, the Delegated Manager for K12.CA.US, asked Neustar back in 2009 to take back the delegation, Neustar has dedicated an incredible amount of resources and time to cleaning up the more than 1600 school district sub-domains in the delegation, and is just in the final stages of completing cleaning up the subdomains that were created from the take-back. An important aspect of this process is that it does not simply involve contacting someone associated with the domain, obtaining relevant contact information, and then updating the respective domain name. In many cases, it involves embarking on an educational process for affected locality contacts to ensure that they fully understand the process for the sake of future needs even after more technically savvy contacts leave the organization. This level of appreciation for the state and local government personnel who manage websites that facilitate community access to emergency services, law-enforcement personnel, libraries, and so forth would be lost should the usTLD Administrator role transition to another bidder.

We continually evaluate our progress, and, whenever necessary, have proposed additional procedures and/or mechanisms to facilitate the continued improvement of the Locality Space. Even though 99 percent of the Delegated Managers and Registrants currently are compliant, ongoing negotiations with the one Delegated Manager of a large number of delegations and several state and local governments that have not yet submitted their signed agreements would be hampered by a transitioning of these functions at this time and may negate the significant progress that has been made to date in bringing integrity, confidence, and contractual compliance to the space.

Serve as Delegated Manager (C.6.1.i.b.4)

Any domains and their children domains in which the delegations were taken back, given back or otherwise did not have a Delegated Manager were assigned to Neustar. Currently, domains under the locality-based structure break down as follows:

- There are just 12,979 locality domains
- Neustar is the Delegated Manager for 9,326 domains
- Neustar has received 1,292 Delegated Manager Agreements
- Neustar has received 2,654 Registrant Agreements

1.5.3 Provide Services for Undelegated Third Level Sub-Domains. (C.6, C.6.1.ii)

Neustar currently serves as Registry, Registrar, and Delegated Manager for all undelegated third-level locality domains (i.e., all third-level locality domains that do not have an assigned Delegated Manager). Additionally, under the current contract, Neustar becomes the Delegated Manager by default for any third-level locality domain whose existing Delegated Manager decides to relinquish management of an existing delegation. Over the past 12 years, several of the "large" Delegated Managers, each of which previously managed hundreds of third-level delegations on a pro bono basis, have relinquished their roles due to rising costs resulting from increased usage of the internet that requires them to regularly upgrade their servers and maintain a sizable full-time staff in order to meet their customers' support needs. Thus, in addition to providing DNS resolution, SRS registration, and WHOIS service for nearly 13,000 domains in the locality-based structure, Neustar currently serves as the Delegated Manager for 9,326 third and lower-level domains. This role requires a dedicated customer support structure that must meet stringent service level expectations regarding a wide range of issues unique to the Locality Space.

1.5.4 Maintain Modernized Locality-Based usTLD Processes (C.6, C.6.1.iii)

Neustar has developed several automation tools to manage the usTLD Locality Space as outlined in the following sections.

1.5.4.1 Delegated Manager (DM) Web Portal

Neustar built and maintains a Delegation Manager ("DM") Web Portal. The DM web portal is a user-friendly interface that allows Delegated Managers the ability to manage their domains, contacts and name servers online. Similar to a Registrar, the DM Web Portal communicates to the usTLD SRS via EPP. The portal abstracts out the EPP layer from the DM, which enables Delegated Managers to focus on the managing of their locality domains without the unnecessary complexities of the technology. The portal provides the ability for Delegated Managers to update their domains residing in the US zone. A DM can also query and check domain availability similar to what a Registrar can perform. However, DM portal prevents a DM from creating new domains or triggering any billable transactions such as renew or transfer. Delegated Managers can also create/update/delete their contacts and name servers. Neustar currently has close to 400 Delegated Managers with accounts that they use to make hundreds of online changes per year.

All updates from the DM Web Portal to the SRS are propagated to DNS and WHOIS in the same manner as normal second level domains from Registrars. The Delegated Managers therefore share the same features of dynamic real-time propagation of data.

Using the DM Web Portal, Delegated Managers can maintain WHOIS information for domains within their localities via the usTLD SRS. These domains are not in the top-level usTLD Zone but reside within delegated zones not managed by Neustar. The DM-controlled locality WHOIS data are stored in Neustar's WHOIS Locality DB.

Currently, more than 392 Delegated Managers who control about 2,280 3rd level delegations have requested and obtained DM Tool credentials.

1.5.4.2 WHOIS Locality Web Site

WHOIS Locality Web Site is a publicly available web application that allows anyone to query for WHOIS information on domain names in the usTLD Locality Space. Locality domains could reside within the usTLD SRS or within the DNS systems of a Delegated Manager depending on whether the locality is delegated to the usTLD registry or a specific Delegated Manager. Our WHOIS locality website will query both the usTLD WHOIS and the locality WHOIS service.

1.5.4.3 Locality DNS Crawler

The Locality DNS Crawler is a discovery tool Neustar created to explore the children zones of the usTLD Locality Space. Provided Delegated Managers have allowed transfers to the usTLD, as required, the locality DNS crawler will collect their locality zones and all the sub zones under it. This information, domains and nameservers, are stored in the WHOIS Locality Database. Delegated Managers can then update WHOIS information for each of the domains that they are responsible for.

1.5.5 Coordinate Locality-Based usTLD Users (C.6, C.6.1.iv)

In addition to maintaining an informational website that can be accessed by Delegated Managers, usTLD Locality Registrants, and other interested parties about the usTLD, and to facilitate discussion of issues pertinent to the operation and management of the locality-based space, Neustar has developed a usTLD blog page and bulletin board for all usTLD users, including current locality domain holders. This is discussed further in *Proposal Volume 1, Section 1.3*.

1.5.6 Maintain and Update WHOIS Database of usTLD Delegated Managers. (C.6, C.6.1.v)

Neustar currently maintains and updates the available public WHOIS database of usTLD Delegated Managers as well as a searchable locality-specific WHOIS (<http://www.localitywhois.us>). Delegated Managers with credentials to the Delegated Manager (DM) Web Portal can add to the locality database subdomains that they hold within their local delegation zones. For instance, the DM for STERLING.VA.US can create via the DM Tool such subdomains as NEUSTAR.STERLING.VA.US, COSTCO.STERLING.VA.US, and so forth, and the names' records would be retrievable via the locality WHOIS interface.

Neustar focuses on maintaining the accuracy of data in the usTLD WHOIS. Neustar's existing usTLD WHOIS database supports multiple string and field searching through a reliable, free, public, web-based interface. The WHOIS service provides the standard search capabilities from the web and command line, including searches by:

- Domain Name (IDN and ASCII)
- Registrar
- Nameserver (host name)
- IP address (IPv4 and IPv6)
- Registrant ID

In addition to the above Neustar will add search functionality based on the following elements:

- Registrant Postal Address
- Contact Names

- Registrar's Contact IDs

We will provide a mechanism to allow for bulk searches of WHOIS data using any of the search keys outlined above. Provisions will be made to ensure adequate privacy protections have been put in place, and that users are not abusing the system.

The WHOIS data contains the Delegated Manager and their associated contact data, nameserver data including IP Address, delegation dates, contact data for the technical, registrant, administrative and billing contacts, registration website and nexus declarations.

1.5.7 Maintain and Update a REGISTRANT WHOIS Database (C.6, C.6.1.vi)

In addition to our standard WHOIS service we also provide a Locality WHOIS database that contains WHOIS data for all registrations managed by a Delegated Manager. Delegated Managers are required to enter this WHOIS data in the DM Web Portal. To ensure that all domains are accounted for we created a Locality DNS Crawler. See *Proposal Volume 1, Section 1.1.4, Maintain Modernized Locality-Based usTLD Processes*.

1.5.8 Accuracy of WHOIS data. (C.6, C.6.1.vii)

Neustar has an established set of mechanisms to ensure the accuracy of data obtained from Delegated Managers and Locality Registrant. These include conducting periodic data reviews and enforcing the requirements in the Delegated Manager and Locality Registrant agreements. Throughout the contract we have provided monthly progress as well as annual compliance reports to the COTR, and we will continue to do so throughout the term of the new contract.

The usTLD Delegated Manager Agreement obligates Delegated Managers to certify that all data provided is, and will remain, true, correct, current, and complete; that the Delegated Manager will require Registrant of Locality Names to certify in their completed Registrant Agreements that all information submitted in its domain name registration application is true, correct, current, and complete. The Registration Agreement must also provide that a Registrant's willful or grossly negligent provision of inaccurate or unreliable information, its willful or grossly negligent failure promptly to update information provided to you shall constitute a material breach of the Registration Agreement and serve as a basis for cancellation of that registration.

1.5.9 Summary

As the incumbent usTLD Administrator, Neustar is uniquely positioned to ensure continued service and support for existing locality-based Delegated Managers and Locality Registrant under current practice. Locality operators impacted by a break in service include law-enforcement agencies, emergency service providers, community libraries, K-12 school districts, and state and local government administrators. The experience gained from 12 years of maintaining the delegated manager space is critical to its healthy and responsible development in the future.

1.6 Second Level usTLD Space Functions (C.7, C.7.1)

Neustar implements critical functions into the policies and procedures for the second-level usTLD. The functions, highlighted below, include the core requirements for the second-level usTLD space. In these sections, we emphasize our commitment to work with registrars throughout the accreditation and certification process, and our understanding of the need to develop a registry that the Internet community considers to be responsible, reliable and secure. We recognize the importance of a robust and accurate WHOIS database and the enforcement of policies maintaining it. Highlights include the following:

- usTLD Shared Registration System—Neustar uses the Extensible Provisioning Protocol (EPP) for interfacing registrars to our Shared Registration System (SRS). Our SRS supports an unlimited number of competitive registrars for the expanded space, and provides equivalent access to the system for all registrars to register, transfer, and update domain registrations.
- Accreditation Process for usTLD Registrars—Neustar's registrar accreditation process is designed to ensure consistency in quality and service within the usTLD, while at the same time promoting stability and competition for domain name registration services.
- usTLD Technical Certification Process—Neustar's Operational Test and Evaluation (OT&E) process verifies the correct operation and performance of a registrar's client system before access to the live SRS is granted. This OT&E Certification allows Neustar to maintain the integrity of the usTLD and of the DNS as a whole.
- WHOIS Database—Neustar's WHOIS service accommodates port 43 and Web-based, free, public searches for registrant and registrar contact information.
- WHOIS Accuracy Mechanisms—Neustar manages key mechanisms to ensure the accuracy of WHOIS data including periodic automated and manual reviews, and an automated WHOIS complaint tool. In addition, we will provide an annual WHOIS Accuracy report to the COTR and COR as a contract deliverable.
- Registration Compliance Checks—Neustar also check for compliance of other key registration policies including proxy registration prevention, and domain name review.
- Prohibition from Acting as a Registrar—Neustar has not and will not serve as a registrar in the usTLD space.

1.6.1 usTLD Shared Registration System (C.7.1.i)

Neustar maintains a shared registration system to enable an unlimited number of accredited, competing registrars to register, transfer, and update domain names for their customers in the second-level usTLD space (i.e., example.us). Additionally, Neustar provides unmatched technical support for these registrars.

Shared Registration System

Neustar manages a robust shared registration system (SRS) that is capable of providing equivalent access to an unlimited number of registrars. Neustar supports 136 registrars in the usTLD today and over 300 registrars in other TLDs that we support. Policies that govern the registrar management of domain names are enforced by certain aspects of the SRS design while

at the same time providing the scalability to meet the demands from hundreds of registrars.

The SRS is an EPP compliant system that includes:

- State-of-the-art, production proven multi-layer design
- Ability to rapidly and easily scale from low to high volume as a TLD grows
- Fully redundant architecture at two sites
- Support for IDN registrations in compliance with all standards
- EPP connectivity over IPv6
- Performance being measured using 100% of all production transactions (not sampling).

An in-depth technical discussion of the various components of the SRS can be found in *Proposal Volume 1, Section 1.3* but some highlights are outlined below.

EPP open source toolkit

Neustar currently provides an open source provisioning protocol software to registrars, including full documentation, EPP toolkits in both Java and C++, and certification instructions. These packages are provided via our web portal or customer experience team. The software is standards-compliant, production-proven, stable, and widely used by the registrar community.

EPP API interface

Registrars are provided with two different interfaces for interacting with the registry: an EPP interface directly to connect directly to the registry, or a web-based Registry Administration Tool. Both are EPP based, and both contain all the functionality necessary to provision and manage domain names.

Connection Management

All accredited and certified registrars are provided the same number of connections to the usTLD registry. This is accomplished by employing traffic shaping devices that enable us to set a maximum number of connections that a registrar is allowed to open to the SRS.

Operation Test and Evaluation (OT&E)

All registrars are provided access to an environment that is dedicated to their testing. It is available 24x7x365 and is a scaled down replica of production.

Security

The system provides IP address based access control, client credential-based authorization test, digital certificate exchange, and connection limiting to the protocol layer. This provides absolute security to registrars connecting to the SRS.

Scalable and Extensible Architecture

The software is built using object oriented design. This allows for easy extensibility of the software without risking the possibility of the change rippling through the whole application. The hardware deployment is scalable to meet the growing demand in either load from registrars or an increase in the number of registrars

Technical Support

To assist registrars connecting to the SRS or managing domain names within it, Neustar provides world-class, 24x7 technical support. Support starts at the beginning of the accreditation and on-boarding process and continues throughout the lifecycle of the registrar. We organize our support resources into three tiers. Each tier is described as follows in

Table 1.6-1.

Support Tiers	
Tier	Description
1	Receives customer inquiries, answers majority of questions, resolves standard issues
2	Provides infrastructure and application support, resolves necessary escalations from Tier 1
3	Provides software-troubleshooting support, resolves necessary escalations from Tier 2

Table 1.6-1: Support Tiers

Our Tier 1 support team personnel have an average of more than five years of registry experience and include individuals who have worked for accredited Registrars in the past. The team is composed of experienced professionals, each with many years of experience in roles that require technical troubleshooting, problem solving, and interpersonal skills.

Technical support personnel (across all Tiers) have access to a centralized customer relationship management (CRM) system (powered by Salesforce software) for tracking service and customer issues, along with a centralized email system to monitor customer correspondence and requests. All members of the support staff (Tiers 1, 2, and 3) are equipped with laptop computers and cell phones, so they can respond to inquiries and issues no matter where they are physically located.

1.6.2 Accreditation Process for usTLD Registrars (C.7.1.ii)

Neustar has an established and effective accreditation process for Registrars to register names in the second-level usTLD that includes a contract prohibiting proxy and anonymous registration services.

In order to both inform and enforce usTLD policies, Neustar established and maintains a thorough registrar accreditation process. All registrars interested in accreditation are required to submit an application form to Neustar that details the registrar's business plans and demonstrate their financial and business capabilities as they relate to the provisions of usTLD registrar services. In addition, Registrars are required to execute Neustar's then-current Registrar Agreements (currently consisting of both the usTLD Accreditation Agreement as well as the usTLD Administrator-Registrar Agreement). The Agreements require Registrars to agree to abide by all of the usTLD policies, and to pass through all of the applicable terms and conditions to Registrants. One of the key policies that all Registrars are required to agree to includes the prohibition on proxy, anonymous or private domain name registrations.

In addition to filling out the application form and executing the Agreements, all accredited Registrars are required to pay a registrar accreditation fee that covers the costs of reviewing and processing the Registrar's application. Although Neustar previously required Registrars to pay an annual accreditation fee, the usTLD contract was amended to eliminate the annual

recurring fee, retaining only the initial accreditation fee. Over the last term of the usTLD Agreement, Neustar was able to accredit additional smaller and medium-sized registrars without sacrificing the security and stability of the space.

The accreditation process is mandatory for all registrars, including those who may already be ICANN-Accredited. However, a registrar is not required to be an ICANN-accredited registrar to become a usTLD registrar. The usTLD Registrar Accreditation Process is illustrated in

Figure 1.6-1 below.

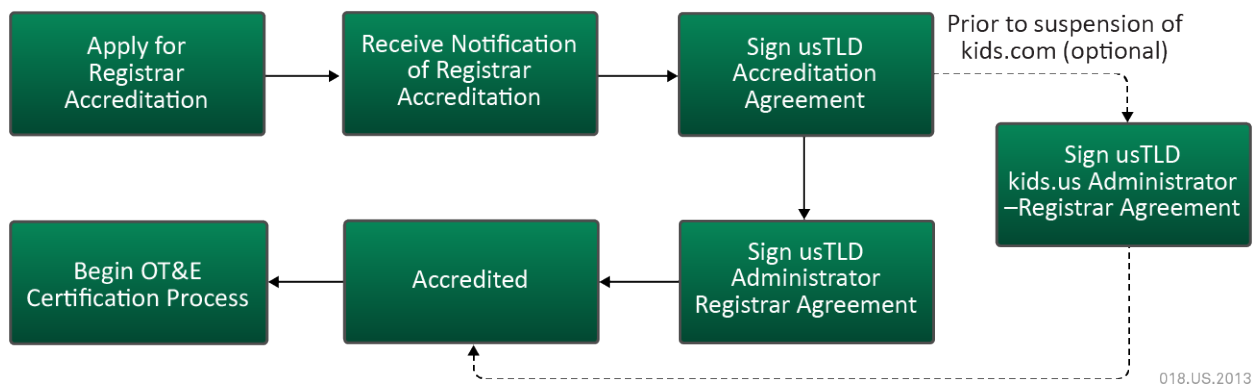


Figure 1.6-1: usTLD Registrar Accreditation Process

- **Apply for Registrar Accreditation**—All registrars must complete and submit to Neustar a usTLD Registrar Accreditation Application. They must also review the Application Instructions and the current usTLD Registrar Accreditation Agreement and Administrator-Registrar Agreement.
- **Receive Notification of Registrar Accreditation**—Neustar reviews the business qualifications including business plans to make sure they meet the criteria. After Neustar completes its thorough review of the accreditation application and the materials submitted by the applying registrar, Neustar informs the applicant by e-mail to proceed to the next step.
- **Sign a usTLD Accreditation Agreement**—After Neustar has approved the applicant for accreditation, the applicant must execute a usTLD Registrar Accreditation Agreement with Neustar.
- **Sign a usTLD Administrator-Registrar Agreement**—Each applicant must also execute a usTLD Registry-Registrar Agreement.
- **Technical Certification Process**—after execution of the necessary agreements, Neustar invites the newly usTLD Accredited registrar to begin OT&E (Operational Testing and Evaluation) utilizing the Neustar provided Registrar Tool Kit. Upon receipt of approval from the Neustar Technical Evaluation Team, the new registrar is eligible to access the production systems and register domain names in the usTLD registry system. Registrar is not granted access to the production system until proper funding is in place which means the registrar has deposited the funds into their usTLD debit account held with Neustar, against which transactions costs will be debited each time the registrar conducts a transaction.

- **Announcement of Accreditation**—Neustar adds the newly accredited registrar to the list of available registrars on its website www.neustar.us along with the Registrar's url.

Once accredited, Neustar provides each Registrar with a welcome Information Packet to that includes a more comprehensive description of Neustar's registry system and a more in depth guide to the usTLD policies and restrictions.

Neustar proposes to combine and streamline the usTLD RAA and RRA for the new contract term. Specifically, the new usTLD Registrar Accreditation and Registry-Registrar Agreement (the usTLD "RAA/RRA") (see *Proposal Volume 1, Attachment 2*) has been updated to include changes and enhancements sought by law enforcement, the ICANN Government Advisory Committee, consumer and civil society representatives, intellectual property owners, as well as Registrars themselves in negotiations that resulted in the 2013 ICANN RAA, as well as GAC Advice regarding safeguards required for new gTLDs. Finally, the revised agreement permits multi-stakeholder policy development for the usTLD, as discussed in *Proposal Volume 1 Section 1.4* above.

Specifically, the 2013 usTLD RAA/RRA:

- Provides for processes and procedures to modify the RAA/RRA as needed to implement new policies and programs adopted by the usTLD Stakeholder Council;
- Requires additional requirements related to WHOIS accuracy and verification requirements;
- Creates new data retention requirements;
- Obligates Registrars to maintain accurate and up-to-date information required for accreditation and specifies Registrar obligations regarding maintenance of a publicly available point of contact for reporting abuse and duty to investigate complaints regarding Registrant abuse;
- Clarifies usTLD Registrar obligations to include and enforce end-user contract prohibitions on the use of usTLD registrations to distribute malware, abusively operate botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity that is contrary to applicable law;
- Obligates Registrars and delegated managers to support Neustar's conduct of periodic technical analysis to assess whether domains in the usTLD being used to perpetrate security threats such as pharming, phishing, malware, and botnets, and to cooperate with Neustar to respond to any such threats identified by through such efforts.

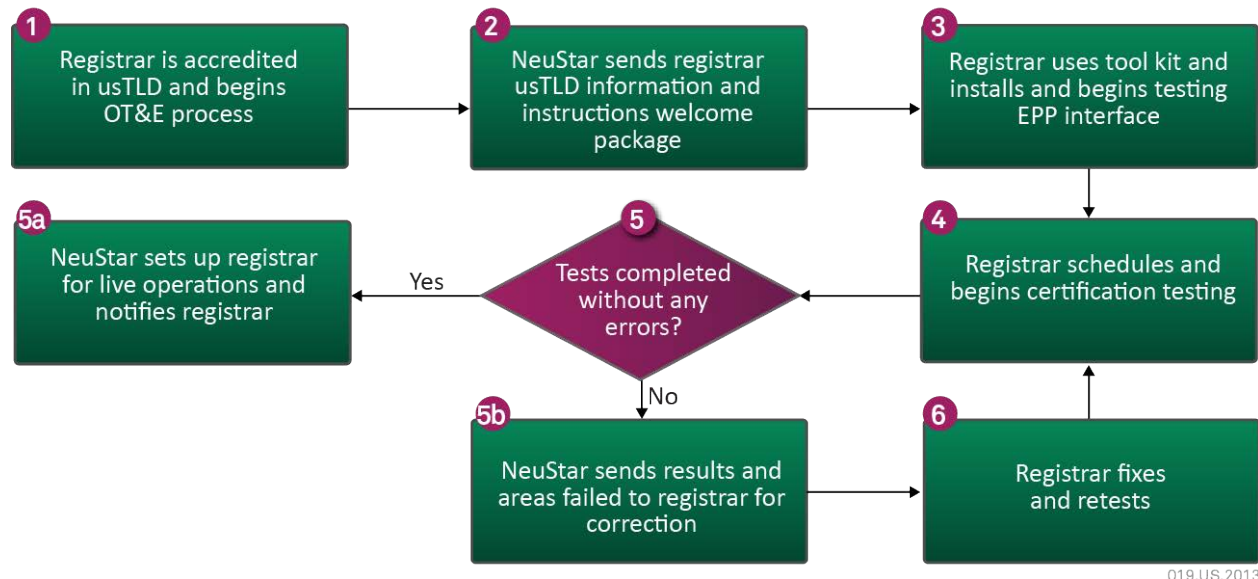
1.6.3 usTLD Technical Certification Process (C.7.1.iii)

Neustar's process for Operational Test and Evaluation certification test the capabilities of Registrar systems before access to the production Shared Registry System is granted.

In order to maintain the integrity of the usTLD and of the DNS as a whole, it is necessary to ensure that Registrars are technically competent and that their systems that interface with the usTLD Shared Registration System (SRS) are capable of operating and performing the required functions. To fill this need, Neustar requires Registrars to successfully complete a technical certification process highlighted in **Figure 1.6-2**.

Before a Registrar is permitted to access the production SRS, it must first pass Neustar's uTLD Technical Certification Process, called Operational Test and Evaluation (OT&E) certification. The purpose of this OT&E certification is to verify the correct operation and performance of a Registrar's client system.

Registrar Operational Test and Evaluation (OT&E) Process



019.US.2013

Figure 1.6-2: The OT&E Certification Process

Preparations for OT&E Certification

The OT&E certification process begins when a registrar becomes accredited by Neustar to register names in the uTLD, at which point the registrar enters the uTLD registry provisioning process. Neustar sends the registrar a uTLD welcome package that includes information to help implement its EPP client application for connecting to the SRS. This package includes the following:

- Username and password to access the extranet
- The OT&E test bed server information and username/password for two accounts to access the uTLD OT&E test bed for Registrar client testing. Two accounts are provided to allow the Registrar to test the domain transfer process.
- Instructions for downloading the EPP Registrar Toolkit.
- Instructions for downloading the documentation for the EPP Registrar Toolkit.
- Instructions on how to proceed with the OT&E certification process.
- Instructions on how to obtain an SSL certificate from an approved Certificate Authority.
- Instructions on how to provide the registry with the list of subnets that will be used to access the Certification Test Server.

The Registrar is responsible for installing the client application that will interface to the registry using the EPP. The Registrar interfaces the EPP client to the back-office systems and accesses the SRS via the EPP APIs.

Because the Registry-Registrar communication channel is encrypted, an SSL certificate from an approved certificate authority is required to establish an SSL encrypted channel. The username/password and subnet list provide additional security; only a valid combination of an SSL certificate, username/password, and subnet allow the registrar to access the live SRS.

During EPP client implementation, the registrar has access to the usTLD registry OT&E test bed environment. In the OT&E test bed, the registrar may test the operation of its software to verify the correct handling of EPP commands, their responses, and notification messages. Operations performed in the OT&E environment are free of charge and do not have any impact on the live SRS. Registrars continue to have access to the OT&E environment after certification, so that they may continue to test their back-office software systems. The OT&E environment is an important tool for registrars as long as they are operational in the usTLD space. Any new service or modified functionality is first released into the OT&E environment allowing registrars to test their systems, before the functionality is released into production.

When a Registrar has completed the testing of its EPP client and back-office systems and would like to proceed with OT&E certification, it contacts usTLD customer service to schedule a time slot for an acceptance test. Time slots are scheduled on a first-come-first-served basis. At the scheduled time, the Registrar contacts the customer service to initiate the certification.

The majority of Registrars that undergo the certification process take an average of one to two weeks from the time they download the EPP Toolkit to completion of the test. However, we have had more technically savvy Registrars that completed the test within 5 days of execution of their accreditation documents. Neustar also waives the test for Registrars who have already been accredited for another TLD offered by the Neustar Registry Services, as it is assumed that the capability demonstrated in the other systems would carry over to .us. The only exception is in the creation of .us Contact Objects, which require the inclusion of Nexus Category values.

Post OT&E Certification

All tests performed during OT&E certification must be completed without errors. Customer support provides the certification results in a timely manner and provides feedback for those Registrars that failed to successfully complete the tests. Those Registrars may correct their systems and reschedule for certification. Registrars are not limited in the number of attempts at OT&E certification. Our experience shows that most Registrars successfully complete the tests on their first or second attempt.

Upon successful OT&E certification, the Registrar is eligible to being operational in the live SRS. The Registrar is assigned a username and password for the production environment, and we configure the live system to recognize the SSL certificate, username, password, and subnet blocks for the Registrar.

1.6.4 Other Policies (C.7.1.iv)

Neustar proposes to adopt the following new policies and specifications:

- usTLD Acceptable Use Policy

- usTLD Registrar Use of Resellers Specification
- usTLD Data Retention Specification
- usTLD Rapid Suspension Policy and Rules

Neustar proposes to modify the following policies and specifications:

- usTLD Nexus Dispute Resolution Rules
- usTLD WHOIS Accuracy Program Specification
- usTLD Registry Operator's Code of Conduct

In addition, we anticipate that once the Stakeholder Council proposed in *Proposal Volume 1, Section 1.4.5* above is in place, it may want to consider policy development in a variety of additional areas. For example, it may be called upon to consider new policies and procedures implementing proposals to better serve children based on input from the special committee of children's educational, media, and internet experts described in *Proposal Volume 1, Section 1.8* above. Policy consideration may also be appropriate in connection with the suggestions of those who commented in response to NTIA's Notice of Inquiry (the "NOI") on the usTLD rebid including, without limitation, the following:

- In response to NTIA's Notice of Inquiry with respect to the 2013 usTLD contract, the International Trademark Association recommended review of the usTLD Nexus Policy. INTA acknowledged the value in ensuring that "only those individuals or organizations that have a substantive lawful connection to the United States are permitted to register for usTLD domain names" but noted that "in a globalized economy, a person without a close connection to the United States can have a legitimate interest in doing business under a usTLD." The INTA suggested that principles of comity might be served without compromising best practices and recommended exploration of policy changes coupled with appropriate enforcement mechanisms to ensure that Registrants offering goods and services to U.S. customers are subject to jurisdiction and legal recourse in U.S. courts. (Neustar similarly suggested a review of the usTLD Nexus Policy.)
- In its comments in response to the NOI, NeuStar recommended that consideration be given to relaxing the prohibition of direct registration of usTLD names through the registry, particularly in connection with specific programs aimed at non-profit organizations and governmental entities to facilitate no/low cost registrations to achieve specified education and public policy goals. Based on our experience as the usTLD Registry Operator, we believe that some non-profit and educational organizations would be well served through a low/no cost reseller "in a box" service that would enable organization-sponsored usTLD registrations and promote innovation in the usTLD name space. While any such service would need to be carefully structured to maintain appropriate incentives for continued distribution by the usTLD Registrar community, we believe that this concept may be of interest to the usTLD Multistakeholder Stakeholder Council.
- NeuStar also recommended multistakeholder review of the usTLD's ban on the use of proxy/privacy registrations in appropriately limited circumstances. In particular, we believe it may be appropriate to permit certain non-profit, educational, and/or membership organizations (e.g., the Girl Scouts of America, digital literacy education

programs) to provide proxy registration services for well-supervised registrations sponsored by qualified educational and membership programs.

- Neustar will recommend Stakeholder Council review of changes to the transfer policy recently adopted by ICANN.

1.6.5 Maintain and Update the WHOIS Database (C.7.1.v, C.7.1.iv.c.5-7)

Neustar recognizes the importance of an accurate, reliable, and up-to-date WHOIS database to governments, law enforcement, intellectual property holders and the public as a whole. As the registry operator for the usTLD since 2002, Neustar has demonstrated exceptional technical performance with 100% WHOIS availability and updates. Neustar has been and will continue to be fully committed to all WHOIS needs for the usTLD registry. We explore the details around ensuring complete and valid data below.

WHOIS Contact data (C.7.1.v.a)

Neustar maintains, updates and makes publicly available the WHOIS database with current and verified contact information for all expanded usTLD registrations, including kids.us second-level domains. We operate the WHOIS database at the registry level and not at the level of individual accredited registrars.

Neustar's centralized WHOIS database facilitates free public searches for WHOIS data in the top-level US registry, including those in the kids.us and Neustar's managed locality spaces. Neustar's state of art WHOIS solution provides near real time synchronization of WHOIS updates. This allows users to be able to query WHOIS data within minutes after Registrar sends the changes to Neustar. WHOIS data includes all domains, their associated Registrars, contacts, and name servers can be queried using either Neustar's WHOIS port 43 interface or through Neustar's WHOIS web interface. Both interfaces are available at www.whois.us and whois.nic.us. Please note that domain's registrant, billing, administrative, technical, and delegated managers (if applicable) are treated as contacts in the SRS and in WHOIS. Thus, users can query all contacts use by domains.

For domains within US locality spaces, either managed by Neustar or by delegated managers, Neustar has created a locality specific WHOIS web interface, <http://www.localitywhois.us>. This site is a one-stop WHOIS application that queries both Neustar's WHOIS data and Neustar's delegated manager's WHOIS data. Details on Neustar's delegated manager's WHOIS data are described in detail in *Proposal Volume 1, Section 1.5*.

Neustar's public usTLD registry WHOIS provides up-to-date and accurate data for second level domains, kids.us domains and locality domains. The WHOIS supports queries based on domain name, Registrar, registrant and nameservers. While Registrars can provide their own WHOIS for .US they are not required to do so. If they do they will need to provide access to the registry provided WHOIS for data they do not have. This is common for branding reasons.

WHOIS Search Capability (C.7.1.v.b)

The WHOIS database allows multiple string and field searching through a reliable, free, public, web-based interface.

The Neustar WHOIS service is provided over both web and command line interfaces. Both web and command line versions support searches for domains, Registrars, registrants, and nameservers using exact or partial name searches. For example a domain search may look like the following.

- Type in the exact domain string such as example.us, example.va.us or example.kids.us.
- Use partial searches with a dot. For example type "example." To get a list of all domains that start with the string "example".

In addition to enabling searching on domain name, Registrar, nameserver and registrant, the web application enables users to search the WHOIS directory using any attribute of any contact. It also will supports a more extensive partial search capability using Boolean (AND, OR, NOT) searches as well as regular expressions. More information about Neustar's searchable WHOIS capabilities are provided in *Proposal Volume 1, Section 1.3*.

WHOIS Data Elements (C.7.1.v.c)

Neustar's WHOIS database provides all of the required elements including:

- **The name of the second level domain registered;**
- **The IP address of the primary nameserver and secondary nameserver(s) for the registered domain name;**
- **The corresponding names of such nameservers;**
- **The creation date of the registration;**
- **The name, postal address, e-mail addresses, and telephone and fax numbers of the domain name holder;**
- **The name, postal address, e-mail address, and telephone and fax numbers of the technical contact for the domain name holder;**
- **The name, postal address, e-mail address, and telephone and fax numbers of the administrative contact for the domain name holder; and**
- **The nexus category for the domain name holder and each of the other contacts listed above at SOW requirements C.7.1(iv)(c)(5)-(7).**

The following tables illustrate the results from WHOIS queries for a domain name, a contact, and a nameserver.

Domain Name	NEUSTAR.US
Domain ID	D670499-US
Sponsoring Registrar	REGISTRY REGISTRAR
Registrar URL (registration services)	WWW.NEUSTAR.US
Domain Status	clientDeleteProhibited
Domain Status	clientTransferProhibited
Domain Status	serverDeleteProhibited

Domain Status	serverTransferProhibited
Domain Status	serverUpdateProhibited
Registrant ID	NEUSTAR7
Registrant Name	.US Registration Policy
Registrant Address1	46000 Center Oak Plaza
Registrant City	Sterling
Registrant State/Province	VA
Registrant Postal Code	20166
Registrant Country	United States
Registrant Country Code	US
Registrant Phone Number	+1.5714345728
Registrant Email	support.us@neustar.us
Registrant Application Purpose	P5
Registrant Nexus Category	C21
Administrative Contact ID	NEUSTAR7
Administrative Contact Name	.US Registration Policy
Administrative Contact Address1	46000 Center Oak Plaza
Administrative Contact City	Sterling
Administrative Contact State/Province	VA
Administrative Contact Postal Code	20166
Administrative Contact Country	United States
Administrative Contact Country Code	US
Administrative Contact Phone Number	+1.5714345728
Administrative Contact Email	support.us@neustar.us
Administrative Application Purpose	P5
Administrative Nexus Category	C21
Billing Contact ID	NEUSTAR7
Billing Contact Name	.US Registration Policy

Billing Contact Address1	46000 Center Oak Plaza
Billing Contact City	Sterling
Billing Contact State/Province	VA
Billing Contact Postal Code	20166
Billing Contact Country	United States
Billing Contact Country Code	US
Billing Contact Phone Number	+1.5714345728
Billing Contact Email	support.us@neustar.us
Billing Application Purpose	P5
Billing Nexus Category	C21
Technical Contact ID	NEUSTAR7
Technical Contact Name	.US Registration Policy
Technical Contact Address1	46000 Center Oak Plaza
Technical Contact City	Sterling
Technical Contact State/Province	VA
Technical Contact Postal Code	20166
Technical Contact Country	United States
Technical Contact Country Code	US
Technical Contact Phone Number	+1.5714345728
Technical Contact Email	support.us@neustar.us
Technical Application Purpose	P5
Technical Nexus Category	C21
Name Server	PDNS1.ULTRADNS.NET
Name Server	PDNS2.ULTRADNS.NET
Name Server	PDNS3.ULTRADNS.ORG
Name Server	PDNS4.ULTRADNS.ORG
Name Server	PDNS5.ULTRADNS.INFO
Name Server	PDNS6.ULTRADNS.CO.UK

Created by Registrar	REGISTRY REGISTRAR
Last Updated by Registrar	BATCHCSR
Domain Registration Date	Thu Apr 18 19:21:55 GMT 2002
Domain Expiration Date	Thu Apr 17 23:59:59 GMT 2014
Domain Last Updated Date	Sun Jun 02 01:32:30 GMT 2013

Table 1.6-2: WHOIS Domain Name Example

Contact ID	NEUSTAR7
Contact Name	.US Registration Policy
Contact Address1	46000 Center Oak Plaza
Contact City	Sterling
Contact State/Province	VA
Contact Postal Code	<u>20166</u>
Contact Country	United States
Contact Country Code	US
Contact Phone Number	+1.5714345728
Contact Email	<u>support.us@neustar.us</u>
Sponsoring Registrar	NEUSTAR HOLDING ACCOUNT
Registrar URL (registration services)	whois.neustar.us
Contact ROID	C37639215-US
Contact Registration Date	Thu Oct 11 18:32:58 GMT 2012
Contact Last Updated Date	Mon Nov 04 14:52:01 GMT 2013
Last Updated by Registrar	NMUTONYI
Contact Status	ok
Created by Registrar	GDAVIDSO
Application Purpose	P5

Nexus Category	C21
----------------	-----

Table 1.6-3: WHOIS Contact Example

Name Server ID	H7373773-US
Name Server Name	PDNS1.ULTRADNS.NET
Name Server Status	ok
Sponsoring Registrar	TUCOWS.COM CO.
Sponsoring Registrar IANA ID	69
Registrar URL (registration services)	whois.opensrs.org
Created by Registrar	TUCOWS.COM CO.
Name Server Registration Date	Fri Feb 25 22:37:50 GMT 2005

Table 1.6-4: WHOIS Nameserver Example**1.6.6 WHOIS Accuracy Mechanisms (C.7.1.vi)**

Neustar has implemented a set of mechanisms to ensure the accuracy of WHOIS data obtained from registrants. Such mechanisms include, periodic usTLD Administrator reviews, enforcement procedures, and an annual report provided to the Contracting Officer's Technical Representative. Neustar confirms its intent to continue to implement and improve these mechanisms and provide the required deliverables to the Contracting Officer as Contract deliverables.

As discussed in *Proposal Volume 1, Section 1.4.6.2*, to ensure the highest levels of WHOIS accuracy and integrity of the database at various levels, we are proposing to update our ground-breaking WHOIS accuracy program ("WAP") to meet or exceed current best practices.

Neustar believes that accurate WHOIS database is very important for maintaining the integrity of the space *in order to promote the IS Government's* compelling interest in ensuring that its national country-code top-level domain, the usTLD, is administered in a secure manner and that the information contained within the usTLD is accurate, reliable and up-to date. WHOIS data is frequently required by law enforcement and other investigative bodies as a tool for investigating internet crime. We are committed to providing the best WHOIS service possible by taking all necessary steps to ensure the data remains accurate at all times.

To achieve that objective Neustar has implemented a comprehensive WHOIS Accuracy Program (WAP). This ground breaking program includes several unique processes implemented by very few ccTLD operators and none of the existing gTLD registries to date. To ensure the highest levels of WHOIS accuracy and integrity of the database at various levels, we are proposing to update Neustar's WAP to meet or exceed current best practices. It is comprised of:

- **WHOIS Accuracy Specification**, including:
 - WHOIS Data Reminder Policy;
 - WHOIS accuracy and verification Requirements
 - Duty to investigate and respond to complaints regarding WHOIS inaccuracy
 - Duty to either verify information manually or suspend the registration until such time as Registrar has verified the applicable contact information
- **WHOIS/Nexus Data Problem Report System (WDPRS)** – a web tool to allow the public to submit WHOIS/NEXUS complaints
- **WHOIS data accuracy audit** – monitoring to ensure Registrar have taken action to correct WHOIS data that has been reported to them as inaccurate
- **Semi-Annual sampling of domains** – manual review of a random sampling of at least 2500 domains, performed at least twice per year
- **Inspection of WHOIS functionality** - an annual review of each registrar to ensure compliance with their obligation to offer a WHOIS service
- **WAP Annual Report** – an annual report to the DOC summarizing the initiatives of this program
- **Monitoring of Proxy Registrations** – a periodic scan of the usTLD zone to ensure that the usTLD's current ban on proxy, anonymous or private domain name registrations is being enforced by the usTLD accredited registrars.

Each of these are discussed in more detail in *Proposal Volume 1, Section 1.4.6.2*.

1.6.7 Prohibition on being a Registrar (C.7.1.vii)

Neustar will not serve as a Registrar in the second-level usTLD space, unless otherwise noted in this Statement of Work.

Neustar is committed to preserving our neutral status which we take very seriously. As noted in previously, however, we believe that certain usTLD stakeholder communities, particularly non-profit educational and membership organizations, could be better served by – and could promote awareness of and innovation in the usTLD name space through a Registry Operator provided low/no cost “reseller in a box” service. Any such service would be provided only following policy development by the usTLD Stakeholder Council and only in accordance with appropriate safeguards for maintaining competitive incentives for usTLD Registrars.

1.7. ENHANCED USTLD FUNCTIONS (C.8, L.6.d.xii; M.5 Factor 1)

1.7.1 Enhanced usTLD Functions (C.8.1)

Neustar updates and enhances the usTLD functions on a regular basis in order to increase the visibility, utility, and value of the usTLD to its users.

During the current term, Neustar developed and deployed a number of enhancements to the usTLD. These enhancements were specifically designed to increase the visibility, utility and value of the space to its users and stakeholders. These enhancements included the:

- usTLD Directory Service
- usTLD Search Engine
- Community Web Site and usTLD Blog
- Searchable WHOIS
- Public Resource Second Level Domains

Neustar allocates technology resources every year to enhance, protect and scale the registry systems that support the usTLD. Those investments cover a wide range of platform and security investments that span the usTLD registry systems. Neustar projects \$8.2 million during the Forecast Period to support the costs associated with the following capital projects:

- Scale improvements to manage the increasing load on the DNS infrastructure
- Security enhancements to support new threats and attacks on DNS and registry infrastructure (ex. DDoS threats)
- Performance improvements to core DNS infrastructure
- Performance enhancement to DNS propagation times
- Scale improvements to manage increase load on the core SRS systems
- Compliance with IETF and ICANN Standards and Policies as appropriate
- Whois performance enhancements
- Whois scale improvements
- DNSSEC improvements in accordance with industry standards and practices
- Labor to support technical hardware refreshes of registry systems

The development, testing and deployment efforts for the usTLD are extensive in order to maintain the strict SLAs described in Section 2.4. Projects are phased over several months and often span multiple years. Neustar's past performance excellence is a reflection of the careful planning and execution used to support the usTLD.

We also have a number of additional enhancements that Neustar intends to offer in the next term. They include:

- Registry Lock Service
- Expansion of Public Resource Second Level Domains
- Multi-stakeholder Collaboration Tools
- United States Rapid Suspension (URS)
- E-Filing usTLD Dispute Resolution Policy (usDRP)
- Reserved Domain Registration Portal
- Registry Threat Mitigation System (RTMS)
- Proxy Provider accreditation
- Security and Stability enhancements

A description of these enhancements, both those developed during the current term as well as those we intend to offer, is included below.

1.7.1.1 Enhancements of the usTLD during the existing term

.US Directory Service (see *Proposal Volume 1, Section 1.3.8*)

Neustar developed a searchable directory of usTLD domain names based on search engine keywords found at the registrant's website. The directory serves as a vehicle for usTLD registrants to list and showcase their domain names and provide information about their businesses and interests.

usTLD Search Engine (see *Proposal Volume 1, Section 1.3.8*)

To further provide increased visibility of usTLD websites, Neustar created a search engine that allows users to search the broader Internet for usTLD sites. Users submit search criteria just as they would with any search engine but results are filtered to only provide usTLD websites. This search capability has been added to our WHOIS web page (www.whois.us).

Community Web Site and usTLD Blog (see *Proposal Volume 1, Section 1.3.8*)

To enhance our interaction and communication with usTLD stakeholders and to create a sense of community, we created two tools: a Community Web Site and usTLD Blog. Both are key outreach tools to help promote awareness and consumer involvement in the development and refinement of usTLD policies and procedures.

Searchable WHOIS (see *Proposal Volume 1, Section 1.3.4*)

Neustar will enhance the WHOIS service to also include new searching capabilities. In addition to the standard search fields (domain name, registrar id, contact id, registrant name, nameserver) searchable WHOIS allows searching on any contact field defined in EPP. The user can choose one or more search criteria, combine them with Boolean operators (AND, OR, NOT) and provide partial or exact match regular expressions for each of the criteria. The domain names matching the search criteria will be returned to the user.

Public Resource Second Level Domains

Neustar successfully launched four public resource websites: **Library.us**, **Parks.us**, **Vote.us** and **Zipcode.us**.

These websites were created to provide a reliable and credible place where the public can find information on U.S. Libraries and Parks, as well as credible voting information. With the growth of online information, accuracy is often compromised. An official .US address, backed by the Department of Commerce, provides visitors with confidence that they are getting the most truthful, up-to-date information available.

- **Library.us** brings together a comprehensive database of U.S. libraries into one easy-to-use website. Users can quickly find any U.S. library, from public and state to academic, residential and even law libraries – all in one place. The website also promotes the Kickstart America theme and provides users with external resource sites, including the official public library website and link to the U.S. Department of Commerce.

To promote this website to the American Public, Neustar promoted the website through search engine optimization, public directory listings, and social and traditional media channels. This has included outreach by Twitter, Facebook and LinkedIn, specifically targeting the Library community. Neustar also drafted a blog post announcing Library.us and its benefits: [U.S. Libraries Are Still Valuable in a Digital Age](#), which was promoted in various channels and received a high number of visits.

Discussion has been facilitated with The American Library Association's official LinkedIn group, with great support from members and staff in spreading the word about Library.us. These efforts resulted in The American Library Association driving the highest referral traffic to the Library.us website.

Moreover, Library.us was featured in the Neustar monthly newsletter to the registrar and reseller community.



- **Parks.us** provides a search directory of America's national parks – all from one address. Visitors can search by state or type of activity – from camp grounds to visitor centers – to find their perfect destination.

This website has been promoted to vacationers leveraging a variety of social media outlets such as Twitter, LinkedIn, and Facebook. A blog post: [Plan Your Next Outdoor Adventure with Parks.us](#) was prominently featured on the about.us website, and shared with the National Recreation and Park Association, where members actively engaged with the content, visited the website, and shared the website with their networks.



- **Vote.us** is a one-stop resource for voters to find all the election resources they need — from Primary and General Election dates and voter registration information to your polling locations and more.

During the 2012 Elections, the website received widespread coverage across bi-partisan online networks. A promotional blog post [Prepare to Vote: 4 Steps to Take Before November 6](#) offered tips for necessary steps voters need to take before Election Day, including where and when they should register to vote, how to find their polling location or request an absentee ballot and why they should confirm polling hours and locations.

The website received a large amount of organic traffic around the elections, with voters across the U.S. actively using the website for their voting information.



- **Zipcode.us** was created to help U.S. residents learn more about their community or destination – offering a range of resources such as area statistics and schools to historical and government information. Residents can simply enter their zip code, and in one click they'll see how to become more connected with their community or current location. The website allows residents to quickly explore their neighborhood groups, local art and entertainment and other social activities.

Aligning with the .US Kickstart America theme, zipcode.us promotes the power of local small businesses to make a difference and helps residents discover small businesses right where they live. The website received great traction across the web, and was promoted on the main about.us website with a blog post: [Use Zipcode.US to Find and Support Local Small Businesses Near You.](#)



Neustar worked closely with a specialized digital agency to build and promote each of these websites. The websites rely on APIs, or automated feeds, that pull from the official databases of the U.S. Chamber of Commerce. This capability ensures that the information reflected on the .us resource sites reflect only the most accurate and up-to-date information, in real-time.

Traffic to the websites, especially during peak events and holidays, are the success indicators defined by Neustar. To grow organic traffic to the websites, Neustar created an in-depth social media strategy plan to educate the public on the website and drive community engagement. Search engine optimizations, edits were made to the site and dedicated blog posts were created to improve visibility in major search engines, were also a key focus. Additionally, Neustar leveraged external online directories to list the website by category and search terms.

1.7.1.2 Additional Enhancements of the usTLD in the next term

Neustar intends to offer the following additional enhancements in the next term:

Registry Lock Service

Neustar receives periodic requests from the registrar community to place certain premium/corporate domain names on registry lock as a component of brand protection and security efforts. Neustar wishes to routinize the availability of this service so that registrars may pass the service offering along to registrants in order to ensure an additional layer of security to end-users of .US domain names. The new service is focused on making the .US space more secure using functionality that is technically straightforward, in that it is already provided for in the EPP (the protocol between registrars and the registry).

Rationale for the Registry Lock Service

Neustar's new service is the result of numerous requests from registrars in need of a deeper level of security against unintentional transfer, modification, or deletion of their premium/corporate names, known as domain hacking. Registry Lock Service joins SSL and DNSSEC in providing registrants the ability to be more certain that visitors to their site are engaged in the desired experience without sacrifice of personal information or compromise of their trust in the registrant's integrity.

The ICANN Board has already approved registry lock as a new registry service for three gTLDs (.biz, .com, and .net). Neustar launched the Registry Lock Service for .BIZ on July 15, 2010. Eighteen registrars requested the service agreement, and five have already signed.

Business Description

The service will allow registrars to request this service on behalf of their registrants in order to offer a second level of protection against unintentional modification, transfer, or deletion.

The process for the addition or removal of domain names: An authenticated representative from a registrar (via a secure pass code) will provide Neustar with a list of the domain names to be placed on any/all of the server status codes or removed from the service. Neustar will validate that the registrar is the registrar of record for those names. Neustar will then set the status codes for the names submitted, or remove the name from the service. Neustar will record the status of the name in the Shared Registration System (SRS).

The process for modification of domain names: An authenticated representative from a registrar (via a secure pass code) will provide Neustar with a list of the domain names to be

modified or transferred. Neustar will validate that the registrar is the registrar of record for those names. Neustar will then modify the status codes for the names submitted. Neustar will record the status of the name in the Shared Registration System (SRS).

Reporting: Along with a monthly invoice, Neustar intends to provide registrars with a report indicating the names for which the service was provided the previous month.

Proposed Fees to Participating Registrars

Neustar expects to invoice participating registrars on a monthly basis for this service. Neustar anticipates billing in arrears based on the maximum number of names using the service at any point in the previous month, and will use a tiered pricing model. Tiers are based on competitive research.

- 1–99 domain names and/or host record: \$4.50 per name per month
- 100–499 domain names and/or host record: \$3.50 per name per month
- 500–1,000 domain names and/or host record: \$2.50 per name per month
- 1,001–2,499 domain names and / or host record: \$1.50 per name per month
- >2,500 domains and/or host record: to be negotiated by Neustar and the registrar

Technical Overview

The Extensible Provisioning Protocol (EPP) provides both registrars and registries the ability to set status codes at the client and server level, respectively, to prevent unintentional modification, deletion, or transfer. The applicable status codes are ServerUpdateProhibited, ServerDeleteProhibited, and ServerTransferProhibited.

Locking at the client level is generally set by registrars as the default. This service would allow a second level of protection to registrants.

- The relevant RFCs related to the proposed service are:
 - RFC 4931- Extensible Provisioning Protocol (EPP) Domain Name Mapping and RFC 4932 –Extensible Provisioning Protocol (EPP) Host
 - RFC 4930 Extensible Provisioning Protocol (EPP)
 - RFC 4931 Extensible Provisioning Protocol (EPP) Domain Name Mapping
 - RFC 4932 Extensible Provisioning Protocol (EPP) Host Mapping
 - RFC 4934 Extensible Provisioning Protocol (EPP) Transport over TCP

Expansion Public Resource Second Level Domains

Neustar not only intends to add additional features and functionality to the existing public resource domains described above, but is exploring the possibility of launching additional public resource second-level domains during the next term.

Expansion of existing public resource names

Neustar is exploring expanding the use of the existing sites to incorporate additional capabilities including IP geo-location, a technology that provides intelligence on where and how visitors connect to the web, and tailor content specific to the local region that a visitor is accessing the

resource website. For example, if a user visited the Library.us website, they would automatically be shown a list of libraries that are nearest to their specific location.

We may also incorporate mobile GPS capabilities on the website so that a user could easily navigate to the library of their choice.

While additional hyper-local resources and deal websites exist, Neustar believes that there is still great opportunity in building zipcode.us. To expand upon the value and usage of this public resource website, we may explore working with external U.S. organizations and vendors to provide additional value and functionality around the .US name.

Additional public resource names

With the simplicity of the short and memorable URL, we believe that .US resource websites will have a greater reach, remembrance and usability to the general public. Moreover, we may look to provide reserve .US names to other specific U.S. organizations who can partner with us to bring expertise to public websites and help promote to their networks. Some examples could include:

- American.us
- Law.us
- Archives.us
- Education.us
- Health.us
- VBA.us
- Arts.us
- Agriculture.us

Multi-stakeholder Collaboration Tools

To facilitate a robust and proper Multi-stakeholder model as described in *Proposal Volume 1, Section 1.3.15*, Neustar will develop and utilize effective collaboration tools that encourage participation from all usTLD Stakeholders. Neustar will work with the usTLD Stakeholder constituents to identify needs and requirements that align with the strategic objectives of the groups. Neustar will then deliver tools and resources that assist the Manager of Public Participation and support the policy activities performed by the usTLD Stakeholder Council.

Our proposal calls for the creation of a broadly representative council (the Stakeholder Council) made up of individuals of the highest integrity, objectivity, and intelligence, with reputations for sound judgment and open minds, and a capacity for thoughtful group decision-making. Our Proposal mandates that the Council operate transparently without conflict of interest. Consistent with multistakeholder values, rather than dictating from the top down the manner in which the Stakeholder Council will interact with the usTLD community, we propose to engage the usTLD community directly in developing the policies, processes, and tools through which the Council will do so.

As a preliminary matter, we contemplate a broadly defined stakeholder group including governments, both large and small businesses, consumers, usTLD registrars and delegated managers, intellectual property rights holders, law enforcement, consumer advocates, child safety experts, non-profits and other representatives of civil society. §1.3.15.1 and §1.3.15.3. The Stakeholder Council will include representatives of those stakeholder groups. *Id.* The moment our proposal is approved, we will begin outreach to key stakeholder groups to solicit their views and encourage their participation in the process.

Second, under the Proposal, the most important job of the Stakeholder Council is to assist Neustar in maintaining a constructive relationship with the “usTLD stakeholder community” and to “engage in outreach efforts to the broader usTLD community” to inform its work. §§ 1.3.15.1 and 1.3.15.4. To this end, the Council will be charged with working directly with usTLD stakeholders using a multistakeholder approach, and Neustar is committed to provide support for the Council’s outreach activities and facilitate public input into the Council’s deliberations. §§ 1.3.15.1 and 1.3.15.2.

Third, the Stakeholder Council will be obligated to develop policy recommendations through a fair and open process. Proposal §1.3.15.11. The Council will maintain a public website, publish the date and agenda for Council meetings in advance, and publish an explanation for any actions it takes. § 1.3.15.9. The Proposal specifically outlines the procedures and tools that will be used and deployed to ensure that the Stakeholder Council remains broadly representative of and answerable to the usTLD stakeholder community. §1.3.15.13 (Milestones and Deliverables). Following contract award Neustar will:

- Appoint a Manager of Public Participation and provide a Secretariat to the Council. §§ 1.3.15.12 and 1.3.15.13 (1)
- Publish a Multistakeholder Resource Page on the usTLD registry website. § 1.3.15.13 (2)
- Issue a Notice of Inquiry on the usTLD Multistakeholder Program to secure public input and stakeholder participation in the structure of the Council and its membership. *Id.*
- Publish a call for Expressions of Interest from stakeholders interested in serving as usTLD Stakeholder Council members. *Id.*
- Thereafter, Neustar will publish a summary of stakeholder input received in response to the Notice of Inquiry, conduct further public consultation if necessary, and appoint the Initial Members of the usTLD Stakeholder Council, based on community input. §1.3.15.13. (5, 6, 7)
- Once appointed, the Council will itself develop and publish for public comment (a) proposed operating procedures including policies and procedures for public consultation, meetings policy, transcripts and recording publication and (b) a proposed work plan, including a schedule for public consultation. §1.3.15.13 (9, 11, 12).
- Finally, within one year of the contract award, Neustar will conduct a usTLD Public Stakeholder Town Hall, and the Council will publish an Annual Report. §1.3.15.13 (13, 14)

United States Rapid Suspension (usRS)

Neustar is proposing to implement a new rights protection mechanism to address clear cut cases of cybersquatting similar to that adopted by ICANN for the new gTLD program. The usRS policy, rules and implementation are described in Proposal Volume 1, Section 1.4.3.

usDRP E-Filing

Proposal Volume 1, Section 1.4.3 discusses Neustar's successful implementation of the usTLD Dispute Resolution Policy. Although this program has operated flawlessly since its creation in 2001, we will work in conjunction with the National Arbitration Forum, the largest dispute resolution provider, to change the policy and rules to allow for the electronic filing of usDRP cases to be more in-line with modern electronic communication practices.

Reserved Domain Registration Portal

Neustar has a demonstrated track record of successfully managing various groups of usTLD reserved names (such as Government Reserved Names Program, Kids.us Reserved names, generic high value names, single and two character names, and public good names). Consistent with existing usTLD and ICANN policies, Neustar maintains and administers a list of certain second-level usTLD domain names reserved from registration under the original usTLD Contract which were incorporate by reference in the 2008 usTLD agreement. To further enhance the program we propose the creation of a new Reserved Domain Registration Portal. The portal would offer basic registration services for all registrants of the various programs. It would support the ability to provision, renew, delete (return to pool of reserved names), and enable reserved names registrants to transfer the management of those domains to third party registrars. Further detail about the portal is described in *Proposal Volume 1, Section 1.4.6.3*.

Registry Threat Mitigation System (RTMS)

Neustar fully understands that security around the architecture of the registry should also be supported by investigation of domain names in the registry. Failing to prevent malicious actors from using domains for nefarious purposes can weaken the reputation and trust in an entire TLD space from both end users and search engines. Neustar is an innovative pioneer in the monitoring its top-level domains, including the usTLD space for abusive and malicious domain name practices. Neustar has more experience in malicious monitoring than any other registry services provider having launched such services over seven years ago. Through the relentless monitoring of US space described in *Proposal Volume 1, Section 1.4.6.7*, RTMS investigates and works with registrars to take down malware, phishing, spam, and other malicious domain name registration.

Proxy Provider Accreditation

A key differentiator of the usTLD space is the quality of its WHOIS data. It is critical to the reputation and integrity of the domain and provides global leadership on best practices. We believe, however, that the across-the-board prohibition on privacy/proxy registrations does not further this goal. We believe that permitting registrants to use accredited and accountable privacy/proxy services would facilitate use of the usTLD space by individuals who are legitimately concerned about their privacy without compromising user accountability. The lack of this service, for example, discourages usTLD registrations by mature students leveraging the domain names for educational purposes, by families, and in connection with prospective, non-

public business transactions. As described in Proposal Volume 1, Section 1.3.15, Neustar contemplates that the Stakeholder Council may elect to consider the implementation of new policies to enable and accredit proxy providers consistent with the accountability requirements and values of the usTLD space.

Security and Stability Enhancements

Neustar's primary concern for the usTLD is to ensure that it is a safe, stable and secure environment for the community to operate. As such, Neustar invests significantly in staying one step ahead of an ever-increasing threat landscape. Neustar's next generation DNS network is one such investment and will continue to evolve to support the usTLD. Benefits from these enhancements include:

- *Larger geographic footprint:* The next generation platform will continue to distribute the DNS load across a larger geographic region, with nodes closer to end-users. By localizing traffic closer to the source, Neustar can more effectively identify, isolate and mitigate attacks against the usTLD
- *Increased Query Performance:* Query performance will increase 5x as we continue to optimize performance at each DNS node
- *Integrated DDoS mitigation for DNS services:* A separate, purpose-built, carrier grade DDoS mitigation platform with geographically distributed nodes that may be invoked in the event of a DDoS attack on the DNS platform, capable of scrubbing hundreds of gigabits of DDoS attack traffic.
- *Code Diversity:* The next generation platform provides DNS resolution with code that is unique to Neustar. This code diversity helps further mitigate risk for the usTLD.

Neustar plan to Release 1 and 2 character usTLD Names

Neustar has received requests over time for highly attractive one-character and two-character .US domain names to enable highly visible and positive brand awareness for the .US domain name space. Neustar plans to make available the currently reserved one-character and two-character second-level usTLD domain names. The primary goal of the proposed program is to release desirable one- and two-character domains in a manner that increases use and awareness of the usTLD, which will in turn enhance the attractiveness of the usTLD in the overall TLD marketplace. The domains proposed for release would not include any two-character second-level domains that currently support the legacy locality namespace or those that are included in the ISO-3166 list of country-code TLDs.

Rationale for the release of .US one-character and two-character domain names

The primary benefits for the .US domain name space are:

- The community of .US users and supporters are very interested in this program and represents increased choice for registrants.
- The high-profile use of .US one-character and two-character domain names will secure usage and marketing commitments, which in turn will raise awareness of the .US domain name.

- There is demonstrated success of how a program like this can improve the profile and usage of a domain name. The ICANN Board has recently approved similar proposals for .BIZ, .TEL, .TRAVEL and .PRO. Approval for .US will allow the domain name to remain competitive with other domain names that are not in a “high market share” scenario (i.e., .COM, .NET, etc.)

Business Description

Neustar's proposed program includes two components: (1) an RFP round that invites interested registrants to propose specific plans for use and promotion and (2) a First-come, First-served (FCFS) release of any domains not allocated during the RFP round. All revenue generated by this program will be used to further promote the usTLD.

There are no technical reasons for the reservation of one-character and two-character second-level domains. In fact, there are several gTLDs and ccTLDs currently allowing registration and supporting resolution of one-character and two-character second-level domains, including in .com, the largest TLD registry, and .biz, a gTLD operated by Neustar. Releasing the proposed one-character and two-character reserved names will have no impact on the technical operation of the usTLD.

Through the initial RFP round, we will identify candidates with the most beneficial and meaningful combination of actual usage, quality, innovation, brand recognition, financial commitment to the domain name, and ability to deliver in a timely manner. Our proposed implementation will identify individuals and businesses that are willing and able to commit resources to promote their brand using a desirable usTLD domain, which will help raise awareness of the value of usTLD and promote competition in the domain name marketplace. Neustar will accomplish this via an open RFP process as well as proactively reach out to companies and individuals who would have a vested interest in using and promoting a specific one- and two-character domain name.

For any names not allocated during the RFP round, Neustar will announce a release date and allow open, first-come, first-served registration where all normal usTLD business rules apply. Neustar will introduce the proposed service using the following phased approach:

- *Phase 1: Request for Proposals*

Neustar will issue a Request for Proposals (RFP) inviting potential usTLD registrants to submit proposals explaining how they would use and promote a particular one- or two-character domain name. Each proposal will require prior acknowledgment and acceptance of the usTLD Registration Agreement. The domain will be registered through an usTLD registrar (accredited and in good standing) of their own choosing where normal business rules and fees will apply. Evaluation criteria will take into account the applicant's business and technical capabilities, marketing expertise, business plan, revenue generation model and the manner and purposes for which the proposed site would be operated.

The successful applicant will:

- Commit to using the one- or two-character usTLD domain as their primary web address, or for a specific marketing campaign;

- Demonstrate a financial commitment for the domain name and for promoting their web address resulting in increased awareness of the usTLD;
- Meet or exceed commitments made by any competing applicants.
- Meet minimum standards of decency and morality and be deemed by Neustar to be a positive representative of the usTLD.
- Meet the usTLD Nexus requirement.

Phase 2: First-Come, First-Served (FCFS)

Following completion of the RFP and Auction rounds, Neustar will announce a date and time where all remaining one- and two-character usTLD domains will be released on a first-come, first-served basis. All normal second-level usTLD registration processes will apply, including the standard registry fee.

Release of one and two characters will promote competition

Neustar believes that the proposed service will help address the current competitive imbalance in the domain name marketplace, where some TLDs currently have one- and two-characters domains resolving but the usTLD does not. Neustar's ability to conduct an RFP phase to identify interested registrants that are willing and able to commit resources to promote their brand using usTLD domain names will help to show there are alternatives to the .com brand and the registry operator that still commands over 85% of the TLD market.

The usTLD competes in the U.S. marketplace with the .com gTLD, among others. Neustar intends to leverage the interest of potential registrants who will commit to using and promoting their usTLD brand to help build greater awareness of the usTLD brand.

The following existing TLD registry operators currently offer or have applied to offer one- and two-character second level domain registrations:

- DotCooperation, LLC (.COOP)
- EmployMedia LLC (.JOBS)
- mTLD, Ltd (.MOBI)
- Tralliance (.TRAVEL)
- Telnic (.TEL)
- Neustar, Inc. (.BIZ)
- VeriSign, Inc. (.COM/.NET)

Release of Other 1 and 2 Character Domains

In the gTLD space, the Internet Corporation for Assigned Names and Numbers (ICANN) has authorized the release of other single-character domain names, including in .BIZ, which is also operated by Neustar. ICANN's Security and Stability Advisory Committee has determined that single-character domains do not present any security or stability concerns or issues. The following is ICANN's preliminary determination on Neustar's .BIZ proposal to release one and two character .BIZ names, which has now been finalized and incorporated into the .BIZ gTLD registry agreement.

1.7.2 Multistakeholder Consultation Process (C.8.2)

The usTLD must remain a trusted domain space for all American Internet users (including state and local governments, schools, libraries, businesses, and consumers) and a stable, secure, and safe environment that fosters economic growth and innovation and prepares young Americans for leadership roles in the global digital economy. To do so, the usTLD requires responsible management, careful oversight, and clear and reliably enforced policies. usTLD policies must, however, evolve and develop over time to respond to changing needs of the usTLD community, emerging technology, and cybersecurity challenges.

Neustar employees directly responsible for the usTLD contract bring a unique skill-set and international credibility to the usTLD's support for responsible stewardship of the domain name system and the multistakeholder model of Internet governance. As set forth in Proposal Section 1.3.15, Neustar will create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the many constituencies whose members have an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and provide input into the management of the usTLD. This Council will be established to assist and guide policy development for the usTLD and facilitate nimble and creative evolution of the namespace.

Using a multistakeholder approach, the Council will will provide a vibrant, diverse, and independent forum for future development of the usTLD, working directly with usTLD stakeholders, including Federal, State, and local government stakeholders, helping Neustar to identify public needs and develop policies, programs, and partnerships to address those needs. Further details on Neustar's proposed multistakeholder approach, are contained in *Proposal Volume 1, Section 1.3.15* of the Proposal.

Summary

Neustar is an innovative thought leader that continues to enhance the usability, viability and attractiveness of the usTLD. Our creative enhancements to existing services and ground-breaking new services help set the usTLD apart from other top level domains. We will look to maintain this leadership role and stay at the cutting-edge of innovation to enable usTLD community to maximize the potential value of the namespace.

1.8 KIDS.US SECOND LEVEL DOMAIN FUNCTIONS (C.9, C.9.1)

Highlights

- From 2003 through 2012 Neustar responsibly managed and administrated kids.us in full compliance with the Dot Kids Act and all applicable policies and guidelines.
- Neustar developed the kids.us content guidelines and all associated agreements and policies. Those agreements are consistent with the requirements in C.9 of the RFP.
- On June 27, 2012, the Department of Commerce with amendment #12 of the Neustar contract, suspended the kids.us domain effective 30 days after the date of the amendment.
- Neustar commits to entering into contract negotiations with the DOC with respect to the kids.us space so that an agreement can be reached within ninety (90) days.
- Expeditiously forming a special committee of outside children's media and Internet policy experts who will be tasked with examining and making recommendations regarding the kids.us space. Their recommendation will be delivered and actively considered by the multistakeholder council for policy development.
- Should the suspension of the kids.us domain be lifted in the future, Neustar has the knowledge and expertise to once again administer the program.

Kids.us is a unique component of the usTLD. The administration of the program requires a special skill set only Neustar possesses. While the domain has been suspended by the Department of Commerce, should the suspension be lifted, Neustar is committed to once again running the domain and program in a responsible manner.

Historical information

On December 4, 2002, President George W. Bush signed into law the Dot Kids Implementation and Efficiency Act of 2002 (Dot Kids Act).¹The Dot Kids Act requires that the administrator of the .US country code top-level domain (ccTLD), establish a kids.us domain to serve as a haven for material that promotes positive experiences for children and families using the Internet, provides a safe online environment for children, and helps to prevent children from being exposed to harmful material on the Internet. In addition, the Dot Kids Act also requires the Registry Operator to provide an annual compliance report with regard to "the registry's monitoring and enforcement procedures for the [kids.us] domain."² The Act envisioned a closed-off, walled garden, in which children could surf in a safe environment. At that time, it was difficult to find safe, appropriate content for children on the Internet. No one could have possibly anticipated the changes that were about to occur on the Internet.

Overview

¹ Public Law 107-317

² Public Law 107-317, Section 157, subsection h.

- The kids.us domain was suspended by NTIA on June 27, 2012 in accordance with Section 4 (i) of PL 107-317 (the Dot Kids Act), which permits suspension upon NTIA's finding that the domain is not serving its intended purpose.
- While that same provision of the Dot Kids Acts provides for suspension of kids.us "until such time as the NTIA determines that the new domain can be operated as intended," we understand that the DOC interprets Sec 4 (b) of (2) PL 107-317 (the Dot Kids Act) to require the successful bidder for the 2013 usTLD RFP to enter into a contract for operating and maintaining the United States country code Internet domain with the NTIA during the 90 day period after selection of such registry, that provides for the registry to carry out, and the new domain to operate in accordance with, the requirements under subsection (c).
- We believe that it continues to be the case that a kids.us domain would not serve its intended purpose and that the space cannot be operated as intended at this time. Accordingly, Neustar intends to petition the DOC to suspend the domain.
- At the same time, Neustar will immediately enter into negotiations with NTIA regarding revival of the kids.us domain in order to reach agreement within ninety (90) days. Neustar is uniquely able to meet the 90-day time frame by utilizing many previously approved documents and policies. For instance, Neustar could utilize the Kids.us Administrator-Registrar Agreement v.2.0 as included in its proposal, with minor updates in accordance with the provisions of modification #12. Neustar would also utilize the previously approved Content Management Service Terms and Conditions Agreement. Again, Neustar anticipates that only minor edits will be needed. Neustar could also use the previously approved Kids: US content policy: guidelines and restrictions included in its proposal. Neustar could also use the same three-tiered severity level as described in the bid documents under Enforcement Processes and Procedures. Neustar would be able to provide technical and customer support assistance to Registrars for kids.us, using Neustar's existing 24/7/365 customer support operation.
- Neustar has the infrastructure, policies, procedures and personnel need to fulfill the requirement of C.9.11 in the event NTIA determines that the domain can operate as intended. It is Neustar's intent that Neustar's proven capabilities and procedures, as well as the proposed Experts Committee and the Multistakeholder process fulfill requirement C.9.11. Previously approved procedures would be consistent with section (4)(b) of the Act.
- As part of these negotiations, Neustar would like to explore with DOC a variety of creative approaches to utilizing the usTLD space to better serve children and families. Neustar is an ardent believer in the need to educate children about digital literacy but we are not educational experts ourselves. Accordingly, Neustar also proposes to form a special Education Committee and to employ a multistakeholder process to examine the best way to promote the goals of the Dot Kids Act. Accordingly:
 - Within 30 days of the award, Neustar will post a proposed description of the Education Committee for public comment and request Expressions of Interest from interested stakeholders. Neustar will consider the volunteers who contact Neustar online and will also be seeking experts through other channels. Neustar commits to transparency by

soliciting input from the public with respect to the formation of the Committee, its minutes and its recommendations.

- Neustar welcomes and encourages DOC's participation in the work of the Education Committee in whatever capacity the Department deems appropriate.
- Neustar will provide administrative and secretarial support to the Education Committee, and intends to ask the Committee to examine the Dot Kids Act and the kids.us space and to make recommendations for (i) revitalizing the kids.us space and/or (ii) think creatively and give recommendations on other ways the usTLD operator could meet the online needs of children that embrace the spirit of the Dot Kids Act.
- For example, depending on our discussions during the 90 day period, we might agree to seek the input from the Education Committee on written milestones and a timeline for its work, recognizing that all on the Committee will be volunteers with other professional responsibilities and we will be respectful of the time contribution these volunteer committee members will make to the betterment of the usTLD.
- When the work of the Committee is completed, it will present its recommendations to the Multistakeholder Council for further action. Neustar believes that it is appropriate to involve the Multistakeholder council in matters pertaining to the enhancement of the kids.us domain. The timeline for review will be in-line with the overall timeframe for review of all proposals before the Council and as described in other sections within its proposal and this memo. Neustar will request that the Council give this proposal priority in its scheduling and review.
- Neustar would welcome NTIA's participation in the Education Committee itself. In accordance with the contract requirements, any recommendations made by the Education Committee and approved by the Stakeholder Council will be submitted to NTIA for review and approval.

1.8.1 Maintaining and operating second-level kids.us domain

Before launching kids.us domain registrations on September 4, 2003, three months prior to the statutory deadline, Neustar developed and implemented a number of crucial policies and procedures that supported a safe kids.us experience. For the next nine years, Neustar administered the kids.us domain space and content review system in a manner that ensured a reliable online environment devoid of harmful material for children aged 13 or younger. During the summer of 2012, the kids.us domain was suspended by the Department of Commerce.

Summary by year

Neustar commenced the kids.us Open Registration Period on September 4, 2003, three (3) months prior to the statutory deadline.

- By the end of 2003, 1460 kids.us domains had been registered and five kids.us websites had been reviewed, approved, and were active.
- In 2004, 333 new kids.us domains were registered while 288 previously registered domains expired and were not renewed, resulting in a net increase of 45 domains and a

total of 1505 registered kids.us domains. There were 18 new kids.us websites activated in 2004, resulting in a total of 23 reviewed, approved, and active kids.us websites.

- In 2005, there were 27 new kids.us registrations, and 216 kids.us domains expired and were deleted, resulting in a net decrease of 189 domains for a total of 1316 registered kids.us domains. One new kids.us website was activated in 2005 and two kids.us websites were deactivated for a total of 22 reviewed, approved and active kids.us websites.
- In 2006, there were 15 new kids.us registrations, expiration (non-renewal) of 186 kids.us domains, resulting in a net decrease of 171 domains for a total of 1145 registered kids.us domains. There were no new kids.us websites activated in 2006 and 2 kids.us websites were deactivated for a total of 20 reviewed, approved and active kids.us websites.
- In 2007, there were 168 new kids.us registrations, expiration (non-renewal) of 148 kids.us domains, resulting in a net increase of 20 domains for a total of 1165 registered kids.us domains. There was no new kids.us websites activated in 2007 and one kids.us websites deactivated for a total of 19 reviewed, approved and active kids.us websites
- In 2008, there were 47 new kids.us registrations, expiration (non-renewal) of 180 kids.us domains, resulting in a net decrease of 133 domains for a total of 1032 registered kids.us domains. There were no new kids.us websites activated in 2008 and nine kids.us websites deactivated for a total of 10 reviewed, approved and active kids.us websites.
- In 2009, there were 35 new kids.us registrations, expiration (non-renewal) of 207 kids.us domains, resulting in a net decrease of 172 for a total of 860 registered kids.us domains. No new kids.us websites were activated in 2009 and no existing sites were deactivated. There were 10 reviewed, approved and active kids.us websites.
- In 2010, there were 30 new kids.us registrations, expiration (non-renewal) of 200 kids.us domains, resulting in a net decrease of 170 for a total of 690 registered kids, us domains. Five new kids.us websites were activated in 2010 and 1 existing site was deactivated. There were 14 reviewed, approved and active kids.us websites.
- In 2011, there were 32 new kids.us registrations, expiration (non-renewal) of 95 kids.us domains, resulting in a net decrease of 63 for a total of 627 registered kids.us domains. No new websites were activated in 2010 and 9 sites were deactivated. There were 6 reviewed, approved and active kids.us websites.
- In 2012, there were 14 new kids.us registrations and 13 names were not renewed. On the effective date of the suspension, July 27, 2012, there were 628 registered kids.us domains, three of which were in "pending delete" status after deletion by their respective registrars. There were no websites activated in 2012. At the time of suspension, there were 6 reviewed, approved and active kids.us websites.

Suspension of kids.us website

On June 27, 2012, Neustar received modification #12 of its contract to administer the usTLD from the Department of Commerce. Modification #12 suspended the kids.us domain effective 30 days (July 27, 2012) after the date of the amendment. For further information, including a copy of the amendment, please see www.cms.kids.us and *Proposal Volume 1, Attachment 2*. As part of the suspension program, Neustar pledged to (1) keep a zone copy of the existing kids.us

domains to ensure that a record of previous owners is available in case the space is revived, in which case the previous registrants would be given first right of refusal before the names were placed in the general registration pool, (2) work with respective registrars to ensure that all eligible registrations received a refund of \$50.00 once deleted, and (3) archive the kids.us space one year (on July 27, 2013) from the suspension date. Neustar has fulfilled all of these requirements in a timely manner.

The suspension reflected changes in the Internet environment over the previous decade. Today, a multitude of high quality websites run by the private sector offer rich online content specifically designed for children under the age of 13. Parents now can select among many tools to help keep their children safe online including, software applications, web browsers, and parental control features provided by their Internet Service Providers, hosting providers and third parties. As a result of the changed landscape of the Internet and the many other tools that parents now have available to protect their children's online experience, the Department of Commerce suspended the kids.us domain in the summer of 2012.

Neustar's commitment to safe on-line experiences and digital literacy for children

While much has changed over the past ten years, what remains the same is our continued commitment to protect children in the most effective ways possible. As part of Neustar's commitment to children and to safe online experiences, Neustar has been proud to sponsor the *My Digital Life* program in our home states of Virginia, Kentucky and California. The program is an interactive, new media learning platform that combines the power of cutting-edge instructional design, rich media, and gaming. The 3.5-hour curriculum was designed by EverFi, a leading education technology company, for students in middle school and aligns with national standards established by the International Society for Technology in Education (ISTE), as well as state standards. The modules cover a wide range of topics including privacy, security, and cyberbullying. The curriculum also focuses on building digital skills, such as creating a blog, maintaining a responsible social network profile, and evaluating online research sources for legitimacy. Neustar believes that by engaging middle school children in the excitement of technology, we will help to foster a greater interest in subjects such as math and science that will lead to STEM careers.

Children's Internet Policy Experts and the Multistakeholder Process

Neustar believes that addressing the safety and educational needs of children on the Internet, either through kids.us, or in other ways, must be a high priority for the usTLD. Neustar commits to form a committee made up of experts in the children's online policy space including educators, children's content and digital media designers, children's advocacy experts and others for the purpose of developing recommendations on ways either to enhance kids.us or on alternative measures that would promote the goal of safe, educational online experiences for children 13 and under. (see C.9.11) The usTLD Children's Content Committee (the "Committee") will be asked to provide input on these standards and on additional ways in which the usTLD could be used to further the goals of the Dot Kids Act. The work product of this Committee will be presented to the proposed usTLD Stakeholder Council for its consideration and recommendations regarding usTLD policy. Neustar fully expects that the Committee will

embrace the spirit of the requirements outlined below in whatever recommendation it delivers to the Stakeholder Council.

The discussion below addresses the manner in which Neustar would be able to meet the requirements of the Dot Kids Act.

1.8.2 Content Standards (C.9.2, C.9.3)

The objective of the kids.us domain was to facilitate the establishment of a protected, friendly and enjoyable Internet environment for children.

The following are the specific content guidelines for determining which content resolves within a kids.us approved domain name and is “suitable for minors”. Each of these standards are currently used or accepted in a variety of public communications and media forums. Providing this information helps define what is acceptable content in a domain for children, and also informs kids.us registrants of existing standards and laws that are applicable to children online.

In addition, these content guidelines and restrictions are applicable to all domains within the kids.us domain, whether at the third, fourth or higher level, which is defined herein as any web page that is associated with a domain name ending in kids.us – all pages “behind” the primary URL and all pages associated with domains “to the left” of kids.us. Thus, although domain names with four or more levels (e.g., registry.Neustar.kids.us) are permitted and can be managed at the discretion of the registrant, those pages are considered part of the kids.us domain and are therefore subject to all guidelines, restrictions and policies of the kids.us space.

Compliance with existing laws, regulations, and relevant voluntary standards

In addition to the guidelines and requirements contained herein, all content that resides within a kids.us-approved domain must be in compliance with existing laws, widely adopted children’s online protection policies, advertising policies, privacy requirements and other policies, restrictions and guidelines. These include, but are not limited to, the several key legal, regulatory, and voluntary standards listed below that impact multimedia children’s content today.

Compliance with existing rules and regulations regarding indecency on the airwaves

In light of the public significance of both the usTLD and the kids.us second level domain, the registry operator reviews, for possible deletion, all registered .us domain names that contain, within the characters of the domain name registration, any of the seven words identified in *Federal Communications Commission v. Pacifica Foundation*.³

A commitment to offer some educational and informational content

Pursuant to the Children’s Television Act and the FCC’s rules implementing this statute, broadcasters have a public interest obligation to air a specific number of hours of programming that offers some educational and informational content targeted to children under age 13. These rules are consistent with the spirit of the “suitable for minors” clause in the Dot Kids Act

³ 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978).

and thus, all registrants within the kids.us domain are encouraged to have some component of educational and informational content for children on their respective domains.

Compliance with the Children's Online Privacy Protection Act (COPPA) requirements

The Children's Online Privacy Protection Act (COPPA) requires the Federal Trade Commission (FTC) to issue and enforce rules concerning children's online privacy. In doing so, the FTC stated its primary goal as placing parents in control over the information that may be collected from their children online. Specifically, the COPPA rules apply to three groups of website operators: operators of commercial websites or online services directed to children under 13 that collect personal information from children; operators of general audience sites that collect personal information from children under 13; and operators of general audience sites that have a separate children's area and that collect personal information from children.

These three groups of operators are required to perform certain tasks. First, these operators must post a privacy policy, provide notice to parents about the site's information collection practices, and in many instances, obtain parental consent prior to collecting personal information from children. In addition, the operators must provide parents access to their child's information and the opportunity to delete information, they may not condition a child's participation in an activity on the disclosure of more information than is reasonably necessary, and they must maintain the confidentiality, security and integrity of the personal information collected from children.

Compliance with Children's Advertising Review Unit (CARU) advertising standards

One example of widely adopted policies relating to advertising includes the efforts of the Children's Advertising Review Unit (CARU) of the Better Business Bureau. The CARU reviews and evaluates advertising in all media directed to children under 12. This includes print, broadcast and cable television, radio, video, CD-ROM, 900/976 teleprograms, and interactive electronic media. CARU reviews advertising to determine consistency with its guidelines. If advertising is found to be misleading, inaccurate, or inconsistent with the guidelines, CARU works to achieve voluntary cooperation from the relevant parties to ensure compliance. All kids.us registrants are encouraged to be in compliance with the CARU Guidelines.

Restrictions within the kids.us domain

In addition to the proposed general standards identified above, below is a core list of content restrictions to be followed within the kids.us domain.

The following information or content is not permitted within the kids.us domain:

Mature content—actual and/or simulated normal or perverted sexual acts or sexual contact; sexually explicit information that is not of medical or scientific nature which includes:

- Discussion or descriptions of sexual techniques or exercises;
- Sexual paraphernalia;
- Explicit discussions of sex and sexuality; and
- Lewd clothing sales.

Pornography—content that is sexually explicit and/or has a purpose of arousing a sexual or prurient interest which includes:

- Lewd exhibitions of genitals or post-pubescent female breasts;
- Pornographic fiction or erotica;
- Sex-related phone and video information;
- Adult services (e.g., escort services, exotic dancers);
- Personals or dating services;
- Fetish information or clothing; and
- Sex toys.

Inappropriate language—use of profane, indecent, pornographic or sexually-related language, including the seven words identified in *Federal Communications Commission v. Pacifica Foundation*, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978) in the domain name or content of any kids.us website

Violence—content which advocates or provides instructions for causing physical harm to people, animals or property which includes:

- Information or instructions for injuring or killing people or animals;
- Explosives and bombs – manufacturing, obtaining materials, transport and detonation;
- Graphic images of blood and gore with no medical or scientific purpose;
- Destructive mischief, pranks or practical jokes; and
- Dangerous chemistry, physics and engineering.

Hate speech—content with hostility or aggression toward an individual or group on the basis of race, religion, gender, nationality, ethnic origin, or other involuntary characteristics OR denigrates others on the basis of these characteristics or justifies inequality on the basis of those characteristics. This includes:

- Racism;
- Religious-based hate speech, such as anti-Semitism;
- Misogyny;
- Race-based separatism; and
- Ageism.

Drugs—content that advocates the illegal use of drugs or abuse of over-the-counter or prescription medications. This includes

- Direct or indirect sale of illegal substances;
- Narcotic paraphernalia;
- Manufacture of illegal substances (organic or chemical);
- Abuse of over-the-counter or prescription drugs or medical treatments;
- Direct or indirect distribution of illegal substances; and
- Use of illegal substances.

Alcohol—content that advocates or contemplates alcohol consumption which includes

- Offers for sale;
- Supplies recipes for creating, encouraging or guidance on consumption;

- Paraphernalia to make or consume; and
- Drinking games or other recreational displays.

Tobacco—content that features smoking or use of other tobacco products, which includes

- Retailers or other means of acquiring;
- Tobacco products and paraphernalia;
- Instructions for using tobacco products; and
- Glamorization of tobacco use.

Gambling—content that advocates legal or illegal gambling, which includes

- Online Casinos, lotteries, gaming or online betting sites;
- Information or tips for placing bets of handicapping; and
- Fundraisers that use gambling.

Weapons—content that sells or advocates the use of weapons, which includes

- Direct sale or information on the procurement of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons; and
- Information on use or modification of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons.

Criminal activities—content that advocates or provides information or instruction for engaging criminal activity, which includes

- Theft;
- Bodily harm;
- Property damage; and
- Computer-related crimes.

Notwithstanding the list contained above, all content will be reviewed by the Content Manager(s) on the whole prior to being approved for display on a kids.us domain. If such content is deemed by the Content Manager(s) and/or Neustar as having appropriate educational, informational, intellectual, literary, artistic, political, or scientific value for minors we believe that exceptions can be made to allow this content to appear in the kids.us domain.

Technology restrictions

Because there is no foolproof method for protecting children online, the Dot Kids Act specifies limitations put on specific technologies. These technologies are prohibited from use in any kids.us domains:

- Two-way and multi-user interactive services, which includes: e-mail, chat, instant messaging, Usenet, Message Boards of like user forum, and peer-to-peer connections, place “unless the registrant certifies to the registrar that such service will be offered in compliance with content standards established ... and is designed to reduce the risk of exploitation of minors using such two-way and multi-user interactive services”; and
- Hyperlinks that take a user outside of the kids.us domain.

The proposed Committee of experts will be advised of these restrictions and will be directed to take them into consideration when forming their recommendation. Ensuring children's safe online experience will be of the highest priority.

As specified in Neustar's policy implementing the Dot Kids Act, at the time of Initial Content Review, and before any content may be activated within the kids.us domain, all potential websites must completely adhere to the Dot Kids Act Content Policy. Once content is active, the Registry Operator, through several mechanisms, is alerted to actual or alleged content infractions.⁴[1] The monitoring and enforcement procedures are designed to balance the needs of maintaining a stable domain space while ensuring a timely and expeditious means for registrants to resolve any true or alleged content infractions.

For security and operational stability, Neustar maintained the On-going Content Review process in a highly secure and confidential manner during the years it actively operated the kids.us domain. The On-going Content Review included multiple automated reviews of all active websites each week. The automated operations began in April of 2004 and continued until there were no longer any live websites associated with the kids.us domain.

Enforcement

Neustar assigns a "severity level" to each of the content restrictions identified in the Dot Kids Act Content Policy. The severity level dictates the process for the Registry Operator to address content violations and establishes the time period in which the registrant has to cure its violation. Because Neustar does not have direct access to the content within a website, the Registry Operator is limited to removing a domain name from the dot-US Zone File, thereby blocking access to the site, until the violation can be cured. It is important to note a technological distinction between the Registry Operator making a domain name unavailable and a user's ability to access that domain in the future. In the event a domain name has been cached locally or by an ISP, that name will reside in the ISP's system until it updates its individual databases with a current copy of the Registry Operator's Zone File. Thus, although the Registry may remove a name from the Zone File, that name may still be accessible if it has been cached with the ISP. Additionally, if the IP address for the domain name has been made available, that can be entered into the URL line of the browser in lieu of an alphanumeric domain name thereby making a website accessible without using the Domain Name System (DNS). Content Restrictions are broken into the three severity categories identified in

Table 1.8-1.

Severity Level 1	Severity Level 2	Severity Level 3
Mature content	Hate speech	Hyperlinks to acceptable content
Pornography	Drugs	
Inappropriate language	Weapons	
Violence	Hyperlinks to Level 2 or Level 3 content	
Hyperlinks to Level 1 content	Gambling	
Interactive or multi-user	Alcohol	

⁴ A third-party report violation process was established in 2003 and a web-based complaint form was provided at www.kids.us.

communication		
Criminal activity	Tobacco	

Table 1.8-1: Content Restriction Categories by Severity Level

When Neustar is notified of an alleged violation, the alleged violation is reviewed and placed into one of the severity categories identified in the table above. If the Content Manager and/or Neustar determine that a violation has occurred, the following actions are taken for each of the categories:

Severity Level 1—Registry will immediately remove the domain name from the Zone File, contact the Registrar and Registrant and provide them notification of removal. The Registrant will be required to repeat the content review process before the name can be re-established in the Zone File.

Severity Level 2—Registry will notify the Registrar and Registrant of the infraction and provide 4 hours for the error to be modified. The Registrant will be subject to an additional review of its content before the site can be re-established in the Zone File.

Severity Level 3—Registry will notify the Registrar or Registrant of the infraction and provide 12 hours for the error to be modified.

Registrants found in violation of the content standards desiring to be reinstated within the kids.us domain will be subject to a new review and re-activation fee each time a domain name is removed from the Zone File and then re-entered.

1.8.3 Process for Removing Content (C.9.4)

While the established policies and procedures proved effective in managing the content on kids.us, it was necessary to have an established process to remove any content that violated the standards and requirements.

Neustar developed, implemented, and enforced the following kids.us take-down policy. We reaffirm our commitment to these policies and propose no changes should the suspension be lifted.

Pursuant to the Dot Kids Act, the registry operator has responsibility for creating “a process for removing from the new domain any content that is not in accordance with the [content] standards and requirements of the registry.” This enforcement power, though severe, is not absolute and finite, as the registry is also required to create “a process to provide registrants to the new domain with an opportunity for a prompt, expeditious, and impartial dispute resolution process regarding any material of the registrant excluded from the new domain.” The purpose of providing this enforcement power to the registry operator is to strengthen a core objective of the Dot Kids Act, which is both to create an online arena that is free from material that is harmful to minors and to ensure that the kids.us domain remains safe from such harmful material.

At the time of initial content review, all potential websites must completely abide by the kids.us Content Guidelines and Restrictions before any content may reside within the kids.us domain. Once content is available, Neustar can be made aware of any true or alleged content infractions from the Content Manager or through feedback received directly from the Internet community. On an on-going basis, Neustar follows a defined process for removing inappropriate content

from the kids.us domain. This process is designed to balance the needs of maintaining a stable domain space as well as ensuring a timely and expeditious means for registrants to resolve any true or alleged content infractions.

Neustar developed specific content restrictions and a corresponding “severity level” that guide the registry in addressing content violations. Because the registry does not have direct access to the content within a website, actions by the registry are limited to removing a domain name from the zone file, thereby blocking the site in its entirety. Although complete removal of a domain name may appear to be an extreme course of action in some instances, the objective of protecting children is paramount and must be the guiding factor in the enforcement process.

1.8.4 Dispute Resolution Policy (C.9.5)

During the decade that Neustar operated the kids.us domain, there was never a case where the dispute resolution policy was used. In general, there were few violations of policy and those that did occur were usually inadvertent and quickly remedied by the website operator after being notified of the infraction. Neustar believes, however, that it is in the best interests of all parties to have a clear and transparent policy to address disputes before they occur.

The kids.us Accreditation agreement provides for prompt, expeditious and impartial dispute resolution regarding any registrant material excluded from the kids.us domain. In order to carry out this contractual as well as legislative requirement, Neustar leveraged its existing relationship with the National Arbitration Forum (“NAF”) to (1) assist in developing prompt, expeditious, and impartial dispute resolution process and (2) develop a Dispute Provider Agreement in which NAF (a neutral third party) would agree to provide such dispute services. It was through these discussions that we developed a dispute resolution process that we believe is fair and equitable.

According to the Kids.us Content Removal Policy and Rules developed and administered by Neustar (“Policy”), any Kids.us domain name registrant is entitled to initiate an administrative proceeding (“Challenge”) in the event that usTLD Administrator has either (i) taken any action to remove a Registrant’s registered Kids.us domain name from the zone file or (ii) issued a Content Violation Notice of Intent to Remove a registrant’s Kids.us domain name from the zone file (the “Removal Notice”) for violation of the Content Policy.

There are two types of possible disputes relating to the Content Policy. The first will occur if either (i) a Kids.us Active Registrant’s content is not approved by the usTLD Administrator to resolve on its Kids.us site or (ii) a Kids.us Active Registrant’s content is taken down by the Registry under the Takedown Procedures. The second type of dispute, although treated similarly as the above disputes under the Content Policy, occurs when the usTLD Administrator mandates that certain content be removed from the Kids.us site, the Kids.us Active Registrant complies and therefore still has a resolving Kids.us site, but the Registrant would like to appeal the decision requiring him to take down such content or risk the whole Kids.us site being taken down.

In both types of disputes, the Kids.us registrant will be the complainant and Neustar will be the Respondent. Like the usDRP and the Nexus Dispute Policy, the burden will be on the Complainant to demonstrate that the content that was removed (or the Kids.us Site that was taken down) by Neustar was not in violation of the Content Policy and therefore should never

have been removed. Unlike the usDRP or Nexus Dispute Policy, Neustar as the Respondent does not need to respond specifically to the individual assertions made by the Complainant, but must merely provide the Dispute Provider with enough information about the content that was taken down, the supporting documentation, and the reasons justifying the take down of the content.

The rationale for not requiring the usTLD Administrator to respond specifically to the Complaint is obvious. Such a requirement would be highly burdensome and could increase the costs of the Kids.us space by a significant amount. To illustrate, it is possible (if not likely) that a Complainant would claim that Neustar's taking down of a particular website was in violation of the first amendment, breach of contract, negligent, etc. (as these types of causes of action are common in a usDRP). That being said, the Dispute Provider must be given enough information from Neustar to make an independent determination about whether Neustar was acting within the scope of the Content Policy in taking down a name (or content). Therefore, by providing the general information about precisely why a site was taken down (along with the back-up documentation), this enables the Dispute Provider in making its determination.

1.8.5 Kids.us WHOIS Database (C.9.6)

As provided in the suspension order, registrars are no longer accepting registrations for kids.us domains. Before the suspension, Neustar ensured the accuracy of all contact information submitted by registrants and retained by registrars in the kids.us domain by maintaining and updating the WHOIS database. The kids.us WHOIS database is the same database maintained for all usTLD domains and includes all the required data fields. Additionally, Neustar, as required under the suspension keeps a copy of all information in the database in the event that the suspension is lifted at a future time.

1.8.6 Kids.us Administrator-Registrar Agreement

Neustar developed, maintained and enforced the Kids.us Administrator-Registrar Agreement. The Kids.us Administrator-Registrar Agreement ("KARA") is the primary agreement that governs the relationship between Neustar, as the Registry Operator of the kids.us second-level domain name space, and each individual kids.us Accredited Registrar. All Registrars offering Kids.us domain name registrations must sign the KARA in addition to the usTLD Accreditation and Registrar Agreements which include policies covering nexus, WHOIS, dispute resolution and domain name review. A copy of the Kids.us Administrator-Registrar agreements has been included in *Proposal Volume 1, Attachment 2*.

There are some significant differences between the KARA and the usTLD Administrator/Registrar Agreement. The primary differences relate to specific details about the unique kids.us registration process, including the (1) registration of kids.us domain names ("Registered Names"), (2) activation of the kids.us domain names ("Active Registrations") through Neustar, enabling the owner of the Registered Name to have content and (3) process of reviewing websites that contain kids content ("Kids.us Sites"). In addition, other changes relate to the fact that registrations in the kids.us domain are for the third, and not, second-level as in the general expanded usTLD space. Only registrars that have executed the Kids.us Accreditation Agreement may offer kids.us domains.

Lessons learned in implementing Dot Kids Act.

Please see previous discussion involving two-way and multi-user interactive services under Proposal Volume 1 Section 1.8.2 above. In addition, other relevant lessons include:

Multimedia Downloads and Third Party Software Applications

During the course of 2004, Neustar staff learned certain lessons from the day-to-day management of our content review process and procedures. By working closely with the approved subcontractor for content review services, and the content providers themselves, Neustar identified certain challenges and issues that had been unforeseen during the design and launch phases of the kids.us domain – particularly related to the interaction of software installed on end-user computers and common web design software incorporated into websites submitted for content review.

One particular case involved the “hard-coded” behavior of certain software products from Macromedia, including “Flash” and “Shockwave” web design products. These Macromedia products account for a significant percentage of installed end-user software that enables the viewing of rich Internet content, interactive games and animation.

The challenge presented by these ubiquitous software programs is that some are hard-coded to prompt end-users to download the program if it is not already installed on an end-user's computer. In addition, if the end-user has an outdated version of such software, the end-user may be prompted to update to the latest version of the software. When end-users receive this prompt, it has the potential of forcing the end-user out of the kids.us domain name space for the sole purpose of downloading the latest version of the software. Because children under thirteen can be forced to exit the kids.us space, Neustar has elected to prohibit the software from being incorporated into the site by the content provider when the software is hard-coded to take end-users outside of the kids.us domain. It does, however, allow the software to be incorporated into kids.us websites, when the software is modified to remove the “forced hyperlink.”

In situations where the end-user does not have the latest version of the software, authorized end users (parents, guardians) are informed that they need to download the software directly from the software provider, in this case Macromedia. In other words, kids.us site content providers are not allowed to incorporate software that will prompt an end-user to leave the kids.us domain to obtain a software upgrade or update. However, in order to experience the rich functionality of the website, a parent or guardian will need to download that software directly from Macromedia. The responsibility of downloading such software, that otherwise could prompt a user to leave the kids.us domain, rests with parents or guardians, not the sites' content providers.

To properly explain this situation to parents and guardians, Neustar updated the kids.us website on May 12, 2004 as follows:

Important notice to parents and guardians:

Advisory Concerning Multimedia Downloads (5/12/04)

Many kids.us websites require browser downloads and plug-ins to view content that utilize sound, video, or other multimedia that enhance your child's experience when visiting the

website. Examples of these are Macromedia Flash and Macromedia Shockwave. If these browser downloads and plug-ins have not already been installed on your computer, your browser will be unable to view such content. We encourage parents and guardians to install these browser applications prior to your child's visit to any of the kids.us sites. For more information on these applications, please consult the developers' websites.

Advisory Concerning Third Party Applications (5/12/04)

Please be advised that if you have downloaded certain third party applications onto your computer from outside the kids.us domain name space, these applications may contain links to websites outside of kids.us. These links are contained in the infrastructure of the applications and/or in your operating system's environment and are not part of a particular kids.us website. The functionality of these applications cannot be controlled by the operators of kids.us websites. Examples of such applications include, but are not limited to, various browser enhancements (i.e., Microsoft and Adobe Plug-ins), search engine applications (such as the Google toolbar), media players (including Macromedia Flash players, Real Audio and Microsoft media players), and other third party plug-ins and downloads. We encourage all parents and guardians to review the functionality of any of third party applications to determine the suitability for use by children under the age of 13.

Third Party Content Providers

Another lesson learned by Neustar during the first full year of operation is that a significant amount of content developed and submitted for review in the kids.us space is not developed directly by the kids.us domain registrant, but rather by third-party entities that specialize in producing rich, animated or interactive content such as games, cartoons, etc. on behalf of the kids.us domain registrant. This is true for some of the larger, name-brand entertainment sites as well as the small or mid-size enterprises.

Because Neustar has no direct relationship with the actual third-party producer of such material, a challenge exists for Neustar in communicating the Content Restrictions to that third-party developer. Unless the kids.us domain and website owner each has a clear understanding of the Content Restrictions that are integral to the kids.us domain and can also communicate those restrictions clearly to a third-party content providers, there is a risk of content being submitted that does not comply with the restrictions. This is particularly true as sites are updated with new content after the initial review process has been completed.

To address this concern, Neustar has taken steps to improve communication with kids.us domain name registrants so they can better communicate with any third-party software providers. Neustar also updated the www.kids.us website to include a notification and explanation of these issues. Finally, Neustar has made it clear to kids.us domain registrants that Neustar staff are available to discuss, explain and clarify any questions that might arise during the entire process of turning up a new kids.us website. On more than one occasion, Neustar staff members have worked closely with content providers, both the domain registrant and third-party developers, to ensure that the content submitted meets the requirements of the Dot Kids Act.

To monitor and address the ongoing concern of unacceptable content, and continue to improve the operation of the kids.us domain, Neustar and its subcontractor conduct frequent and

regular automated and manual reviews of kids.us sites to ensure that inappropriate content is detected and addressed immediately. This process is already starting to show results. In April of 2004 an internal Neustar review identified a problem with an animated game on a particular site. It was determined by Neustar that the content was not acceptable under the Content Restrictions, and therefore, Neustar immediately contacted the site owner to cure the violation. The investigation into the inappropriate material revealed to Neustar that the material had been added to the Website after the initial Content Review process. In addition, the actual producer of the content was, in this case, not the domain name registrant, but rather a third party developer that was contracted by the registrant to provide the material for that particular kids.us Website. Unbeknownst to the domain name registrant, the content was added to the Website, but was subsequently removed after notification of the violation.

1.8.7 Annual Kids.us Compliance Report to Congress (C.9.8)

Section H of the Dot Kids Implementation and Efficiency Act of 2002, Public Law 107-317, requires that the registry shall prepare, on an annual basis, a report on the registry's monitoring and enforcement procedures for the new domain. The law states the usTLD Administrator shall submit each such report, setting forth the results of the review of its monitoring and enforcement procedures for the new domain, to the Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

Since the launch of kids.us in September 2003, Neustar has submitted an annual report on monitoring and enforcement procedures for the kids.us domain. Every report has been submitted on time since the launch of kids.us. Reports were submitted in December 2003 – December 2012. This provision was not affected by the suspension of the kids.us domain and future reports will continue to be submitted as required by law.

1.8.8 Kids.us Reserved List including actions taken to protect registrants and work with registrars as a result of the kids.us suspension (C.9.9)

On June 27, 2012, Neustar received from the United States Department of Commerce (DOC) modification #12 of its .usTLD Administrator contract, which, in addition to officially announcing the suspension of the kids.us domain that would become effective 30 days from the date of the amendment, also required Neustar to complete the following tasks as part of the suspension process:

- Notify all accredited kids.us registrars that it would immediately cease accepting new registrations and/or renewals;
- Modify the kids.us homepage prior to the suspension date to provide information on the suspension of the kids.us domain. This page would “remain available during the course of the current contract including option periods should any be granted.”
- Ensure that all existing kids.us registrants were advised of the NTIA's suspension of the kids.us domain, and that expiring domains would not be renewed after the effective date of the suspension.
- Ask each kids.us registrant with an active kids.us website to voluntarily suspend use of its domain, removing all content, within 90 days of the suspension. A registrant choosing to

not voluntarily suspend use of its kids.us domain name within the stipulated 90 days would be advised that Neustar would, on a prorated monthly basis, no longer waive the content management annual fee of \$250 per domain.

- Effective upon the suspension date (July 27, 2012), Neustar would no longer accept new applications for content review in the kids.us domain. However, it would continue to perform its content review function on all live kids.us websites for as long as the sites remained live in accordance with the provisions below, and as required by contract.
- Within 30 days after the suspension, Neustar would reserve all currently registered kids.us names. The reserved names, together with their WHOIS information, would be reserved until such time that the kids.us program can be re-established to ensure that currently listed registrants get the first right to re-register their names. In addition to reserving the names at no charge, Neustar would also ensure that registrants are notified of this action
- Neustar would work with registrars to reimburse the registration fees for kids.us domains that were due to expire in 2013 and beyond. Each sponsoring registrar would be credited a flat \$50 per name and strongly encouraged to pass it on to registrants of affected domains as reimbursement. Neustar would remove all kids.us domains from the .us registry zone within 365 days from the suspension date regardless of their expiration date.

Table 1.8-2 summarizes the actions that Neustar undertook to fulfill the requirements of modification Number 12.

Task	Completion Date
Notified kids.us accredited registrars of termination of kids.us registrations and/or renewals	6/27/2012
Modified kids.us homepage with information about suspension of kids.us	6/27/2012
Took snapshot of existing registration data for archiving purposes	6/27/2012
Advised all active kids.us registrants of the kids.us suspension and the plan to block renewal of expiring domains	7/10/2012
Reached out to registrants with active kids.us websites and asked for voluntary suspension.	7/10/2012
Blocked renewal of domains scheduled to expire after effective suspension date	7/27/2012
Maintained the content review process for a year from 7/27/2012, but terminated the CMS fee waiver effective 1/1/2013	7/27/2012
Reserved all existing kids.us domains, and kept a copy of all WHOIS/historical data for future use	7/27/2012
Reminded registrars of undeleted kids.us domains of approaching final shut down date	6/27/2013
Deleted all remaining kids.us domains, and updated the shutdown messaging at www.kids.us to reflect this final shutdown	7/27/2013
Reimbursed registrants at a flat rate of \$50/domain – through sponsoring registrars – for domains due to expire in 2013 and beyond; the fee only applied to domains registered before July 27, 2012.	7/30/2013

Table 1.8-2: Actions Neustar undertook to fulfill the requirements of modification Number 12

1.8.9 Content review and monitoring (C.9.10)

Should the kids.us suspension be lifted and requests for new websites be received, Neustar will once again review content at the initial registration stage and perform ongoing content monitoring as outlined in *Proposal Volume 1 Section 1.8* above.

1.8.10 Marketing and Promotion of Kids.us – Learning lessons from the past and a new commitment to move forward (C.9.11)

A decade ago, Congress enacted legislation to make it easier for parents to find safe and appropriate children's content on the relatively new Internet. As the contractor for .us at the time, Neustar was excited to create, maintain and operate the second level kids.us domain as a safe place for children aged 13 and younger as required by the Dot Kids Act. While the task was large, Neustar implemented all of the policies and procedures to quickly, safely and responsibly build the new domain.

In the first year after the Act was signed into law, there were over 1,500 domains registered and 23 active websites. At the time, no one would have expected that participation had peaked. Neustar actively sought to spur interest from the private sector in the domain through marketing and financial incentives. We attended conferences and passed out thousands of brochures highlighting the website. In 2007, we announced a 90 percent reduction in the wholesale price for registering kids.us domains and a rebate program for the content management fees associated with reviewing a website. Neither of these economic incentives, however, was effective in reversing the decline of interest in the site. So Neustar began to directly, one by one, visit providers of children's content in an attempt to encourage them to develop kids.us websites. This effort too yielded no success.

In 2011, there were only 651 kids.us domains under management and only six, static websites (all of which had more robust websites on other top level domains). In a typical month, there were fewer than 500 unique brief visits to the entire kids.us site. While the site was safe, it was disingenuous to argue that the site was meeting the informational and educational needs of children and their families. Recognizing this reality, the Department of Commerce suspended the site.

Neustar's commitment to children and their families however was never suspended. We embarked on an educational, interactive, online initiative with educational software expert, EverFi, on a program called My Digital Life. My Digital Life teaches children not only about the parts of the computer but how to stay safe on-line including such important topics as cyberbullying, appropriate sharing of information and photos on social media and the dangers of malware. It also introduces children to using the Internet to explore future employment and educational opportunities. Neustar underwrote the cost of the program and then offered it free of charge to any school in the three states where we have our largest presence – Virginia, Kentucky and California. The reaction has been overwhelmingly positive from teachers and students alike. In the 2012 – 2013 school year, My Digital Life, was offered in 331 schools and reached 38,893 students. And, the 2013 – 2014 school year, will far surpass these already impressive numbers.

Neustar is 100 percent committed to serving the on-line needs of children and embraces the objective of the Dot Kids Act to provide educational and informational opportunities for

children to safely use the Internet. As part of this commitment, and as part of our larger desire to embrace and enhance the multistakeholder process, Neustar will form a Committee of educational and children's online media experts. This Committee will include educational software experts, children's privacy experts, children's media experts and others with expertise in the appropriate areas. The Committee will be tasked with making recommendations not only about the existing kids.us space, but also about other appropriate measures that could be taken by Neustar that would enhance children's online learning opportunities. The Committee will then report what measures it would recommend Neustar undertake within the .us space, to the new multistakeholder committee for action.

1.9 License to Use USTLD And Kids.US Promotional Marks (C.10)

Neustar will grant the DOC a worldwide, non-exclusive, non-transferable, right to use any of the usTLD and kids.us logos, slogans, or other promotional marks developed by Neustar in performance of this contract.

As discussed elsewhere in this proposal, Neustar commits to form a committee made up of experts in the children's online policy space including educators, children's content and digital media designers, children's advocacy advocates and others tasked with developing recommendations on ways either to enhance kids.us or on alternative measures that would promote the goal of safe, educational online experiences for children 13 and under. The usTLD Children's Content Committee (the "Committee") will be asked to identify additional ways in which the usTLD could be used to further the goals of the Dot Kids Act. In addition, we will also provide any other assistance the DOC deems necessary to promote the U.S. Government's exclusive online environment for children under the age of 13.

1.10 Conflict of Interest Requirements (C.11)

Neutrality is part of Neustar's DNA. Under FCC rules and orders establishing the qualifications and obligations of the North American Numbering Plan (NANP) Administrator and National Pooling Administrator, and under our contracts with North American Portability Management, LLC to provide telephone number portability services, Neustar is required to comply with rigorous neutrality regulations and policies.

Neustar's commitment to neutrality carries over to all parts of our business through the company's Code of Business Conduct.

Neustar Code of Business Conduct

The Board of Directors of Neustar, Inc. has adopted a Code of Business Conduct that establishes the company's policy on conflicts of interest. The Neustar Code of Business Conduct, <http://www.neustar.biz/about-us/investor-relations/code-of-conduct>, sets clear standards by which directors, officers, employees and individual contractors providing services to or on behalf of the Company will conduct themselves in order to protect and promote organization-wide integrity and to enhance the Company's ability to achieve its mission. An employee can report suspected violations of the Code: (a) to his or her manager or higher levels of management, the Senior Vice President of Human Resources, or the General Counsel; (b) through our Compliance Hotline at (888) 396-9033; or (c) through our Compliance Web Form. If an accounting or auditing matter is involved, concerns or reports of violations may also be submitted by email to the Audit Committee at CorporateCode@neustar.biz. Members of the Board and executive officers should report potential violations to the General Counsel or the Audit Committee chair.

Violations of the Code include asking other employees to violate the Code, not reporting a Code violation or failing to cooperate in a Code investigation. Any retaliation against an individual who reports a violation of this Code or of law in good faith, or who assists in the investigation of a reported violation, is itself a serious violation of the Code and applicable law. **All Neustar employees, officers, directors, and individual service providers are required to adhere to the Code. Violating the Code may result in disciplinary action, up to and including termination of the individual's relationship with Neustar.**

Neustar's Code of Conduct strictly prohibits actual conflicts of interest based on personal or financial relationships, bias, or other causes, and mandates strict neutrality with respect to the company's business operations.

Relevant provisions of the Code of Business Conduct include:

- **Conflicts of Interest.** All employees owe a duty of undivided and unqualified loyalty to Neustar. Employees should avoid actual and perceived conflicts of interest and should avoid any activity that is or has the appearance of being hostile or adverse to, or competitive with, Neustar or that interferes with the proper performance of their duties, responsibilities or loyalty to Neustar.
- **Overview.** *Your personal activities and relationships must not conflict, or appear to conflict, with the interests of the Company. Keep in mind, the Code can't specifically address every potential conflict, so use your conscience and common sense. When*

confronted with any situation that may be perceived as a conflict of interest, even if you don't believe the situation would violate this Code, or when unsure about proper conduct, you should seek guidance from your principal manager, any member of management or responsible employees in the Human Resources or the Legal Department. When questions arise, seek guidance.

General Principles

- Avoid situations where your personal interests conflict, or appear to conflict, with those of the Company.
- Any actual or potential conflict of interest must be reported to the General Counsel. Employees who are unsure whether they are involved in a conflict of interest or whether an action might create a conflict of interest should seek guidance, as discussed above. A conflict of interest or potential conflict of interest may be resolved or avoided if it is appropriately disclosed and approved in accordance with the procedures below. In some instances, disclosure may not be sufficient and the Company may require that steps be taken to avoid a conflict of interest or that conduct be stopped.
- You may own up to 1% of the stock in a competitor, customer or supplier without seeking prior approval from the General Counsel and Chief Financial Officer so long as the stock is in a public company and you do not have discretionary authority in dealing with that company. If you want to purchase more than 1% of the stock in a customer, competitor or supplier, or if the company is nonpublic or you have discretionary authority in dealing with that company, then the stock may be purchased only with prior approval of the General Counsel and the Chief Financial Officer.
- If you have a financial or other interest in a transaction between the Company and a third party – even an indirect interest through, for example, a family member, close relative or a close friend, or if there is any other potential or actual conflict of interest – and you are in a position to influence that transaction, that interest must be disclosed to the General Counsel prior to the transaction when you become aware of it.
- You may not take for yourself or disclose to others outside the Company any opportunity for financial gain that you find out about because of your position at Neustar or through the use of Company property or information.
- You may not participate in a “Friends or Family” security offering of other companies if the offer was made to you because of your position at Neustar.
- You may not directly or indirectly conduct outside business that interferes with the proper performance of your job at Neustar, is conducted during normal working hours, utilizes Neustar confidential information or puts you in a situation where Neustar confidential information may be used intentionally or unintentionally.
- Any potential conflict of interest must be approved in advance by the General Counsel. Any potential conflict of interest that involves an officer of the Company or of a subsidiary must be approved in advance by the General Counsel and Chief Operating Officer (or if there is no Chief Operating Officer, the Chief Executive Officer). Any potential conflict of interest that involves a director or an executive officer of the Company must be approved by the Board of Directors or its designated committee.

- Loans from the Company to directors and executive officers are prohibited. Loans from the Company to other officers and employees must be approved in advance by the Board of Directors or its designated committee.

Conflicts of Interest Involving the usTLD Stakeholder Council

Neustar has proposed a Conflicts of Interest Policy applicable to the work of the usTLD Stakeholder Council. For purposes of this policy, Neustar employees who interact with the Stakeholder Council, including employees participating in the deliberations of the Council itself of performing Secretariat functions will be “covered persons” subject to the policy and the requirements. The policy is set forth below, and discussed in further detail in *Proposal Volume 1, Section 1.3.15.10*.

usTLD Stakeholder Council Conflicts of Interest Policy

Article I - PURPOSE AND ADMINISTRATION

Section 1.1 The purpose of the Conflicts of Interest Policy (the “Policy”) is to ensure the integrity and independence of the usTLD Stakeholder Council (the “Stakeholder Council”) and to ensure that the deliberations, decisions, and work product of the Stakeholder Council are objective, fair, and made in the interests of the usTLD community and the global Internet community as a whole.

Section 1.2 No member of the Stakeholder Council, nor any person engaged by or on behalf of the Stakeholder Council to provide services to the Stakeholder Council (a “Covered Person”) may use his or her position with respect to the Stakeholder Council, or confidential corporate information obtained by him or her relating to the usTLD or the Registry Operator for the usTLD, in order to achieve a financial benefit for himself or herself or for a third person, including another nonprofit or charitable organization.

Section 1.3 This Policy is intended to supplement but not to replace any applicable laws governing conflicts of interest.

Section 1.5 The Chair of the Stakeholder Council shall administer and monitor compliance with this Policy, except with respect to a Potential Conflict of Interest involving the Chair, in which the Vice Chair of the Stakeholder Council shall administer and monitor compliance.

Article II –DEFINITIONS

As used in this Policy, the following terms shall have the meanings set forth below.

(a) A “Conflict of Interest” arises when the Stakeholder Council, following the procedures set forth in this Policy, determines that a Covered Person has a Potential Conflict that may in the judgment of a majority of the disinterested members of the Stakeholder Council, adversely impact the Covered Person’s ability to act fairly and independently and in a manner that furthers the independence, integrity, fairness, and objectivity of the work of the Stakeholder Council.

(b) A “Close Personal Relationship” means any relationship other than kinship, spousal or spousal equivalent that establishes a significant personal bond between the Covered Person and such other individual that in the judgment of the Stakeholder Council could impair the Covered Person’s ability to act fairly and independently and in a manner that furthers, or is not opposed to, the best interests of the Stakeholder Council and ICANN.

(c) The “Family” of any Covered Person shall include the Covered Person’s spouse; domestic partner; siblings and their spouses or domestic partners; ancestors and their spouses or domestic partners; and descendants and their spouses or domestic partners.

(d) A “Financial Interest” exists whenever a Covered Person has or is engaged in discussions to have, directly or indirectly, through business, investment, or Family:

(i) an ownership or investment interest in any entity with which the Registry Operator for the usTLD has an existing or proposed transaction, contract, dispute, or other arrangement;

(ii) a compensation arrangement with any entity or individual with which the Registry Operator for the usTLD has a transaction, contract, dispute, or other arrangement; and

(iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Registry Operator for the usTLD is negotiating a transaction, contract, dispute, or other arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Transactions, contracts, and arrangements include grants or other donations as well as business arrangements.

A Financial Interest is a Potential Conflict but is not necessarily a Conflict of Interest. A Financial Interest does not become a Conflict of Interest until the Stakeholder Council, following the procedures set forth in this Policy, determines that the Financial Interest constitutes a Conflict of Interest.

(e) A “Person” includes an individual, corporation, limited liability company, partnership, trust, unincorporated association, or other entity.

(f) A “Potential Conflict” means any one or more of the following:

(i) a direct or indirect Financial Interest of a Covered Person or a member of a Covered Person’s Family, in a transaction, contract, dispute, or other arrangement involving or being considered by the Registry Operator for the usTLD or

(ii) a close personal relationship between the Covered Person, or a member of a Covered Person’s Family, with an individual who is, directly or indirectly through business, investment, or Family, a party to a transaction, contract or arrangement involving or being considered by the Registry Operator for the usTLD.

PROCEDURES REGARDING CONFLICTS OF INTEREST

Section 2.1 Duty to Disclose.

A Covered Person shall promptly disclose to the Stakeholder Council the existence of his or her Potential Conflict or the Potential Conflict of another Covered Person that may give rise to a Conflict of Interest with respect to the work of the Stakeholder Council. All matters identified on the Declaration of Interests and Affirmation regarding Conflicts of Interest Policy (“Declaration of Interests”) shall be considered when disclosing the existence of a Potential Conflict. Any time there is a change in circumstance that would require an update to a Covered Persons’ Declaration of Interests or would lead to the development of a new Potential Conflict, that update and further disclosure shall be made as soon as possible.

Section 2.2 Determining Whether a Conflict of Interest Exists.

(a) Any disclosure made under Section 2.1 of this Policy shall be distributed to the members of the Stakeholder Council.

(b) At the request of any member of the Stakeholder Council, the Stakeholder Council shall have a discussion with the Covered Person regarding the material facts with respect to the Potential Conflict and the Covered Person may make a presentation to the Stakeholder Council regarding the facts, transaction, contract, dispute, or arrangement that gives rise to the Potential Conflict.

(c) Thereafter, in the absence of the Covered Person who has disclosed a Potential Conflict, disinterested members of the Stakeholder Council shall determine whether or not the circumstances regarding the Potential Conflict constitute a Conflict of Interest.

The determination by the disinterested members in this regard is conclusive and may not be challenged by the Covered Person.

Section 2.4. Duty to Abstain

(a) No member of the Stakeholder Council shall vote on any matter with respect to which he or she has been determined by the Stakeholder Council to have a Conflict of Interest.

(b) In the event of such an abstention, the abstaining Stakeholder Council member shall state the reason for the abstention, which shall be noted in the notes of the meeting in which the abstention occurred.

(c) No member of the Stakeholder Council shall participate in deliberations on any matter in which he or she has been determined by the Stakeholder Council to have a Conflict of Interest.

Section 2.5 Violations of the Conflicts of Interest Policy.

(a) If any member of the Stakeholder Council has reasonable cause to believe a Covered Person has failed to disclose an actual or Potential Conflict of Interest, the Chair of the Stakeholder Council (or, if the Covered Person is the Chair, then the Vice Chair) shall inform the Covered Person, and initiate the procedures described in this Policy.

ARTICLE III-- RECORDS OF PROCEEDINGS

Section 3.1 The written or electronic records of the Stakeholder Council relating to Conflicts of Interest shall contain:

- (a) The names of Covered Persons who disclosed or otherwise were found to have a Potential Conflict in connection with a proposed transaction, contract, or arrangement;*
- (b) The nature of the Potential Conflict;*
- (c) Any action taken to determine whether a Conflict of Interest was present;*
- (d) The Stakeholder Council's decision as to whether a Conflict of Interest in fact existed;*
- (e) The names of the persons who were present for discussions and votes relating to the transaction, contract, disputes, or arrangement giving rise to the Conflict of Interest;*
- (f) The content of the discussion; and*
- (g) A record of any votes taken in connection therewith.*

ARTICLE IV – STATEMENTS OF INTEREST

Each Covered Person shall sign a statement that affirms such Covered Person: (i) has received a copy of this Policy; (ii) has read and understands this Policy; and (iii) has agreed to comply with this Policy.

1.11 SECURITY REQUIREMENTS (C.12)

1.11.1 Secure Systems (C.12.1)

Neustar installs and operates computing and communications systems in accordance with best business and security practices. We implement authenticated communications between our systems and our customers when performing all requirement of this Contract. Additionally, we document security practices and the configuration of all systems.

Highlights

- Neustar's security program uses the "defense-in-depth" approach, leveraging multiple layers of security to ensure system and information resiliency
- Neustar deploys a comprehensive security program that addresses physical facilities, equipment, applications, data, network and communications
- Neustar's security procedures are based on industry best practices for security information and systems and are aligned to ISO27001, NIST and the SANS Institute
- Neustar employs a number of mechanisms to secure customer communications including authentication and encryption
- Neustar employees receive security training and awareness as well as targeted continued training and education for security experts to remain ahead of emerging cyber threats
- Security operations are all based in the United States, including a robust "threat intelligence" and response capability
- Neustar Cyber Security Incident Response Team (NeuCIRT)/ Security Operations Center (SOC) provides real-time detective and corrective capabilities for cyber security events, including 24x7 monitoring, incident response, and digital forensics
- Neustar is currently preparing for ISO27001 certification
- Continuous investment and senior leadership support for the Information Security program to ensure Neustar stays ahead of emerging threats (people, processes, and technologies)

Neustar's approach to information security is a comprehensive, defense-in-depth program designed to mitigate all types of information security risks, while constantly evolving to stay ahead of the ever-changing cyber threat landscape. Enabling secure customer access and protecting customer data are the primary goals of our information security program.

Over the past several years, the world has seen a huge increase in both the number and complexity of cyber attacks against governments and business enterprises. Regardless of the motivations behind these ever-changing threats, Neustar has taken the necessary steps to not only protect against these threats, but to stay ahead of them. Through a robust, defense-in-depth corporate information security strategy, which encompasses requisite preventive, detective, and corrective security measures, along with a proven Information Risk and Compliance program, Neustar is well prepared for these current and emerging cyber threats. These programs were designed to protect Neustar and our customer's information systems and data, while providing a secure means for customer access. Leveraging people, processes, and

technologies, Neustar continuously assesses current capabilities against emerging threats and regularly updates security and privacy controls to ensure operational resiliency.

Neustar uses resources across the organization to quickly and effectively respond to information security threats. The following are highlights of some of our overarching principles and practices:

- **Defense-in-depth approach**—Neustar embraces a defense in-depth or layered approach to security including strong physical, technical and administrative security controls. Neustar uses a diverse selection of security tools and vendors, which eliminates risk of any one vendor-specific security vulnerabilities.
- **Threat intelligence capability**—Neustar understands the ever-changing threat landscape and the increasing number of complex attacks being launched by hackers. In order to stay ahead of new attack methods, Neustar has implemented a "threat-intelligence" capability that provides us with improved zero-day malware detection through advanced threat-feeds.
- **Default deny/least privileged access**—Neustar uses the concepts of "least privilege" access and "default deny" to ensure only authorized access is granted. Segmented environments enhance security by controlling access to the critical systems and data.
- **Two-factor authentication**—Remote access to and between Neustar systems is restricted by the use of two-factor authentication and strong encryption.
- **Continued training and education**—Neustar's information security team keeps up with the latest security best practices by attending training, conferences, and networking with other security professionals in various companies via industry working groups, organizations, and events. In addition, our security experts provide mandatory annual Information Security Awareness training for the entire work force.
- **Industry best practices**—Neustar's information security and risk management program aligns with the ISO27001 standards and National Institute of Standards and Technology (NIST). Neustar is currently preparing for the ISO27001 certification.
- **Building Security in Maturity Model (BSIMM) framework**—Neustar has adopted the BSIMM framework to ensure security is built into all Neustar-developed applications. Building security into all aspects of the software development lifecycle provides the assurance needed for applications to defend against today's advanced threats.
- **Regular audits**—Neustar is subjected to regular audits such as: Sarbanes Oxley, SSAE16, ISO9001:2000, and self-imposed internal audits.

Physical Security

Neustar's primary (Sterling) data center is located within a brick and glass, single-story structure in a generic, low-key office campus. The building is unmarked and blends in with all other buildings within the overall campus. Our data center exterior walls are a brick/block combination. Neustar has installed motion sensors for an additional layer of physical security. Data center access is a minimum of two security layers requiring key card and pass codes to obtain access to the first data center door. Final access to the data center requires passing a Biometric hand reader as an extra layer of security. Overall building access is tightly controlled

by card reader access and visitor sign in procedures. In addition to security cameras fixed on every entrance/egress to the data center, we have a significant number of other security cameras and intrusion detection systems throughout the facility (internally and externally) that feed real-time images and alarms to the 24x7x365 security station as well as the Neustar Network Operations Center (NOC). In addition to NOC personnel, the facility has a 24-hour security presence providing an additional layer of human surveillance. Security professionals perform exterior and interior walk-throughs on a defined interval schedule.

Our back up data center (Charlotte) facility is a "lights out" facility. That is, no Neustar employees work regularly within the facility. This facility is leased from an established disaster recovery data center provider for the last 10 years. There has never been a security concern or problem with this facility. This data center is a concrete/block structure in which Neustar has dedicated space; there are no external windows. All Neustar equipment is secured in an isolated space accessible only with a key card, pass code, and Biometric reader. Overall building access is tightly controlled by card reader access and visitor sign in procedures. The physical security within the facility is very similar to Neustar's Sterling facility in regards to surveillance, alarming, and security. The data center provides on-site, 24x7x365 physical security services. Additionally, Neustar employees monitor Charlotte 24x7x365 via a real-time streaming video from our secured space viewable by the Sterling Security Operations Center (SOC) and NOC personnel. This added level of surveillance ensures we coordinate and watch all Charlotte activities for entry and exit into our dedicated secured space.

Information Security Framework

Neustar's Information Security Framework consists of sophisticated measures that both proactively defend against attacks as well as rapidly respond to them for minimizing the impact of any attack. Our proactive information security measures are focused on network, endpoint (employee devices), operating system and identity management controls, as well as regular penetration testing and DDOS mitigation. Our detective and corrective measures are implemented and managed through the Neustar Cyber Incident Response Team/Security Operations Center (NeuCIRT/SOC).

Neustar's information security starts with comprehensive policies and standards utilizing industry best practices, including ISO and NIST. Policies and standards are reviewed semi-annually and updated as needed. Through adoption of recognized standards and the utilization of proven security solutions, Neustar has a cohesive and highly effective approach in protecting against data loss, targeted advanced persistent threats, and distributed denial of service attacks.

We implemented enhanced security monitoring and threat prevention by developing a variety of techniques and systems to maintain awareness of emerging techniques and tools in the hacking community. Neustar conducts weekly DDOS mitigation exercises based on observed attacks and research into emerging tools and techniques employed by the hacking community. Neustar recognizes the vital need to secure the systems and the integrity of the data in commercial solutions. Our extensive background in carrier-grade solutions has led us to install and operate computing and communications systems in accordance with solid business and

security practices, including the consideration of physical, network, server, and application elements.

Information Security Framework—Preventive Controls

Neustar focuses attention on preventive-based security controls. These preventive-based security controls provide a higher level of efficiency as compared to detective and corrective based security control which tend to be more expensive. While Neustar maintains solid detective/corrective controls, the foundation of the security program is built on time-proven preventive controls (administrative, technical, and physical). Preventative controls cover network, servers, and endpoints.

Identity Management Security

Neustar has implemented a comprehensive set of technologies to form our Identity and Access Management Program. This program has allowed us to centrally control the lifecycle of all identities within Neustar. This technology set includes LDAP, Active Directory (AD), policy server, two types of dual-factor authentication, certificate management and single sign on (SSO).

Security Penetration Testing

To test our information security, we conduct ongoing vulnerability assessments and penetration tests, using both internal expertise and tools, and third-party engagements. For example, we employ independent, third-party security experts to attack our network multiple times each year to test our systems, skills, and processes. These simulation attacks are emulated using industrial systems built for this purpose or the actual software used by attackers—they are not just tabletop exercises.

These tests are conducted throughout the year, as well as when changes are made to the environment (e.g., application changes, configuration changes, patches, etc). Vulnerability management services include vulnerability and patch assessment, war dialing, scans of externally facing servers, and Web, database, and operating system vulnerability scans. Additionally, the internal audit team brings in a third-party security vendor annually to perform similar tests. This third-party testing is used to validate our internal findings and to provide additional assurances that our systems remain resilient against the latest security threats.

DDoS Mitigation

SiteProtect is a Neustar-developed solution commercially available to protect a company's online presence. All Neustar products and services that have an Internet facing component are protected by this mitigation solution. SiteProtect is a cloud-based, on-demand DDoS mitigation service. It mitigates attacks in the cloud, away from customer infrastructures. It has the bandwidth and flexibility to repel today's massive attacks. Activated via a simple DNS or BGP redirection of customer Internet traffic, SiteProtect absorbs and scrubs malicious traffic, allowing clean traffic to flow to customer infrastructure. SiteProtect dynamically distinguishes legitimate traffic from attack traffic by utilizing dedicated DDoS mitigation equipment from multiple vendors.

Further, Neustar uses a combination of several commercial tools and custom-built proprietary technology to detect, alert, and mitigate DDoS activity. Our experience has taught us that no

single solution is a perfect fit and a layered defense model has the best chance for success. This multi-vendor approach allows us to surgically leverage the unique DDoS mitigation capabilities of each vendor's solution. We supplement this equipment with proprietary DDoS mitigation capabilities to create a superset of DDoS fighting tools that can support focused scrubbing algorithms. The DDoS detection and mitigation system in use by Neustar focuses on network anomalies and analyzes areas as broad as bandwidth use across Neustar sites to detect and mitigate attacks. The systems used in the Neustar DDoS mitigation system are designed to alert in real-time when a variety of thresholds are met or exceeded. Alerts are monitored and analyzed in real-time by the security engineers staffing NeuCIRT/SOC. Alerts are then assigned a classification based on their threat assessment. The classification dictates our response to the alert and ranges from continued real-time monitoring by NeuCIRT/SOC to implementation of mitigation strategies. All monitoring and analysis tools in use by Neustar are in real-time and used in each of the Neustar major node locations.

Information Security Framework—Detective and Corrective Controls

Cyber attacks by hostile organizations such as nation-states and organized crime are on the rise, which is threatening governments and corporations by attempting to steal strategic, technical, financial, and national security information. The increasingly sophisticated and aggressive nature of these attacks require equally assertive measures be taken to detect, respond, correct, and adapt quickly to these ever-changing cyber threats in order to protect critical information assets.

Neustar's detective and corrective information security framework is encompassed by our joint Cyber Incident Response Team and Security Operations Center, called NeuCIRT/SOC. The NeuCIRT/SOC team blends traditional security operational functions, such as security monitoring and incident response, with competitive intelligence collection and analysis. Many companies will only have a SOC performing security monitoring and incident response. However, given Neustar provides mission-critical services to service providers and entire industries (including the Internet and e-commerce industries), we require a more sophisticated security analysis and response environment. These activities are conducted in a highly collaborative environment in order to more effectively identify and mitigate advanced cyber threats and are staffed with award winning information security professionals.

NeuCIRT/SOC

NeuCIRT/SOC is composed of a designated team of individuals assigned with the specific responsibility for incident handling and incident response. The NeuCIRT/SOC is focused on protecting Neustar and its customers' systems and data through threat analytics and intelligence gathering, security monitoring, incident response, digital forensics, and deployment of technical security solutions.

The state-of-the-art NeuCIRT/SOC facility is where analysts use Neustar-customized tools to monitor and process cyber events. The facility also provides an "Executive Dashboard" for situational awareness and viewing events of interest. An integrated event management and correlation system provides event tracking, notification, and escalation. The NeuCIRT/SOC capabilities and tools can be viewed from the NeuCIRT/SOC facility, NOC, or Executive Briefing Room.

Highlights of the NeuCIRT/SOC include:

- 24x7x365 staffing in a dedicated, secure, access controlled state-of-the-art facility
- Security event correlation, real-time monitoring, incident response, and recovery capabilities
- Weekly drills to stay abreast of current and projected threats
- Computer security incident response and investigations, including containment, analysis, restoration of operations, and follow-on corrective actions
- Digital forensics investigative services which collect and analyze evidence from digital media and manage the investigation in a manner that can be admissible in court
- In-depth incident analysis and reverse malware engineering
- Proactive threat research on emerging threats
- Situational awareness reports for Advanced Persistent Threats (APT) and Focused Operations (FO) incidents
- Creation and ongoing maintenance of standard operating procedures (SOPs) and training documentation
- Focused reporting and briefings for advanced cyber threats and activity
- Correlation and trending of program's cyber incident activity
- Development of threat trend analysis reports and metrics
- Active participation in the security community including;; training; seminars; conferences; associations, etc.
- Threat assessment reports of threat risks to programs, technologies, or systems, based on open and intelligence sources

Neustar recognizes the vital need to secure the systems and the integrity of the data in commercial solutions. The uSTLD registry solution leverages industry-best security practices including the consideration of physical, network, server, and application elements.

Neustar's approach to information security starts with comprehensive information security policies. These are aligned to ISO27001/2 standards and are based on the industry best practices for security including SANS (SysAdmin, Audit, Network, Security) Institute, NIST (National Institute of Standards and Technology), and Center for Internet Security (CIS). IT Security Policies are reviewed annually by the Neustar Chief Information Security Officer, Chief Privacy Officer and other key stakeholders.

The following is a summary of the security policies used in the uSTLD registry, including:

1. Summary of the security policies used in the registry operations
2. Description of independent security assessments
3. Description of security features
4. List of commitments made to registrants regarding security levels

Neustar maintains a Security Policy Management practice which is approved by all levels of management, published and communicated as appropriate to all employees. It controls the

development and modification of security policies and monitoring of policy compliance. The policy management practice demonstrates management commitment and sets out the organizational approach to managing information security. Content from the Neustar Security Policy documents have been abstracted in the answers below and are presented in alignment with ISO27001/2.

Summary of Security Policies

Neustar has developed a comprehensive Information Security Program in order to create effective administrative, technical, and physical safeguards for the protection of its information assets, and to comply with Neustar's obligations under applicable law, regulations, and contracts. This Program establishes Neustar's policies for accessing, collecting, storing, using, transmitting, and protecting electronic, paper, and other records containing sensitive information.

Security policies are reviewed at planned intervals and when significant changes occur, to ensure its continuing suitability, adequacy and effectiveness. An independent group has responsibility for development, updates, coordination of review and evaluation of the security policy. The CISO (Chief Information Security Officer) is now the formal approver of the documents, and they are vetted by executive management.

The Program defines:

- The policies for internal users and our clients to ensure the safe, organized and fair use of information resources.
- The rights that can be expected with that use.
- The standards that must be met to effectively comply with policy.
- The responsibilities of the owners, maintainers, and users of Neustar's information resources.
- Rules and principles used at Neustar to approach information security issues

The following policies are included in the Program:

1. Acceptable Use Policy

The Acceptable Use Policy provides the "rules of behavior" covering all Neustar Associates for using Neustar resources or accessing sensitive information.

2. Information Risk Management Policy

The Information Risk Management Policy describes the requirements for the on-going information security risk management program, including defining roles and responsibilities for conducting and evaluating risk assessments, assessments of technologies used to provide information security and monitoring procedures used to measure policy compliance.

3. Data Protection Policy

The Data Protection Policy provides the requirements for creating, storing, transmitting, disclosing, and disposing of sensitive information, including data classification and labeling requirements, the requirements for data retention. Encryption and related technologies such as digital certificates are also covered under this policy.

4. Third Party Policy

The Third Party Policy provides the requirements for handling service provider contracts, including specifically the vetting process, required contract reviews, and on-going monitoring of service providers for policy compliance.

5. Security Awareness and Training Policy

The Security Awareness and Training Policy provide the requirements for managing the on-going awareness and training program at Neustar. This includes awareness and training activities provided to all Neustar Associates.

6. Incident Response Policy

The Incident Response Policy provides the requirements for reacting to reports of potential security policy violations. This policy defines the necessary steps for identifying and reporting security incidents, remediation of problems, and conducting "lessons learned" post-mortem reviews in order to provide feedback on the effectiveness of this Program. Additionally, this policy contains the requirement for reporting data security breaches to the appropriate authorities and to the public, as required by law, contractual requirements, or regulatory bodies.

7. Physical and Environmental Controls Policy

The Physical and Environment Controls Policy provides the requirements for securely storing sensitive information and the supporting information technology equipment and infrastructure. This policy includes details on the storage of paper records as well as access to computer systems and equipment locations by authorized personnel and visitors.

8. Privacy Policy

Neustar supports the right to privacy, including the rights of individuals to control the dissemination and use of personal data that describes them, their personal choices, or life experiences. Neustar supports domestic and international laws and regulations that seek to protect the privacy rights of such individuals.

9. Identity and Access Management Policy

The Identity and Access Management Policy covers user accounts (login ID naming convention, assignment, authoritative source) as well as ID lifecycle (request, approval, creation, use, suspension, deletion, review), including provisions for system/application accounts, shared/group accounts, guest/public accounts, temporary/emergency accounts, administrative access, and remote access. This policy also includes the user password policy requirements.

10. Network Security Policy

The Network Security Policy covers aspects of Neustar network infrastructure and the technical controls in place to prevent and detect security policy violations.

11. Platform Security Policy

The Platform Security Policy covers the requirements for configuration management of servers, shared systems, applications, databases, middle-ware, and desktops and laptops owned or operated by Neustar Associates.

12. Mobile Device Security Policy

The Mobile Device Policy covers the requirements specific to mobile devices with information storage or processing capabilities. This policy includes laptop standards, as well as requirements for PDAs, mobile phones, digital cameras and music players, and any other removable device capable of transmitting, processing or storing information.

13. Vulnerability and Threat Management Policy

The Vulnerability and Threat Management Policy provides the requirements for patch management, vulnerability scanning, penetration testing, threat management (modeling and monitoring) and the appropriate ties to the Risk Management Policy.

14. Monitoring and Audit Policy

The Monitoring and Audit Policy covers the details regarding which types of computer events to record, how to maintain the logs, and the roles and responsibilities for how to review, monitor, and respond to log information. This policy also includes the requirements for backup, archival, reporting, forensics use, and retention of audit logs.

15. Project and System Development and Maintenance Policy

The System Development and Maintenance Policy covers the minimum security requirements for all software, application, and system development performed by or on behalf of Neustar and the minimum security requirements for maintaining information systems.

Independent Assessment Reports

Neustar IT Operations is subject to yearly Sarbanes-Oxley (SOX), Statement on Auditing Standards #70 (SSAE 16) and ISO audits. Testing of controls implemented by Neustar management in the areas of access to programs and data, change management and IT Operations are subject to testing by both internal and external SOX and SSAE16 audit groups. Audit Findings are communicated to process owners, Quality Management Group and Executive Management. Actions are taken to make process adjustments where required and remediation of issues is monitored by internal audit and QM groups.

External Penetration Test is conducted by a third party on a yearly basis. As authorized by Neustar, the third party performs an external Penetration Test to review potential security weaknesses of network devices and hosts and demonstrate the impact to the environment. The assessment is conducted remotely from the Internet with testing divided into four phases:

- A network survey is performed in order to gain a better knowledge of the network that was being tested
- Vulnerability scanning is initiated with all the hosts that are discovered in the previous phase
- Identification of key systems for further exploitation is conducted
- Exploitation of the identified systems is attempted.

Each phase of the audit is supported by detailed documentation of audit procedures and results. Identified vulnerabilities are classified as high, medium and low risk to facilitate management's prioritization of remediation efforts. Tactical and strategic recommendations are provided to management supported by reference to industry best practices.

Augmented Security Levels and Capabilities

There are no increased security levels specific for usTLD. However, Neustar will provide the same high level of security provided across all of the registries it manages.

A key to Neustar's Operational success is Neustar's highly structured operations practices. The standards and governance of these processes:

- Include annual independent review of information security practices
- Include annual external penetration tests by a third party
- Conform to the ISO 9001 standard (Part of Neustar's ISO-based Quality Management System)
- Are aligned to Information Technology Infrastructure Library (ITIL) and CoBIT best practices
- Are aligned with all aspects of ISO 27001/2
- Are in compliance with Sarbanes-Oxley (SOX) requirements (audited annually)
- Are focused on continuous process improvement (metrics driven with product scorecards reviewed monthly).

Commitments and Security Levels

The usTLD registry commits to high security levels that are consistent with the needs of the TLD. These commitments include:

Compliance with High Security Standards

- Security procedures and practices that are in alignment with ISO 27001/2
- Annual SSAE16 Audits on all critical registry systems
- Annual 3rd Party Penetration Tests
- Annual Sarbanes Oxley Audit

Highly Developed and Documented Security Policies

- Resources necessary for providing information security
- Fully documented security policies
- Annual security training for all operations personnel

High Levels of Registry Security

- Multiple redundant data centers
- High Availability Design
- Architecture that includes multiple layers of security
- Diversified firewall and networking hardware vendors
- Multi-factor authentication for accessing registry systems
- Physical security access controls
- A 24x7 manned Network Operations Center that monitors all systems and applications
- A 24x7 manned Security Operations Center that monitors and mitigates DDoS attacks
- DDoS mitigation using traffic scrubbing technologies

Registry Security Policies

The operational procedures and practices of the Registry are subject to the same security policies followed throughout Neustar. These security policies are described in detail in the document titled Neustar Information Security Policies. The following describes policies that are specific to the operations of the Registry.

Registry Security and Reliability

Security and reliability are key considerations in the design and operation of the Registry. The registry incorporates various features to improve security. The SRS is operated from multiple geographically diverse data centers, and is operated in a high availability environment with no single points of failure. Network security best practices are followed, including the use of multiple firewall layers, intrusion detection systems, traffic shaping systems, and traffic filtering. Hardware diversity is used when possible.

The Network Operations Center monitors the network for failures, alerts, security breaches, and anomalies using a variety of monitoring tools and systems. The Security Operations Center provides DDoS mitigation services. Threats are mitigated with no impact to operations.

Regular network penetration tests are performed by internal and external parties. Recovery capabilities are routinely tested. A documented and tested business continuity plan is maintained. Well defined and documented change control procedures, including procedures for pre-implementation testing, post-implementation testing and back-out contingencies, are utilized.

Registrar Access Controls

Access to the SRS and other Registry systems is restricted to accredited and certified Registrars. Registrars may only access their own registration data. Access complies with Neustar's Identity and Access Management Policy.

Multi- factor authentication is required for accessing the SRS and registry data. Registrars accessing the SRS using EPP must have a valid credential, digital certificate, be provisioned in our firewalls and traffic shapping devices and have a valid status that permits access.

Registrars are restricted from connecting to the SRS from more than 64 IP addresses. Temporary exceptions to this policy may be granted in certain circumstances if the Registrar can demonstrate a legitimate need.

Registrars must pre-establish and maintain a pass phrase to be used when contacting customer support.

Access to the reporting server is restricted to authorized Registrars. Secure Copy Protocol is used for direct access to all reports. Registrars must provide Neustar with their SSH2 compliant DSA public key.

Internal Access Controls

Access complies with Neustar's Identity and Access Management Policy. Only authorized Registry personnel may access SRS data. Users must be logged into the corporate network and are controlled via two-factor authentication using Symantic VIP tokens and individual credentials. Additionally, each user must have credentials valid for the system being accessed.

Access to Registry systems, including the database, is only permitted by operations personnel whose job requires direct access.

Data Security

Registry data security complies with Neustar Security Policies. All EPP traffic between the registry and registrars is encrypted. Registry websites utilize HTTPS when the activity includes the display or entry of non-public personal information, the display of financial records, or the transacting of financial activities. All data related to authentication credentials is encrypted in storage.

All data transmitted from the registry's master servers to the DNS network is protected through a variety of mechanisms including the use of IPsec VPN tunnels and TSIG. When connecting to a non-Neustar DNS node, TSIG is always used. The DNS nodes are protected from tampering through the use of change auditing software.

DNSSEC

The Registry implements DNSSEC in compliance with all ICANN policies and follows industry standards and best practices for DNS signing, including the use of NSEC or NSEC3, and a minimum of 1024-bit encryption. Documented procedures for key management, including emergency key rollovers have been created.

Registry Threat Assessment

Neustar's role as a provider of mission-critical functions to entire industries makes us an attractive target to attackers. Therefore, we have implemented security measures that go above and beyond industry standards. We created a world-class DDoS mitigation service in SiteProtect and have created a response team that combines the functions of two different groups— a CIRT and a SOC. We've created identity management solutions that enable our users to access our services in a user-friendly manner while maintaining strict security control. We have created an environment that encourages constant training and rapid response through our regular security penetration testing.

IT Risk Management and Compliance

Neustar recognizes that effective security management includes not only technical and tactical defense, but also a security approach that encompasses security risk management and compliance to further strengthen Neustar's infrastructure. With increasing global threats to financial and information related industries, Neustar has enhanced its current security program to include an IT Risk and Compliance group (ITRC). This is a group of highly skilled professionals with decades of information risk and compliance experience in the telecommunication, new media, Internet, and government sectors. The ITRC's mission is to manage information security risks and ensure compliance in support of information security policies, industry standards, and legal and regulatory requirements within the corporate environment. In addition, the Business Continuity Management (BCM) program strategy and execution is managed with oversight from the ITRC.

Key functions and capabilities of the ITRC team include:

- **Creating information security policies**—The team facilitates the design, development, implementation, and ratification of information security policies at Neustar. These policies

are the governing principles that establish the minimum requirements and set the tone and temperament of management's risk tolerance for the company. The policies carry the highest authority in the organization and all employees are provided annual training and awareness of these practices.

- **Ensuring compliance with external requirements**—The team works closely with Neustar's internal audit and legal teams to ensure Neustar remains in alignment with changing regulatory and legal landscapes. The ITRC group helps prepare and ensure that our business leaders and management comply with the requirements set forth by the federal, legal, and financial entities and industry organizations. The ITRC group facilitates comprehensive assessments to ensure compliance with the following regulatory requirements and best practices.
- **Managing the Quality Management System (QMS)**—This is comprised of highly skilled information security risk and compliance specialists. The QMS ensures an objective, independent review of internal processes, controls, and practices across the enterprise. Our ISO 9001 certification validates the effectiveness of the QMS.
- **Leveraging third-party automated tools to ensure high-quality performance**—Neustar has implemented an industry-leading IT Governance, Risk, and Compliance (ITGRC) tool to facilitate efficiencies in early detection, identification, analysis, and mitigation of security risks. The use of such automated tools provides for further business agility while providing risk, vulnerability, compliance, business continuity, and disaster recovery metadata management and tracking.

Oversight not only includes information security, but also business processes, documentation, physical and environment controls, and other areas of the company that may have a downstream effect on the information and operational environments. Through a layered approach, Neustar's technical, administrative, and physical controls are designed to ensure Neustar's assets are properly protected, operate effectively, and remain in compliance with legal and regulatory requirements.

Information Security Risk Management

Neustar recognizes that security risk management is a critical component of its operations at the corporate and business unit levels. To properly manage corporate assets and to serve customers as expected, Neustar has incorporated regularly scheduled security risk assessments of its business units. The probability of each risk is assessed and an overall inherent risk rating is derived. The process considers both external and internal risk factors on each business unit, and management's capability to focus on the impact of those factors on operations. The findings from the information security risk assessments are distributed to our senior leadership and incorporated into the Neustar Enterprise Risk Management (ERM) reports, as required.

Neustar has implemented an integrated approach to information security risk management throughout the enterprise. Under the leadership of the Chief Information and Security Officer (CISO), Jonathan Coombes, the information security risk management teams are well positioned to provide the requisite oversight to ensure risk-benefit analyses, and security are applied throughout the risk management process. Neustar's assessment methodology is based on industry specifications such as ISO27001, ISO27005, and the newer ISO31000 standards,

which allows for a comprehensive approach to be applied in the evaluation of mission security risks, including the identification of proper protections to safeguard information systems and customer data.

- **Risk identification**—Continuous monitoring allows for early detection of information security risk, which is a key objective of the security risk management process at Neustar. Information security risks are identified during the mapping and development of internal controls. They may also be identified throughout the software development lifecycle, from assessments both internal and external as well as review of new business processes, changes or acquisitions.
- **Risk analysis**—After a risk is identified, the security risk analysis is conducted in order to determine potential threats and vulnerabilities, and the security risks associated with the information system assets may be impacted. It is equally important to consider the sensitivity and the criticality of the data contained within these systems. This analysis is conducted by qualified security risk management personnel. The ITRC, along with Information Security team, seeks to quantify the probability and resulting impact of an adverse event on Neustar and our customers. The output of the process is the identification of controls and countermeasures that are cost effective while eliminating information security risks to an acceptable level as determined by the ITRC, which includes key stakeholders across the organization.
- **Risk mitigation**—Once the analysis is complete, implementation of new or enhanced controls will be determined, as needed, to mitigate the security risks and/or eliminate the vulnerabilities identified from reoccurring. Risk reduction strategies may include the implementation of countermeasures that provide transference, reduction, mitigation or in some cases acceptance. These controls will become part of one of the security layers (e.g., administrative, technical, and physical) as previously identified above. Following the implementation of a control, the ITRC will follow up with the assigned system owner, to test that the control has been effectively put into place. Lastly, it is a priority at Neustar to continually raise awareness to management and employees of their role in securing our information assets as well as proactive measures they can take to reduce risk. Each employee must complete security training on an annual basis. In addition, internal information sessions are periodically conducted and training modules are available online in our library.

Neustar utilizes a combined approach in evaluating threat following guidelines developed National Institute of Standards and Technology (NIST), and ISO31000 standards. This allows Neustar to gauge overall threat, considerations of impact and likelihood based on the following guidelines:

- External Threat Pool
- Internal Threat Pool
- Business Processes
- Technical Controls
- Risk Mitigation strategies

Business Continuity Management

Neustar maintains a robust Business Continuity Management (BCM) Program that is based on an all-hazards approach, leverages recognized industry standards and best practices, and is supported by executive leadership. Neustar's BCM Program is designed to ensure long-term viability in the event of any interruption to mission-critical operations. Specifically, this BCM Program helps ensure Neustar is able to:

- Identify, prevent, and mitigate operational risks leading to disruptions before they occur
- Prepare for and respond to disruptive events
- Recover and restore mission-critical business operations following a disaster

Business Continuity Plan

The cornerstone of Neustar's BCM Program is the Business Continuity Plan (BCP), which identifies the critical functions within Neustar and the resources required to support them. The BCP provides guidelines for ensuring that critical personnel and key resources are available for both disaster preparation and response and that the pre-determined action will be carried out to permit the timely restoration of services. The primary purpose of the BCP is to provide a roadmap to prepare for, respond to, and recover from the full spectrum of emergencies. The objective is to enable Neustar to survive a disaster and continue normal business operations. In addition to identifying plan development and maintenance activities, the BCP includes details on testing, individual organizational roles and responsibilities when responding to an incident, and provides further details on coordination, Business Impact Assessment, preparation for potential emergencies, communication redundancies, and recovery and restoration procedures. Based on the Business Impact Analyses conducted by Neustar, the Plan also details Neustar's critical business functions and work priorities to meet recovery time objectives.

The governing backbone of business continuity planning at Neustar is the Business Continuity Management Team (BCMT). The Business Continuity Plan establishes the BCMT, which is comprised of both the Emergency Management Team (EMT) and Situation Management Team (SMT). These teams provide direction and management level support during an incident. Additionally, Functional Area Recovery Management (FARM) Teams operate under the direction of the SMT, contain members of all technical support groups, and focus on the resources and tasks integral to running and restoring their respective functional areas. All teams work in concert during an incident to respond, recover, and restore operations in a timely manner.

1.11.2 Secure Systems Notification (C.12.2)

Neustar implemented, operates and maintains a secure notification system that is more than capable of notifying all relevant stakeholders of such events as outages, planned maintenance, and new developments. Neustar will also notify the COR of any outages.

Neustar developed a set of proven operational monitoring and incident management practices to ensure that faults are promptly identified and efficiently managed with all necessary notifications. We have developed this over the course of 20 years' worth of experience building and operating enterprise and carrier grade solutions. The highly structured Incident Management practice ensures that all identified faults are handled appropriately and provides-

all necessary communications paths, including internal and bidirectional with registrars and the DoC.

The following section describes the comprehensive monitoring and fault escalation processes that will be used in support of the usTLD registry. Key elements of the plan include:

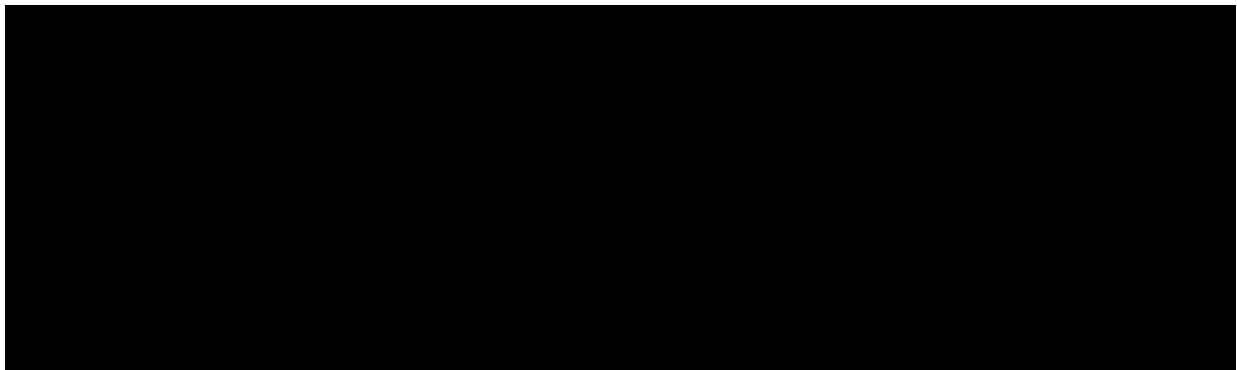
- A fault tolerant system with mature monitoring tools and procedures to ensure that the registry is operating within expected norms, including all performance requirements.
- Description of a comprehensive monitoring system
- A network operations center that is manned 7X24X365 and monitors all applications and systems
- A detailed incident management process for handling all issues

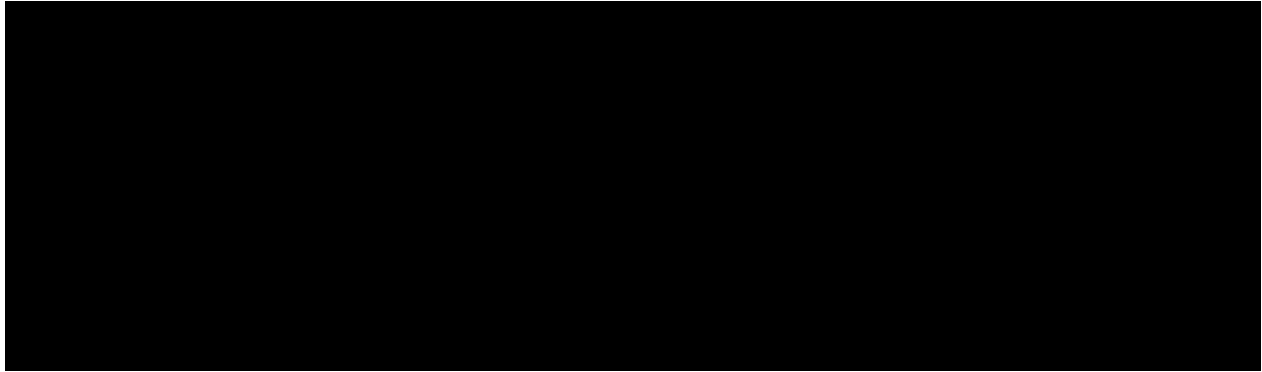
A robust notification system starts with monitoring and a rich set of procedures for dealing with faults.

Monitoring

Neustar system/network monitoring practices ensure the health and stability of Neustar's systems. Monitoring tools and alarms are in place to identify potential problems. Historical and real-time information generated by systems monitoring tools are displayed in reports and real time dashboard interfaces that provide a concise and complete view of Neustar's services supported by the IT infrastructure. This enables Neustar to proactively increase operational control, maximize uptime, and plan capacity to maintain service availability and performance levels. Performance management practices use the same solutions to ensure continuous monitoring, tracking of systems processes, and support for the computing infrastructure.

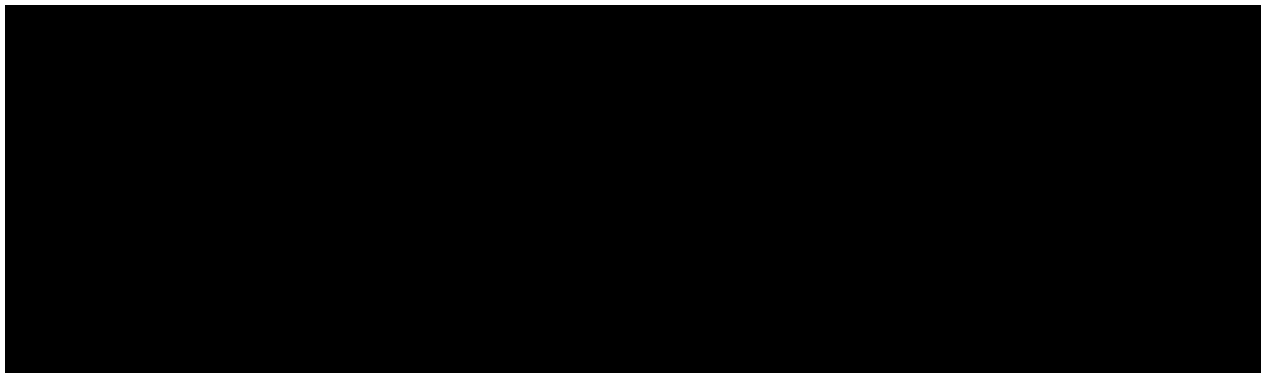
Neustar's Monitoring infrastructure incorporates local high availability and geo-diversity. This allows for uninterrupted automated monitoring of Neustar's worldwide network. Neustar's Network Operations Center (NOC) is responsible for monitoring all Neustar facilities for significant events. The NOC is manned 24x7x365 and uses state-of-the-art network and systems-management tools including [REDACTED] to verify that all systems, network equipment, applications and data center environmental components are appropriately monitored. This includes ensuring that the SRS, Database systems, DNS constellation, WHOIS service, network connectivity, routers and firewalls are functioning at peak performance levels. Neustar's NOC monitors over [REDACTED], and more than [REDACTED]. More than [REDACTED] million alerts are processed every year. The following are just a few examples of the type of alarm data collected:



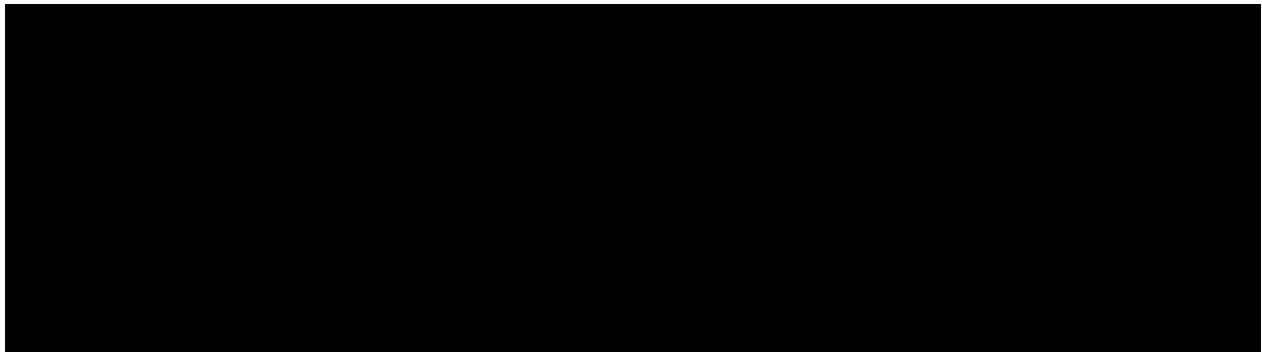


If problems are detected with any component, standardized troubleshooting, escalation and resolution procedures are immediately called into action to ensure quick resolution. Neustar's System, Network, Security, Service Management, and Application Support operational teams, use the same tools in parallel to monitor the systems and the service for leading indicators of future problems, performance tuning, capacity management and overall system and service performance reporting.

Facts about Neustar's NOC



The Registry systems are specifically monitored using the facilities and procedures described above. The following describes how the major registry components are specifically monitored and failures addressed.



SRS

Our core registry database and the supporting provisioning facilities such as EPP are specifically architected to be a high availability system with no single points of failures and multiple geographically diverse data centers. The applications and servers that make up this sub system

are each monitored by NMS agents that immediately notify our NOC of any faults. A fault could range from a non-responding application to transactions that are completing slower than normal to unexpected result codes. These alarms are sent to the manned NOC for inspection. In most cases the tier 1 teams are able to address any alarms. However, if necessary they will escalate to the tier 2 and 3 teams. Please see above for our detailed processes surrounding these procedures.

In addition to the monitoring itself, the NOC maintains a system quality dashboard. The system quality dashboard pulls reports and metrics together from all systems including NMS alarms. Our system quality management team then reviews these results weekly. Any metrics that are not in line with trends are investigated to understand the reasons and actions are taken if necessary to return to system norms.

DNS

The DNS infrastructure runs completely decoupled from the SRS infrastructure. It operates in an active/active mode in 30 globally diverse data centers. Each and every node is monitored via the same processes and procedures described above. In addition, because the DNS sites are at remote locations, they are installed with Tripwire software to detect any changes to the hardware or software. This is fully integrated into the NMS monitoring suite.

WHOIS

The WHOIS services also runs completely decoupled from the core SRS. It operates in an active/active mode in two data centers. This architecture ensures that events in WHOIS or the SRS do not impact the other systems. The WHOIS service is also completely resilient to overall data center failures. The applications involved in the WHOIS sub system are also monitored using the same processes and procedures described above for our SRS.

Monitoring Software

The following network monitoring software will be used to monitor the usTLD Registry:

Service Catalog, Incident Management, Change Management, and Configuration Management – We utilize a cloud based (SaaS) solution from Service-Now to establish a single system of record for all these IT Service Management processes and to provide workflow automation and other productivity benefits across them all.

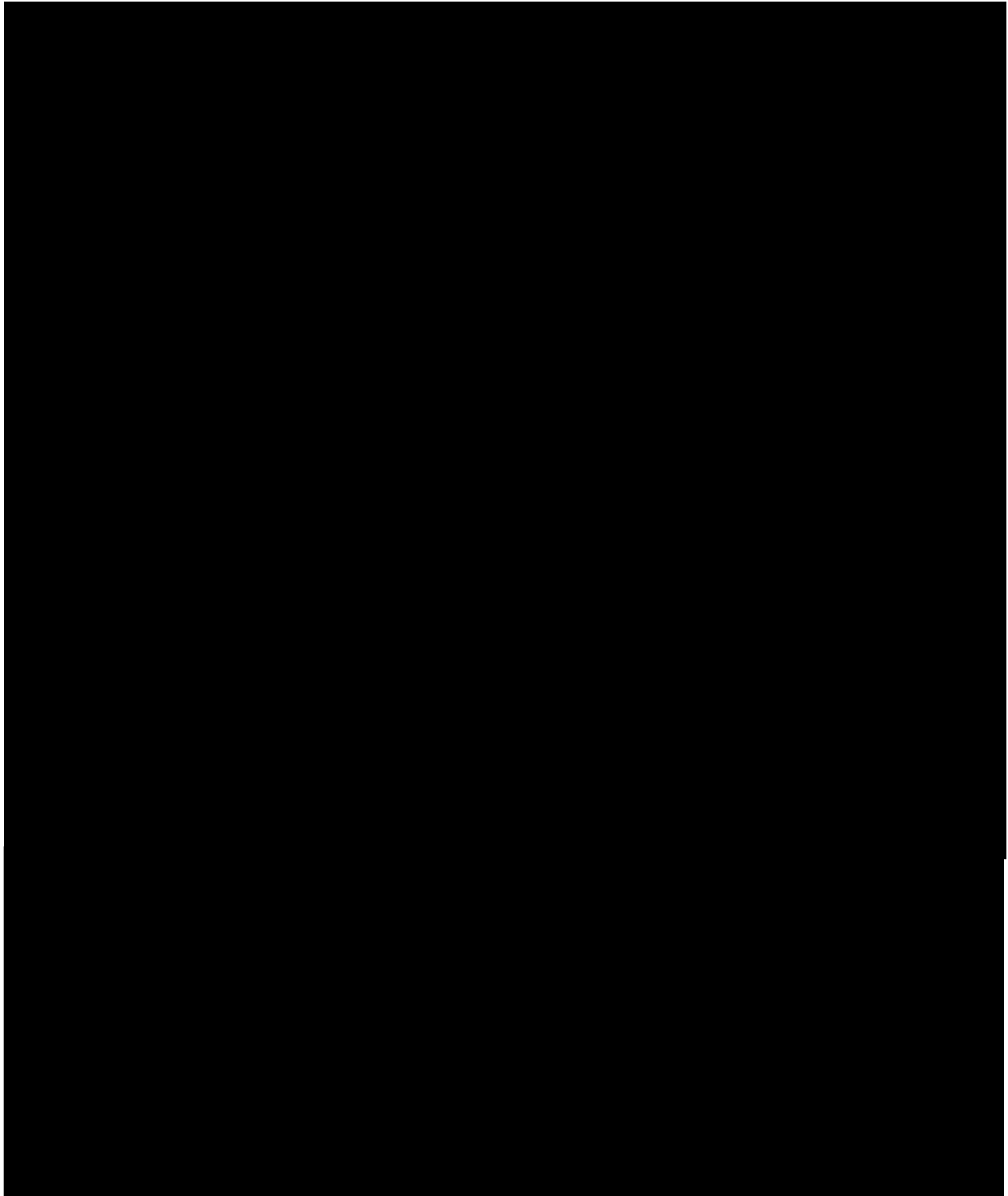
Event Monitoring – IBM's Tivoli software on HP hardware (along with Computer Associates Sysedge agent technology) is a best of breed solution used to detect, isolate and classify abnormal events in system, network and applications/services.

Performance Monitoring - Computer Associates eHealth on HP hardware is used to improve infrastructure service quality, increase IT efficiency and reduce cost. It offers proactive network performance management for IT infrastructure.

Fault Escalation and Incident/Problem Management

Neustar follows a highly structured Incident Management process for tracking and progressing individual events from identification to closure. This process has been refined over years of experience delivering industry-critical solutions and enables us to ensure that there is minimal – if any – service disruption. Our process takes into account a range of service impacting failures that may occur in the Registry system.

While these incidents may manifest in different ways (e.g. via proactive performance monitoring or via automated fault alarming) and different skill sets may need to be brought to bear to resolve the different incidents (data center environmental event, network security events, application equipment event, database event, network equipment event, telco event, etc.), the Neustar Incident Management practice ensures that each incident is appropriately classified and diagnosed so that it can be put on the right resolve and restore path.-





Technical Support

Client Services and Vendor Management (Customer Support)

Providing a professional, world-class support staff and support infrastructure as part of a customer help desk are critical for the day-to-day operational needs of any Registry solution. Neustar has extensive experience providing professional, world-class, round-the-clock technical support. Our experienced, responsive, and versatile support team forms a critical bridge between the registry and Neustar's customers.

Support Procedures

Neustar provides 24x7x365 support for usTLD operations. This round-the-clock support is available for all aspects of the Registry. As shown in **Table 1.11-1**, Neustar's support services are divided into three tiers that correspond with progressive levels of complexity for the reported issue.

Tier	Description
1	Receives customer inquiries, answers majority of questions, resolves standard issues
2	Provides infrastructure and application support, resolves necessary escalations from Tier 1 or directs to the appropriate department for support
3	Provides software troubleshooting support, resolves necessary escalations from Tier 2

Table 1.11-1: Support Service Tiers

Neustar's NOC provides coordination between tiers and manages all system-wide infrastructure issues. Customers of all types, typically interact with Tier 1 support, which liaises to Tier 2 and Tier 3 as necessary.

Registrars can interact with the customer support team by various means: telephone, email, facsimile or web. Neustar provides a toll-free number contact number, along with local contact and facsimile numbers.

All customer support personnel (across all Tiers) have access to a centralized customer relationship management (CRM) system [REDACTED] for tracking service and customer issues, along with a centralized email system to monitor customer correspondence and requests. All members of the support staff (Tiers 1, 2, and 3) are equipped with laptop computers and cell phones, so they can respond to inquiries and issues no matter where they are physically located.

Our current Tier 1 support team is composed of experienced professionals, each with exceptional technical troubleshooting, problem solving, and interpersonal skills. In 10 years of registry operations, there have been no issues that escalated beyond the Tier 1 Support-

Manager. Neustar has an unconditional commitment to ensuring that all customer issues are resolved expeditiously, professionally, and to the customer's satisfaction.

When contacted by a registrar, registrant, or Internet user concerning an issue, the customer support specialist opens a ticket, and assigns one of Neustar's priorities. The ticket priority determines the process for addressing and escalation if it is not solved within defined time limits.

As profiled in **Table 1.11-2**, Neustar defines the four Support Priority Levels.

Priority Level	Description
P4	Questions. If unable to answer in real-time, provide within 8 hours
P3	Service issue, with work-around, effecting one registrar. If unable to solve at Tier 1, handoff to Tier 2 for resolution. Solve in 4 hours or escalate
P2	Service issue, lacking work-around, effecting one registrar. Diagnose and handoff to Tier 2 for resolution. Solve in 2 hours or escalate
P1	Service outage effecting overall operations. Immediate page of Tier 1 and Tier 3 on-call engineers and management

Table 1.11-2: The Four Support Priority Levels

Neustar is committed to providing uninterrupted technical support for registry services, as well as for continuous registry operations of the registry. Our technical support is available to all TLD accredited registrars, Internet users and registrants on a 24x7x365 basis in six languages.

Fault-Tolerant Monitoring

As described throughout this section, the usTLD registry will be fully monitored by a comprehensive, fault-tolerant network monitoring system. The NMS is fully redundant in multiple data centers, and can be monitored remotely if necessary. This system is managed by 24x7x365 staffed Network Operations Center. The NOC team is available 24x7 for incident response should the monitoring system detect any system or environmental issues. The NOC team has been specially trained to handle incidents and follows well documented procedures. This NMS system and NOC is in place today and ready to serve the usTLD registry.

Summary

Neustar understands the need for being able to securely notify each of the stakeholders in the usTLD of important events such as outages, both planned and unplanned, keeping them up to date as incidents are dealt with and informed of future changes in the registry. Neustar has built exceptional systems to identify faults early and deal with them prior to becoming an incident. However, in the event that a fault becomes an incident we have robust procedures for escalating to the proper teams. Our 24x7 customer support team ensures that all external stakeholders are properly notified.

1.11.2 Secure Data (C.12.3)

Neustar ensures security of data through a holistic approach that considers data input, data output and data storage.

As a trusted third-party having a comprehensive set of tools, policies, and procedures to ensure the authentication, integrity, and reliability of the data, security is central to our operations. The most effective data security programs are those that operate at multiple levels in the-

infrastructure. This provides a comprehensive “defense in depth” approach to data security. To operate otherwise would impose undesired operational risk.

Our approach to data security includes making sure the right data gets into the right system, ensuring its integrity within the system, and making sure the right data is provided from the system. We will, therefore, address the notion of authentication, integrity, and reliability of the data as it relates to input, management, storage, and outputs.

Inputs

There are four primary inputs to the usTLD database:

- The provisioning interface from registrars
- The web-based interface from registrars
- The web-based interface from DMs
- The web-based interface from customer support

Neustar protects each input source using a variety of system tools, data encryption and business practices.

[REDACTED]

Network access to EPP is limited to known registrars and access from other sites is not allowed. Data in transit is protected with [REDACTED] providing both confidentiality and integrity to verify that no parameters were read or modified in transit to the application-

In addition to the-registrars are required to provide credentials to the EPP interface. These credentials are used to link all transactions to a specific registrar and limit the view of the registrar's API access to domains under the registrar's control.

The web-based registrar interface (Registry Administration Tool) is limited to known registrars. Data in transit is protected with [REDACTED]

[REDACTED] When authenticating to Registry Admin Tool, users are required to use [REDACTED]

[REDACTED]

[REDACTED]

Once in the application, access to data is limited by the application role. Permissions to information are controlled by role within the application. The Registrar role can only access or modify information on domains that a specific Registrar owns. Application Support roles have

access to all information in the usTLD Registry globally via the Registry Admin Tool application. This greater access is necessary to support all registrars in the usTLD Registry.

The web-based Delegated Manager Tool (DMTool) interface uses [REDACTED]

[REDACTED] Further security controls include [REDACTED]

The web-based customer support GUI interface uses [REDACTED] Data in transit is protected with [REDACTED]

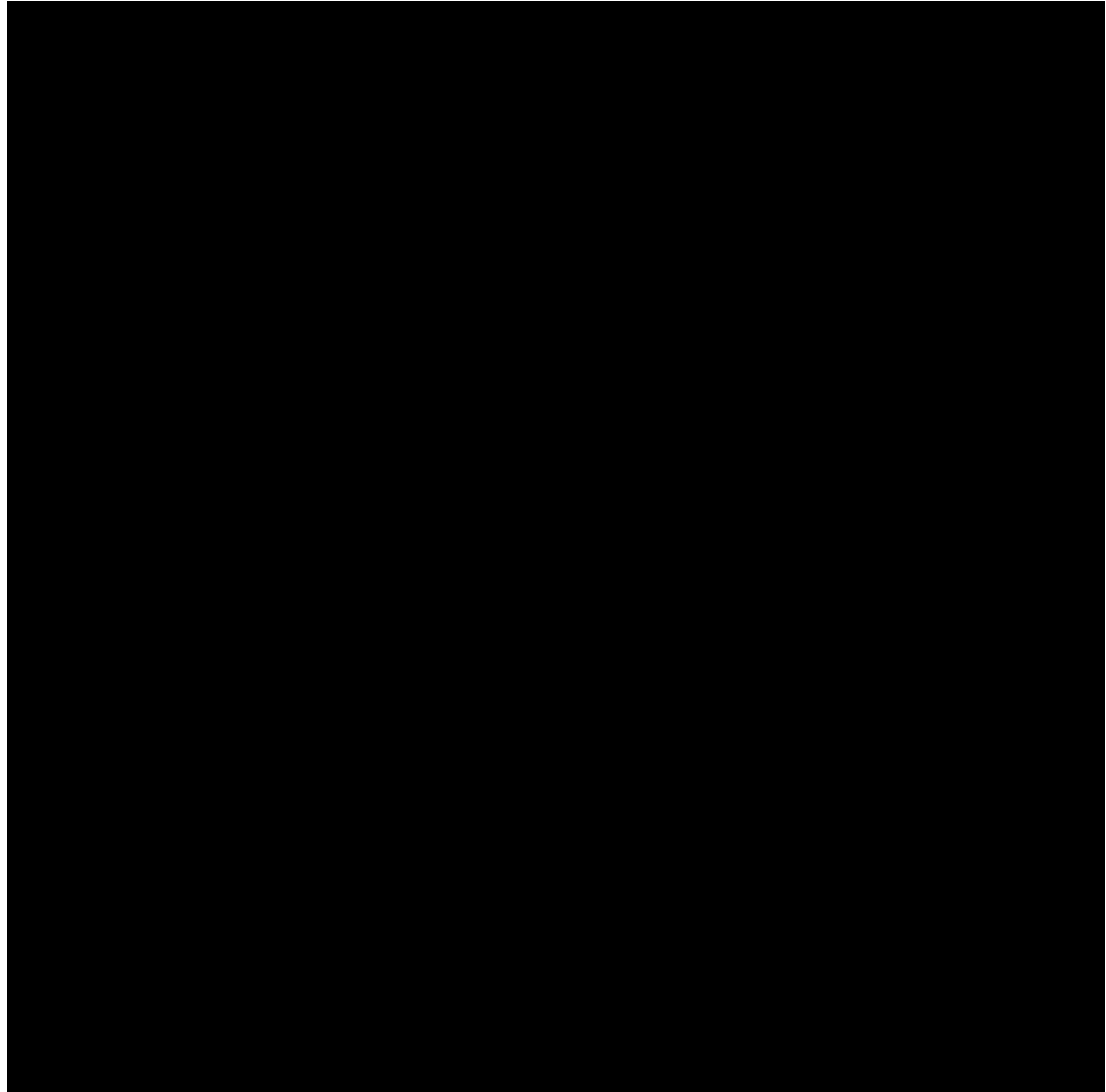
[REDACTED] When authenticating to the customer Support GUI, users are required to use [REDACTED]

All interfaces are protected by:

The security mechanisms protecting the EPP API service and the web-based GUI work jointly to protect the integrity and reliability of the data entering the Registry.

Management of Storage

The key factor in maintaining the integrity and reliability of the data is maintaining the integrity of the reference database. For the usTLD registry we presently provide the following:



All of these capabilities are applicable to and in place on both the expanded space and the locality space and will continue to be in place on the upcoming contract term.

Outputs

There are a variety outputs from the registry, all of which have their own specific implications for the integrity and reliability of the data in the registry. These include:

- **DNS** –The Master DNS application provides publicly available information that is regularly checked by- [REDACTED] -Additionally the Master DNS application is configured to support DNSSEC for the usTLD Registry. The use

of DNSSEC prevents cache-poisoning attacks and provides added assurance that the names in the usTLD Registry accurately resolve. See *Proposal Volume I, Sections 1.3.1 and 1.3.2* for more information on DNS. See *Proposal Volume I, Section 1.3.13* for more information on DNSSEC.

- **WHOIS** --WHOIS information is available via HTTP and command line, and information in the WHOIS application is regularly checked by the WHOIS Auditor application to verify the integrity of WHOIS information. See *Proposal Volume I, Section 1.3.4* for more information on WHOIS
- **Registrar reports** – All registrar reports are delivered via secure shell (SSH) accounts (one for each registrar) and delivered with an MD5 (Message Digest5) checksum data to ensure the report was not corrupted during download.
- **Billing information** – The billing subsystem is completely decoupled from the core registry, residing on a separate infrastructure and separate network. All billing information and processes are subject to audit processes. As a public company, Neustar is subject to Sarbanes-Oxley (SOX) compliance, which places specific constraints and scrutiny on our financial systems.
- **Registrar API interface** – Previously discussed in “Inputs”
- **Web interface** – Previously discussed in “Inputs”

The database capabilities described below will provide the usTLD registry with the highest levels of reliability, scalability, and security. This solution greatly reduces the risk profile of the TLD in the following ways:

- **Network protection** - The usTLD Registry implements [REDACTED] to prevent unnecessary ingress or egress network traffic. Per Neustar's Change Management program, only known network connections with a business need are provided access. Servers and authentication mechanisms follow Neustar's standard security control set
- **Superior software solution** – the use of [REDACTED] provides unmatched security and reliability. [REDACTED]

- **High Availability (HA)** – the solution incorporates a high-availability design, with no single points of failure. Each server and network device, including the database itself, has full local redundancy. In the event the database were to become unavailable, the local secondary database would immediately takeover. In addition to maintaining a local secondary database, we also maintain two remote failover databases. The local database is kept up to date with synchronous replication and the remote databases with asynchronous replication.-

- **Hot Standby Data Center** – the registry solution includes a fully redundant hot stand-by data center. Data from the primary data center is replicated to the secondary data center. Should the primary data center become unavailable, the secondary data center will take over with no loss of data.
- **Cold Standby Data Center** – the solution includes use of a third cold standby data center (disaster recovery site), that is used to continue service should both the primary and secondary data centers become unavailable at the same time.
- **Decoupled Architecture** – the solution deploys a decoupled architecture whereby the production SRS database is not used for other systems such as WHOIS, billing, and reporting. Each of these systems maintains their own local databases. This ensures that no other systems can adversely impact the production SRS database.
- **Excess Capacity** – the database solution has been designed to ensure that there is always excess capacity available. Capacity is expanded as needed, but always adheres to stringent operational methods and procedures (M&Ps) that require at least- [REDACTED]-excess capacity. The database solution in place today has been designed to have capacity in-excess of [REDACTED]

- **High Transaction Throughput** – the database solution in place today has been designed to support over [REDACTED]

- **System Quality reviews** – [REDACTED]

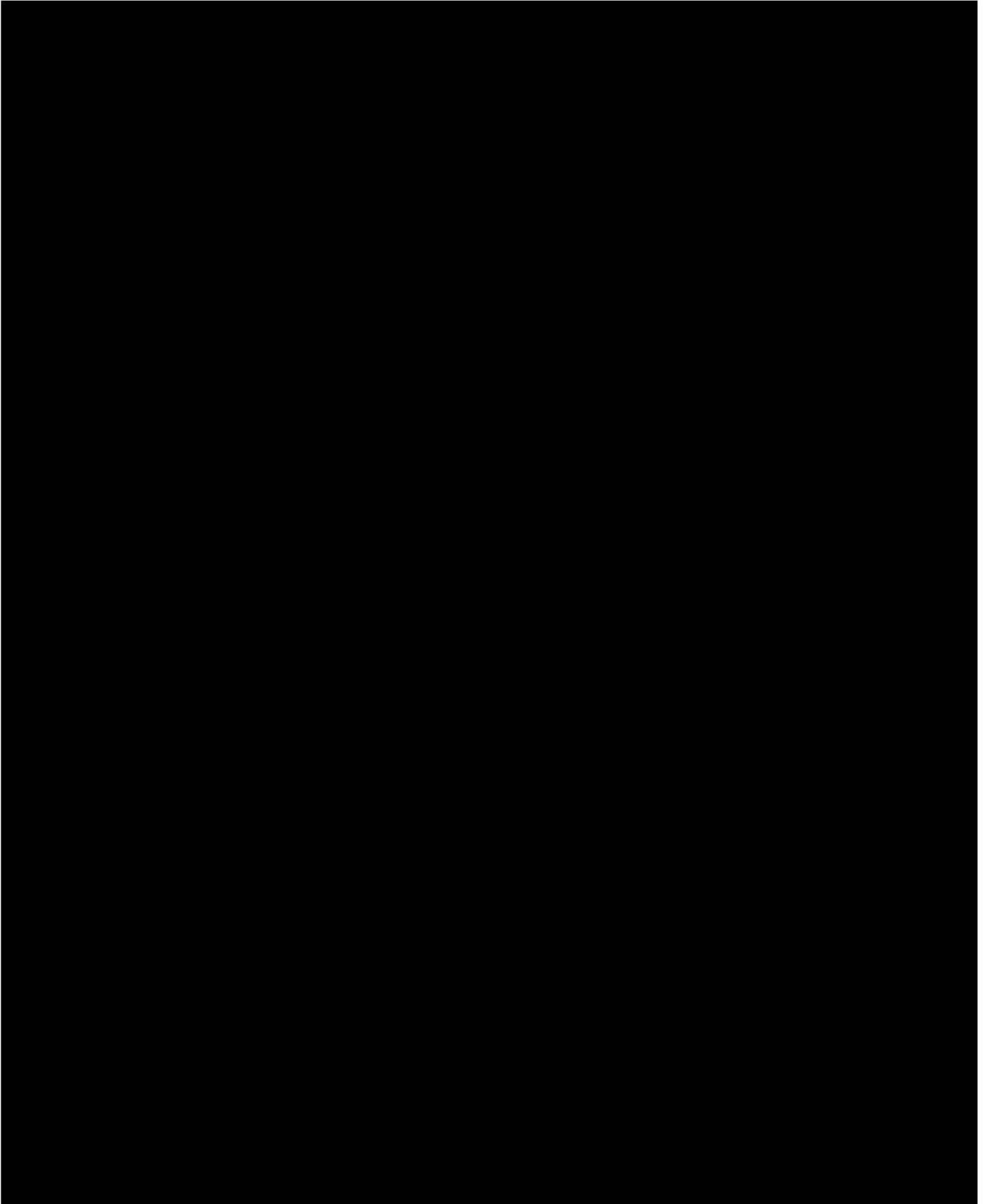
- **Robust Monitoring** ensures smooth operations. [REDACTED]

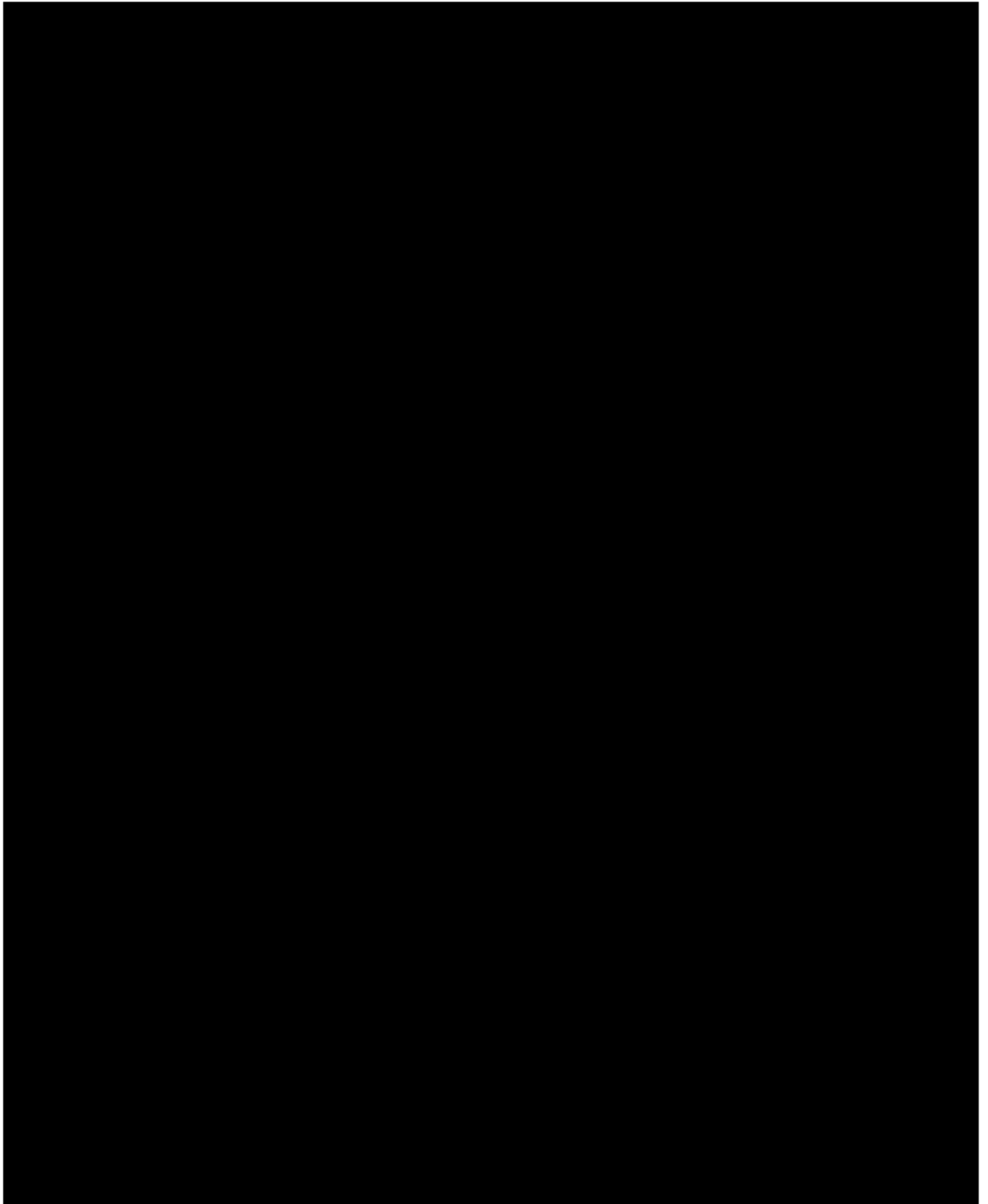
Summary

As an experienced operator of registry infrastructure, Neustar has deep and detailed knowledge of the security challenges and constraints of a TLD environment. In this section, we have provided a discussion of authentication, integrity, and reliability of the data in the usTLD.

1.11.3 Computer Security Plan (C.12.4)

Neustar developed and implemented an extensive computer security plan that is updated as needed but at a minimum annually that will be shared with the COR.





Database

The Database network houses the database functionality. This network only receives data from the Application network; however, it also sends data to the Internet portion of the DMZ and Management networks. The type of information sent to the Internet DMZ includes updated DNS and WHOIS information. Billing information and statistical information are sent to the management network.

Management

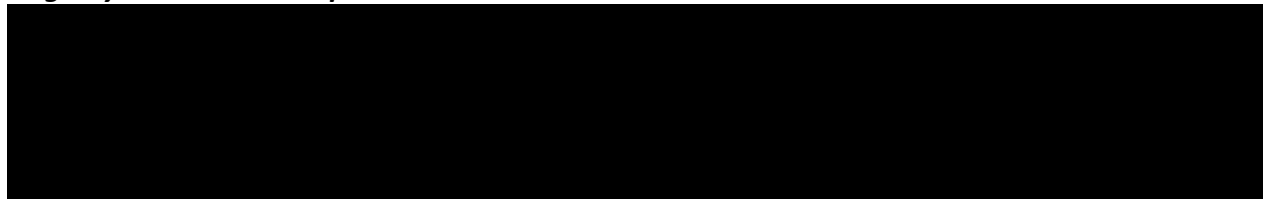
The Management network is used for billing, data verification, and backend management of the servers in the other networks.

Applications

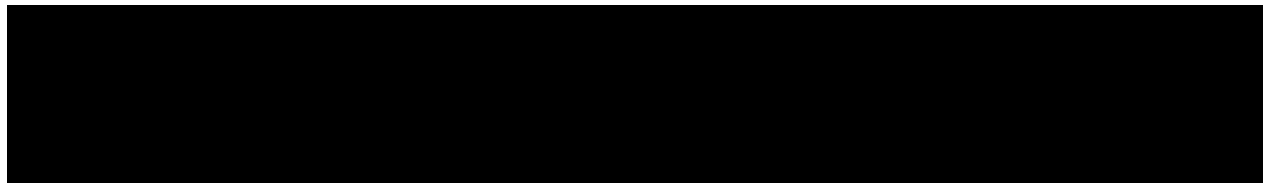
The Applications section provides profiles of each application, and describes the application use, and the roles within the usTLD Registry which use each application. This section is provided for an overview of the applications and to define their role in the overall usTLD Registry.

Registry Administration Tool

The Registry Admin tool is a user-friendly tool to allow for quick and small-scale registry modifications. For example, if a registrar noted a typo in a domain recently registered in the usTLD registry, the registrar could make a notification to that domain quickly by using the tool.

Registry Admin Tool Scope**Registry Admin Tool Information**

The Registry Admin Tool can access or modify information in the registry via EPP; this creates sensitivity around the Registry Admin Tool as a result additional security controls have been implemented on the Registry Admin Tool to protect the modification of registrant information.-

**Registry Admin Tool Roles**

The following roles in the usTLD Registry have access to the application:

- **Registrar** - These are partners who work directly with consumers to register and manage usTLD domain names.

Customer Service - Users who have full access to all data inside of the Registry Admin Tool.

Application Support - Users who have full access to all data inside of the Registry Admin Tool and have access to the backend system supporting Registry Admin Tool.

Registry Admin Tool Security Profile

Network access to Registry Admin Tool is limited to known registrars and access from other sites is not allowed. Data in transit is protected with SSL encryption, providing both confidentiality and integrity to verify that no parameters were read or modified in transit to the application. When authenticating to Registry Admin Tool, users are required to use two-factor authentication. usTLD users are provided with a username, RSA token, and associated PIN to access the Registry Admin Tool application. The RSA token generates a random, 6-digit number every 60 seconds and is synchronized with an authentication server in the management network. In order to login to the Registry Admin Tool application, a user must meet the following criteria:

1. Have a known username
2. Provide a PIN associated with the username
3. Provide the output of a hardware token associated with the username

Once in the application, access to data is limited by the application role. Permissions to information are controlled by role within the application. The Registrar role can only access or modify information on domains that specific Registrar owns. Whereas, the Customer Service and Application Support roles have access to all information in the usTLD Registry globally via the Registry Admin Tool application. This greater access is necessary to support all registrars in the usTLD Registry.

Registry Admin Tool Audit Logs

For each audit event kept by Registry Admin Tool, specific information is kept to assure the event can be read and tracked at a later date. The following attributes are kept in each event:

- Source IP address
- Event time

Additionally the following types of events are audited by Registry Admin Tool:

- Successful logins
- Failed logins

These audit entries are available online for 90 days. Additionally, audit logs are kept in accordance with Neustar's standard system security configuration for management access to the Registry Admin Tool application servers. The specific configurations for these audit logs are included in *Appendix C, usTLD Security Control Matrix*.

EPP

The EPP application is an API and the primary interface to the usTLD registry. EPP is used by all other tools to obtain access to the backend application servers and ultimately to the database layer. EPP uses the Extensible Provisioning Protocol (EPP) to handle provisioning requests within the usTLD registry.

EPP Information

The EPP application is the primary provisioning point from the DMZ. EPP has access to add, remove, or update any entry in the usTLD registry.

EPP Roles

The following roles in the usTLD Registry have access to the EPP application:

- **Registrar** - These are partners who work directly with consumers to register and manage usTLD domain names.
- **Customer Service** - Users who have full access to all data inside of EPP.
- **Application Support** - Users who have full access to all data inside of EPP and have access to the backend system supporting EPP.

EPP Security Profile

Network access to EPP is limited to known registrars and access from other sites is not allowed. Data in transit is protected with SSL encryption, providing both confidentiality and integrity to verify that no parameters were read or modified in transit to the application. EPP uses mutual SSL authentication for EPP access, this means registrars must obtain an x509 certificate from an accepted Certificate Authority.

In addition to the SSL mutual authentication, registrars are required to provide credentials to the EPP interface. These credentials are used to link all transactions to a specific registrar and limit the view of the registrar's API access to domains under the registrar's control.

EPP Audit Logs

EPP keeps logs of each provisioning event handled by EPP. Since EPP is the point where all provisioning events are collected, each modification to the usTLD registry is tracked and logged here. The usTLD registry has a log of all provisioning events since 2001. These events allow an auditor to identify who made any provisioning event to which domain including a date and time stamp.

Additionally, audit logs are kept in accordance with Neustar's standard system security configuration for management access to the EPP application servers.

Delegated Manager (DM)

The DM application is used to allow delegated managers of locality usTLD domain names. For example, the DM using this tool could manage sterling.va.us, a domain for the locality of Sterling, VA. The capabilities allowed by the DM application does not provide the same level of granularity as the management capabilities inside of Registry Admin Tool. In the DM application, users can only update existing information, such as contact information for a pre-defined contact, or the nameservers which hold the authoritative records for the specific domain managed by DM.

DM Information

The DM tool has the capability to update existing records for a small subset of all the names in the usTLD registry. This update capability is similar to that traditionally provided by a registrar to a registrant. It should be noted that DM users do not have the ability to add new domains, or new contact information; rather, DM users can only update existing information.

DM Roles

The DM tool has one role, the Delegated Manager. This role is a legacy one and is available to a limited subset of all domains in the usTLD registry.

DM Security Profile

The DM application uses SSL to protect and provide confidentiality of information transmitted. Additionally users are required to provide credentials for access to the DM tool. Further security controls include application role configurations which prevent a DM user from accessing information that DM user does not own. Finally, the DM tool does not allow users to insert their own security controls in the DM system.

DM Audit Logs

For each audit event kept by DM, specific information is kept to assure the event can be read and tracked at a later date. The following attributes are kept in each event:

- Source IP address
- Event time

Additionally, the following types of events are audited by DM:

- Successful logins
- Failed logins

These audit entries are available online for 90 days.

Additionally, audit logs are kept in accordance with Neustar's standard system security configuration for management access to the DM application servers.

Master Domain Name Services (DNS)

The Master DNS application serves as the central repository for all usTLD domains. This repository receives information from the Database layer and disseminates information to other name servers throughout the Internet.

Master DNS Information

The Master DNS application's main role is to provide pointers to the authoritative DNS servers for specific usTLD domains. As such the Master DNS application focuses on providing high levels of integrity for the information it supplies, rather than focusing on preventing the information from being revealed to unwanted entities.

Master DNS Roles

No role directly interacts with the Master DNS application. Data from the Master DNS application is replicated to slave DNS nodes located throughout the world. The Consumer role obtains information from these slave DNS nodes to identify the current authority for usTLD domain names.

Master DNS Security Profile

The Master DNS application provides publicly available information which is regularly checked by the DNS Auditor application. These regular checks are performed to assure the correct information is presented by the Master DNS application. Additionally the Master DNS application is configured with keys to support DNSSEC for the usTLD Registry. The use of DNSSEC prevents cache poisoning attacks and provides added assurance that the names in the usTLD Registry accurately resolve.

Master DNS Audit Logs

The Master DNS application does not keep audit logs. Audit logs are kept in accordance with Neustar's standard system security configuration for management access to the Master DNS application servers. The specific configurations for these audit logs are included in *Appendix C, usTLD Security Control Matrix*.

WHOIS

The WHOIS application serves as the central contact repository for all usTLD domains. This repository receives information from the Database layer and disseminates information regarding the administrative, technical, and management contacts for each usTLD domain.

WHOIS Information

The WHOIS application's main role is to provide contact information for specific usTLD domains. As such the WHOIS application focuses on providing high levels of integrity for the information it supplies rather than focusing on preventing the information from being revealed to unwanted entities.

WHOIS Roles

The WHOIS application only supports the Consumer role. No other roles directly interact with the WHOIS application. The Consumer role obtains information from the WHOIS application to identify the contact information for usTLD domain names.

WHOIS Security Profile

WHOIS information is available via HTTP and the WHOIS protocol, information in the WHOIS application is regularly checked by the WHOIS Auditor application to verify the integrity of WHOIS information.

WHOIS Audit Logs

The WHOIS application does not keep audit logs, audit logs are kept in accordance with Neustar's standard system security configuration for management access to the WHOIS application servers. The specific configurations for these audit logs are included in *Appendix C, usTLD Security Control Matrix*.

Core Application

The core application receives provisioning requests from EPP and places them into the Database. The core application is a part of the protected interior of the usTLD Registry and is only accessed by Application Support personnel.

Core Application Information

The Core application has full access read and write permissions to the usTLD Registry. This application is the part of the usTLD Registry which executes the supporting SQL queries and updates into the usTLD Registry Database.

Core Application Roles

Application Support personnel are the only personnel who have direct access to the Core Application. All other users must work through EPP, Registry Admin Tool, or the DM Tool to obtain access to the usTLD Registry.

Core Application Security Profile

The usTLD Registry has implemented strong, bi-directional firewall rules to prevent unnecessary ingress or egress network traffic from accessing the Core Application. Per Neustar's Change Management program, only known network connections with a business need are provided access to the Core Application. The only way to communicate with the Core application is via requests from EPP.

Core Application Audit Logs

Audit logs are kept in accordance with Neustar's standard system security configuration for management access to the EPP application servers.

Database

The Database is an Oracle database which provides a central repository for all usTLD information. This central registry contains the authoritative record for all data access in the usTLD domain.

Database Information

The Database contains all registry information; it receives updates from the Core Application, and serves this information to the Master DNS Application, WHOIS Application, DNS Auditor Application, WHOIS Auditor Application, Core Application, Data Warehouse, and Billing group.

Database Roles

Application Support is the only personnel who have direct access to the Database. All other access to the Database occurs via the Core Application server.

Database Security Profile

The usTLD Registry has implemented strong, bi-directional firewall rules to prevent unnecessary ingress or egress network traffic from accessing the Database. Per Neustar's Change Management program, only known network connections with a business need are provided access to the Database.

Database Audit Logs

Audit logs are kept in accordance with Neustar's standard system security configuration for management access to the Database application servers. Additionally, the Database provides full transaction logs dating back to 2001.

WHOIS Auditor

The WHOIS Auditor application keeps track of daily changes to the WHOIS portion of the Database and tests the WHOIS application for each change performed that day. Additionally a full check of the entire WHOIS portion of the Database is performed monthly. In this check, the WHOIS Auditor inspects each element in the WHOIS portion of the Database against what is presented in the WHOIS application. The primary role of this application is to assure that all information presented by WHOIS is accurate to the usTLD Registry's backend Database.

WHOIS Auditor Information

WHOIS Auditor is fed transactions from the Database that is used to verify the information presented by the WHOIS application. This information is considered to be public information

which should be in the WHOIS application, and the applications primary objective is to provide assurance of the integrity of the WHOIS application information.

WHOIS Auditor Roles

Application Support are the only personnel who have direct access to WHOIS Auditor. All information is fed to the WHOIS Auditor directly from the Database.

WHOIS Auditor Security Profile

The usTLD Registry has implemented strong, bi-directional firewall rules to prevent unnecessary ingress or egress network traffic from accessing the WHOIS Auditor. Per Neustar's Change Management program, only known network connections with a business need are provided access to the WHOIS Auditor and the WHOIS Auditor can only access the production WHOIS applications. WHOIS Auditor's supporting servers and authentication mechanisms follow Neustar's standard security control set which is defined in *Appendix C*, usTLD Security Control Matrix.

WHOIS Auditor Audit Logs

Audit logs are kept in accordance with Neustar's standard system security configuration for management access to WHOIS Auditor.

DNS Auditor

The DNS Auditor application keeps track of daily changes to the Master DNS and tests slave DNS nodes for each change performed that day. Additionally a full check of the entire DNS portion of the Database is performed monthly. In this check, the DNS Auditor inspects each element in the DNS portion of the Database against what is presented in the DNS application. The primary role of this application is to assure that all information presented by the Master DNS is accurate to the usTLD Registry's backend Database.

DNS Auditor Information

DNS Auditor is fed transactions from the Database that is used to verify the information presented by the Master DNS. This information is considered to be public information that should be in the DNS application, and the applications primary objective is to provide assurance of the integrity of the DNS application information.

DNS Auditor Roles

Application Support personnel are the only personnel who have direct access to DNS Auditor. All information is fed to the DNS Auditor directly from the Database.

DNS Auditor Security Profile

The usTLD Registry has implemented strong, bi-directional firewall rules to prevent unnecessary ingress or egress network traffic from accessing the DNS Auditor. Per Neustar's Change Management program, only known network connections with a business need are provided access to the DNS Auditor and the DNS Auditor can only access the production DNS applications.

DNS Auditor Audit Logs

Audit logs are kept in accordance with Neustar's standard system security configuration for management access to DNS Auditor. The specific configurations for these audit logs are included in

1.11.4 Director of Security (C.12.5)

Neustar has designated Jonathon Coombes, Neustar's Chief Information Security Officer as the Director of Security for the contract. In the event that a change of personnel becomes necessary, Neustar will notify and consult with the DOC COR before such a change is made.

Mr. Coombes's resume is available in *Proposal Volume 1, Appendix D - Resumes*.

1.12 REPORTING REQUIREMENTS (C.13)

Neustar will continue to provide on-time and accurate reporting to the DoC, as required, including additional reports not required by the SOW.

Neustar will maintain a constructive relationship with the usTLD Stakeholder community and maintain transparency by providing timely and accurate reporting to the community, Registrars and DOC. Periodic progress reports include key metrics that demonstrate the usTLD space is being managed to the high standards expected by the DOC and usTLD stakeholder community. We will continue to make the content of these reports more accessible to the public in order to increase the visibility and transparency of the usTLD.

During the previous performance periods, Neustar continuously improved the reporting structure and delivery of the reports. This included adding new elements and posting aggregated, high-level data for the public. As a critical stakeholder in an array of domain name industry forums, we have unique perspective into a diverse array of reporting techniques and polices. As the usTLD administrator, we will continue to recommend improvements to the reporting requirements that align with industry best practices. As required, Neustar will submit the following reports:

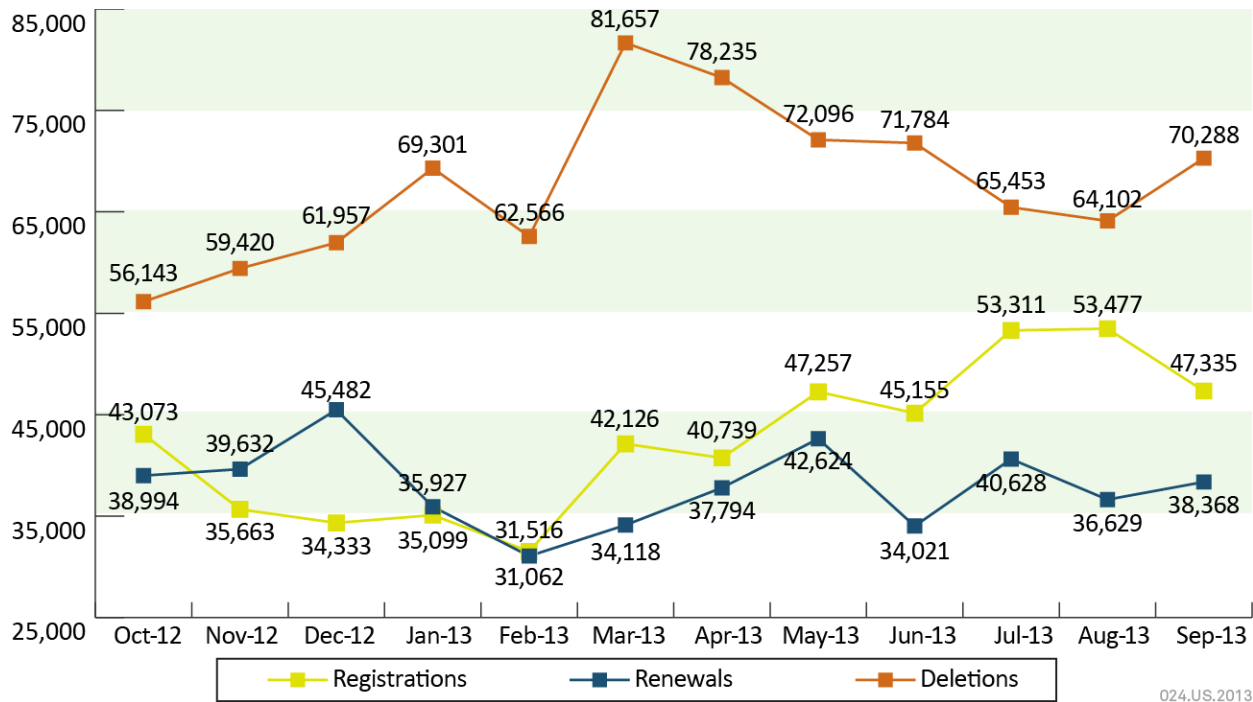
1.12.1 Periodic Progress Reports (C.13.1)

Neustar will make certain reports available to the public, unless prohibited due to proprietary business, security, technical or privacy concerns or as otherwise prohibited by the Contract or by the DOC.

In our experience as an administrator of the usTLD and other U.S. public resources such as the North American Numbering Plan, we have found that the public has a vested interest in the state of the national assets being managed by companies such as Neustar. We firmly believe in the transparency and accountability achieved in informing the public on the status of the namespace and has already created visibility into key performance metrics, made available to the public at <http://www.neustar.us/statistics/>.

The usTLD stakeholder community is interested in the status of the usTLD. Improved external reporting enhances our engagement with that community. As such, Neustar will enhance our current reporting and make periodic progress reports available to the public. One example of the increased visibility that we believe will benefit the American Internet Community is a "usTLD Space at a Glance" progress report. Neustar will provide the report on a monthly basis and post key statistics such as (see **Figure 1.12-1**).

- Total number of registrations, renewals and deletions
- Total number of transferred domain names
- Total number of registered domain names
- Total number of usTLD nameservers under management
- Total number of accredited registrars
- Trending information and other key statistics.



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Figure 1.12-1: usTLD Progress Report**1.12.2 Monthly Performance Progress Reports (C.13.2)**

Neustar currently provides monthly, written progress reports to the COR. There are two types of monthly reports that are supplied to the DOC. The first is the Monthly Progress Report which contains data from the previous month's operations within the usTLD space. The second report is called the Monthly Registrar Transaction Report and contains, by Registrar, all the statistics of the space for the reporting month. Neustar will continue to deliver these reports no later than 15 calendar days following the end of the month. These reports contain statistical and narrative information to DOC to ensure Neustar's compliance and progress towards meeting DOC's requirements.

Neustar has added more data elements in these reports over the past 5 years, over and beyond the requirements. These elements provide the DOC greater visibility into the operations of the registry, including the activities of individual registrars.

- Monthly performance reports include the following:
 - Status on all major events
 - Major work performed during the reporting period
 - Technical status
 - Problems encountered
 - Service outages or disruptions (if any)
 - Accomplishments and complications experienced in fulfilling the contract requirements
 - Projected significant changes, if any, related to the Contract requirements.

- Neustar's monthly performance reports go above and beyond the requirements in the contract. The following data elements are included in our monthly reports (**Table 1.12-1** and **Table 1.12-2**).

Monthly Progress Report Element Currently Provided	Data Provided
Summary of Major Events During Reporting Period	<ul style="list-style-type: none"> Contract Modifications Technical/Operational Issues Service Releases and Upgrades
Performance Data	<ul style="list-style-type: none"> Performance statistics by SLA
Transaction Statistics	<ul style="list-style-type: none"> Billable transactions EPP transactions (Creates, Deletes, Renews, Transfers, Updates, Infos and Checks) WHOIS Queries DNS Queries
Monthly Registration Data	<ul style="list-style-type: none"> Second-level registrations, per registrar Total names under management, per registrar
kids.us Statistics (as needed)	<ul style="list-style-type: none"> Domains registered during reporting period Total domains under management Active websites Websites pending review Number of kids.us accredited registrars Number of violations Number of takedowns
Website statistics for www.Neustar.us and-www.kids.us (as needed)	<ul style="list-style-type: none"> Page views Visits Average visit length
Accredited registrar status	<ul style="list-style-type: none"> Number of operational accredited registrars Number of non-operational accredited registrars Total number of accredited registrars
Locality Statistics	<ul style="list-style-type: none"> Number of delegated managers Number of changes in delegated managers Number of updates to the locality space
WHOIS Complaint Statistics	<ul style="list-style-type: none"> Date complaint received Registrar, Domain and description of complaint Action description
Daily EPP Transaction Ranges	<ul style="list-style-type: none"> Maximum daily transactions

Monthly Progress Report Element Currently Provided	Data Provided
	<ul style="list-style-type: none"> Minimum daily transactions Average daily transactions
WHOIS Data Accuracy Audit Report	<ul style="list-style-type: none"> Number of WHOIS Accuracy Complaints Received Number of Domains Reviewed for Accuracy Breakdown of Actions Taken

Table 1.12-1: Monthly Progress Report

Monthly Registrar Transaction Report Element Currently Provided	Data Provided
Registrar Transactions	<ul style="list-style-type: none"> Number of transactions per registrar during the reporting period All transaction types, including adds, renewals, and transfers, broken down by term Number of Deletes per registrar Number of gaining transfers per registrar Number of losing transfers per registrar Number of domain redemptions Total number of domains under management, per registrar Total number of name servers under management, per registrar

Table 12.1-2: Monthly Registrar Transaction Report

Note: Should the kids.us suspension be lifted, Neustar proposes to provide monthly reports on the number of kids.us registrations, active sites, and any violations of contractor's kids.us content standards; and any updates or modifications to the shared registration system made by contractor.

1.12.3 Revenue Financial Report (C.13.3)

Neustar currently provides and will continue to provide an Uncertified Financial Report of the revenues received and expenses incurred in performing the contract. This report is and will be provided to the DOC within 30 days of the conclusion of the base period of the contract and each subsequent extension.

1.12.4 Final Report (C.13.4)

Neustar shall submit a Final Report on the usTLD within 60 days of the conclusion of the contract. This report will document the standard operating procedures deployed during the course of the contract including a description of:

- The techniques and methods used to manage usTLD;

- All hardware and software deployed to support usTLD; and
- Any other tools deployed in support of usTLD.

1.12.5 Security Audit Data and Reports (C.13.5)

Neustar shall generate and retain security process audit data and provide an annual audit report to the Contracting Officer and COR. Neustar will also provide to the Contracting Officer and COR specific audit data upon request.

Neustar, as a public company generates and retains security process audit data. As a SSAE-16 compliant corporation, we generate and analyze audit data as a part of our routine operating procedures. This data is compiled into reports that must be reviewed by appropriate managers. The data we generate includes:

- Assessments of user access to systems, including appropriateness of the access
- Reviews of failed privileged account logins
- Reviews of database logs
- Reviews of CSR activity
- Investigations of any erroneous or suspicious activity

Neustar will continue to submit an annual security report to DOC's COR which contains a review and analysis of our security audit data and procedures.

1.12.6 Annual WHOIS Accuracy Report (C.13.6)

Neustar will submit an Annual WHOIS Accuracy Report to the COR. The report will contain statistical data on the number of WHOIS inaccuracies as the result of internal reviews or reported inaccuracies. The report will include a breakdown of reported inaccuracies by registrar. In addition, it will include a summary of the actions taken as a result of inaccuracies reported and discovered.

1.12.7 Conflict of Interest Report (C.13.7)

Neustar shall develop and publish, subject to applicable laws and regulations, an annual Conflict of Interest Enforcement and Compliance Report. The report shall describe major events, problems encountered, and changes, if any, related to RFP Section C.11. For details on Neustar's adherence to the Conflict of Interest requirements, please see *Proposal Volume 1, Section 1.10*.

1.12.8 Multistakeholder Process Reports (C.13.8)

Neustar shall develop and publish a quarterly report on Stakeholder Council policy development activities.

1.13 INSPECTION AND ACCEPTANCE (C.14)

Neustar understands, acknowledges and agrees that the COR will perform final inspection and acceptance of all deliverables and reports articulated in RFP Section C.13. Prior to publication of reports pursuant to the plan to be developed that is referenced in *Proposal Volume 1, Section 1.12* Periodic Progress Reports, Neustar will obtain approval from the COR.

1.14 TRANSITION TO SUCCESSOR CONTRACTOR (C.15)

Highlights

- Reselecting Neustar as the usTLD Administrator eliminates the need for a complex and time consuming transition and the additional risks to the reliability, stability and, security of the usTLD
- In the event the DOC selects a successor contractor, Neustar shall do its part to ensure an orderly transition while maintaining continuity and security of operations.
- Neustar will submit a plan for transition within one (1) year of the contract award, will review the plan annually, and will update the plan as appropriate.

Impact of a Transition

Top Level Domain transitions are inherently disruptive events that introduce the risk of negatively impacting service for Registrars and millions of users; especially when such transition have little or no tangible benefit.

The usTLD-Accredited Registrars have been clear – they see no tangible benefit from a transition of the usTLD to any other registry operator. *In fact, Registrars sponsoring 85% of the usTLD registrations have called on the Department of Commerce to re-award the usTLD management contract to Neustar.* Given that much of the burden and risk of the transition from one usTLD Administrator to another would fall most heavily on the domain name registrars and their customers, their views should carry great weight. More specifically, retaining Neustar eliminates:

- Material opportunity costs for Registrars, as resources are pulled from other strategic initiatives to focus on migrating services to a new, untested vendor
- Lengthy “shake-out” period of degraded service and periodic system unavailability - affecting consumers and driving up customer care expense
- Risk of failed registrations from even a small error in migrating the usTLD Registry data elements
- Potential for reduced readiness in times of disaster and emergency
- Declining consumer experience, blocked access resources, and delayed or impeded network management activity – all of which are effected by Registry performance

In addition, the severity of that risk increases dramatically the shorter the timeframe for transition exists. As such, when the existing registry performs as exceptionally as Neustar has over the last 12 years, the most prudent course of action is no transition at all, especially if the timeframe for a transition is extraordinarily tight. With the latest extension, the current contract is scheduled to expire 31 December 2013, which is approximately 45 days after vendors submit their proposals for the next contract term. Selection of a new usTLD administrator would provide the successor Registry, the thousands of Delegated Managers, Locality registrants, dispute providers and the 137 Registrars approximately 30 days to transition the entire service as outlined in Volume I and Volume II of this proposal. To do so in a manner that maintains the security and continuity of the name space while imposing little

impact to its diverse and critical stakeholders is highly unlikely, regardless of how competent the successor contractor is or how detailed and exhaustive the transition plan is.

The world looks to the United States as both a pioneer and leader in the domain name industry. The usTLD is the clearest, most visible example of that leadership. For the past 12 years, the usTLD has been heralded as a model of effective governance, performance excellence, and responsible growth. A transition to a successor registry threatens the security, stability and performance of that name space. And, if the transition fails, the United States' credibility as a leader for tomorrow's dynamic Internet community will be damaged.

Transition Planning

In the event the DOC selects a successor Contractor, Neustar will: 1) develop an extensive transition and risk mitigation plan, 2) submit the transition plan within one (1) year of the contract award, 3) review the transition plan annually, and 4) update the transition plan as appropriate.

While the overall burden for a successful transition would be the responsibility of the successor contractor, Neustar will work closely with the successor to minimize negative impacts on the usTLD community. To this end, elements of our eventual transition plan will include:

- Providing feedback to the successor contractor and feedback to the DoC regarding the viability and quality of the successor contractor's transition plan and suggestions on improving the same;
- Assigning a project manager to interface with successor contractor;
- Providing periodic, current copies of escrowed data to allow successor contractor to test conversion/import programs;
- Participating in transition status meetings;
- Providing required contact information for various entities (e.g. accredited registrars);
- A detailed plan to sustain DNS resolution during successor's DNS ramp-up period;
- A plan to transition registrar funds to the successor;
- A communications plan for keeping the community apprised of our transition activities; and
- A plan for Neustar to resume services should the transition not be successful.

However, the existence of a detailed transition plan can only go so far to ensure a smooth usTLD transition. The successor contractor must be equally prepared to execute a successful transition. In addition, the successor contractor must acquire the institutional knowledge that Neustar has gained from managing the usTLD for over 12 years. Even then, there are certain elements such as Neustar's practical expertise, usTLD customized processes, Neustar-developed tools, and intellectual property that will not transfer. This only increases the risk to the stability of the name space and quality of service delivery.

The transition to successor contractor is not a trivial task. A successor contractor must also develop an extensive plan to transfer and accommodate all components of operating the usTLD. Any transition plan must, at a minimum, address the following:

- EPP
- DNS
- WHOIS
- DNSSEC
- Escrow
- Kids.us
- Delegated manager
- Locality space WHOIS
- Policies for locality space, kids, and second level
- Registrar Accreditation processes
- Registrar and delegated manager testing periods
- Registrar provisioning
- Billing account setup
- Data migration scripts
- Reporting
- RTK development and distribution

Anything less than flawless execution in any of these areas could cause data corruption, service disruption or policy violation. Additionally, a successor contract must stay focused. Currently, at a time when both Registries and Registrars are focused on the launch of new gTLDs in support of ICANN's program and incremental revenue models, it is highly unlikely that any successor contractor will be competent enough, will be focused enough, and will have enough time (approximately 30 days) to successfully transition the administration of the usTLD.

1.15 DELIVERABLES (F)

Neustar will perform all work at its facilities.

During the course of performing this contract, Neustar will provide to the CO the following deliverables in accordance with the Statement of Work. Neustar will submit all deliverables via email attaching the deliverable in Microsoft Word or such other format(s) as the CO or COR may require.

Clause No.	Clause	Deliverable	Due Date
C.13.1	Periodic Progress Reports	Periodic Progress Reports	Neustar shall provide this report periodically during the course of performing this contract.
C.13.2	Monthly Performance Progress Report	Reports containing both statistical and narrative information, as described in <i>Proposal Volume 1, Section 1.12.2.1-1.12.2.2</i> , detailing the Contractor's progress towards meeting the contract requirements.	Monthly. Neustar shall provide all reports no later than fifteen (15) calendar days following the end of each month.
C.13.3	Revenue Financial Report	An uncertified financial report of the revenues received and expenses incurred under the contract.	Neustar shall provide this report within thirty (30) days of the conclusion of the contract's base period and each option period.
C.13.4	Final Report	A final report on the usTLD that documents standard operating procedures, including a description of the techniques, methods, software, hardware, tools employed in performing the requirements of this contract.	Neustar shall provide this report sixty (60) days following the conclusion of the contract.
C.13.5	Security Audit Data and Reports	The Contractor shall generate and retain security process audit data and provide an annual audit report to the DOC's CO and COR.	Neustar shall provide this report annually (starting one (1) year after contract award) and upon request of the CO and COR
C.13.6	Annual WHOIS Accuracy Report	Report should include a statistical summary of the Contractor reviews and actions taken to correct inaccuracies reported and discovered. (<i>Proposal Volume 1, Section 1.5.8 and 1.6.5</i>)	Neustar shall provide this report annually starting one (1) year after contract award.
C.13.7	Conflict of Interest Report	The report shall describe major events, problems encountered, and any changes, if any, related to <i>Proposal Volume 1, Section 1.10</i> .	Neustar shall provide this report annually starting one (1) year after contract award.

Clause No.	Clause	Deliverable	Due Date
C.15	Transition to Successor Contractor	A plan to indicate how the usTLD could be transitioned to a successor	Neustar shall provide this report one (1) year after Contract award. Report will be reviewed annually and updated as appropriate.
C.9.8	Annual <u>kids.us</u> Report to Congress	An annual report to Congress on the Contractor's monitoring and enforcement procedures for the <u>kids.us</u> domain as the Dot Kids Act, as may be amended, requires.	Annually. *Neustar will notify the CO and COR when this report is submitted to Congress.

C.13.8 Council Policy Activities Report on activities of Stakeholder Council Quarterly

Table 1.15-1: Deliverables

2. MANAGEMENT APPROACH (M.7 Factor 2)

2.1 State of Space (L.6.d.ii)

Neustar has successfully managed the usTLD space since 2001. During the past contract term, Neustar has improved and grown the space in a responsible manner and continuously developed and enhanced usTLD policies and services to address emerging challenges. The usTLD is poised for further growth and innovation in the public interest, and Neustar will continue to provide exceptional services to the DOC, Registrars, Delegated Managers and the American Internet Community.

At the beginning of the current contract term in 2007, there were approximately 1.29 million domain names under management in the usTLD. As of November, 2013, the domain names under management for the usTLD had grown by 44% to approximately 1.86 million. The annual renewal rate of approximately 65% has stayed relatively steady throughout the current contract term.

As new users are using new devices from disparate locations around the world to access the Internet, this has resulted in an increased load and demand for critical assets. As such an asset, the usTLD has realized these increased demands on its infrastructure. Average monthly DNS queries for the usTLD have nearly doubled, from 9.6 billion per month in 2007 to more than 17.6 billion per month in 2013. Not surprisingly, increased malicious activity has accompanied increased worldwide use of the Internet. Since 2007, Distributed Denial of Service attack-related load has increased significantly. Attackers responsible for less than 100Mbps of traffic only a few years ago are now leveraging unprotected systems to generate attack traffic exceeding 10 Gbps or even 20 Gbps. As the leading provider of DDoS mitigation services, Neustar sees first-hand the damaging effects that these attacks can have on unprotected systems. **Figure 2.1-1** shows the growth of usTLD since 2001.

This section describes the state of the usTLD across the following dimensions:

- The state of the usTLD second level registration space
- The state of the Locality-Based registration space and the role of Delegated Managers in the usTLD
- The state of kids.us
- Policies and procedures governing registrations in the usTLD
- The state of usTLD branding
- The state of usTLD infrastructure and technical operations and procedures



2001	usTLD Administration Component	2013
17k	Domains under management	1.87M
300M	Average #DNS queries per month	17.6B
8M	Average #WHOIS queries per month	53M
No	Registry-Registrar Model	Yes
0	Average # EPP transactions per month	103.7M
Minimal	Policy environment	Rich
Yes	Locality space	Yes
No	Expanded space	Yes
No	WHOIS accuracy program	Yes
No	Reserved name program	Yes
No	Nexus compliance check	Yes
No	Registry threat mitigation service	Yes
No	Proxy registration ban monitoring	Yes
0	usTLD accredited registrars	136
800 known	usTLD delegated managers/locality registrants	4,044
0	Domains with usTLD administrator as registrar	113,561
No	Centralized database	Yes
2	Services provided	>10
1	Unique & critical processes	8
No	ICANN ccNSO representation	Yes

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Figure 2.1-1. Then and Now: Transforming the usTLD. Under Neustar's stewardship, the usTLD has undergone dramatic transformation, evolving from the origins of RFC1480 to become one of the most policy-rich TLDs.

The usTLD is now composed of two distinct domain name spaces; the Legacy Hierarchical Locality Space and the Expanded Second level-Space. (A third space, kids.us, was suspended in 2012.) Each of these spaces is described in detail in *Proposal Volume 1, Sections 1.5, 1.6 and 1.8*.

2.1.1 The State of the usTLD Second-Level Domain Name Space

2.1.1.1 Usage

Neustar launched the expanded Second-Level domain names space in April 2002 and has since increased usTLD second-level registrations from zero to over 1.86 million names. A recent study performed by Pegasus Consultants, Inc., an independent consulting firm familiar with the domain name industry, estimated that as of December 2012, over 77.1% of all usTLD domain names are in use. These findings support that the usTLD domain is thriving, and is being used in highly productive ways by its registrants.

Figure 2.1-2 breaks down the 77.1% of the registered domain names being used and classifies them by category (e.g., Business & e-Commerce, Travel, Entertainment, etc.).

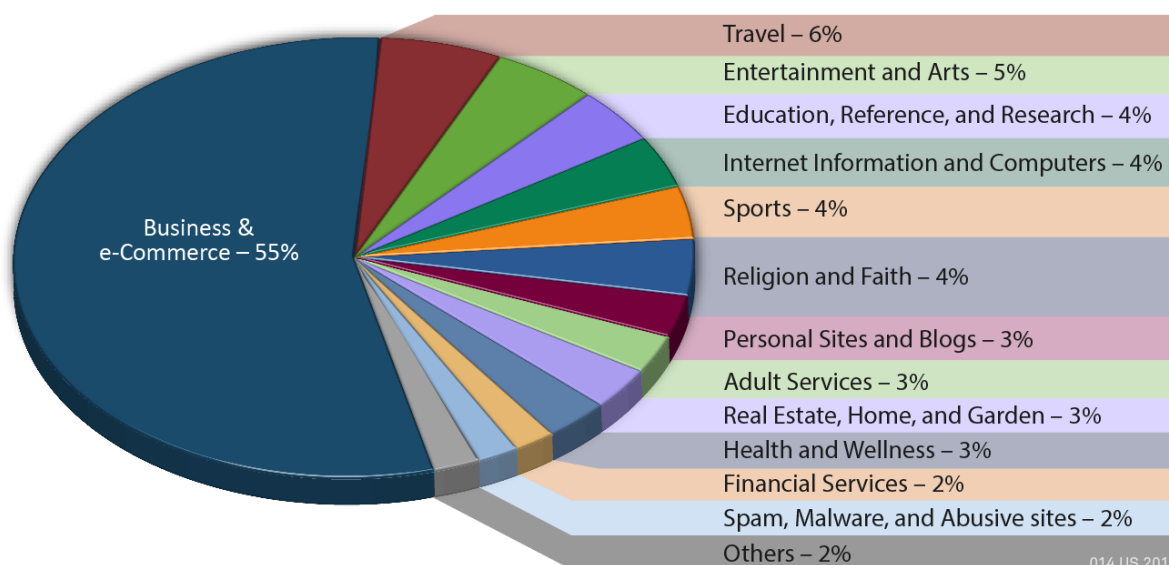


Figure 2.1-2: .US Usage by Category

In all, the top 5 uses account for over 74 percent of the .US TLD (**Figure 2.1-3**).

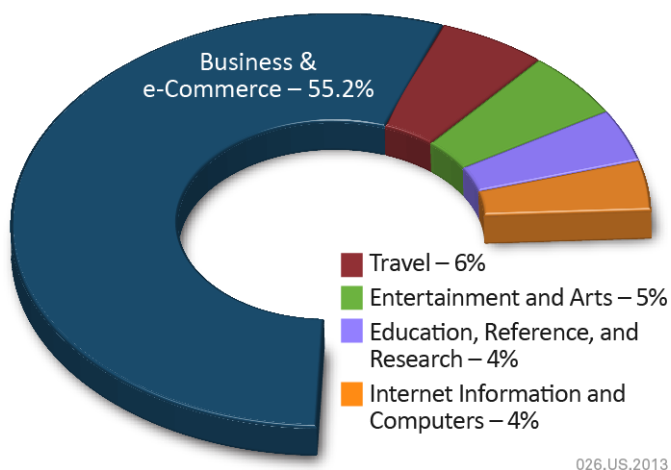


Figure 2.1-3: Top 5 Uses of the .US top-level domain

In addition, according to Pegasus, approximately 20 percent of usTLD registrations are associated with traditional offline activities that Americans are increasingly conducting online.

2.1.1.2 Top Registrars by Market Share

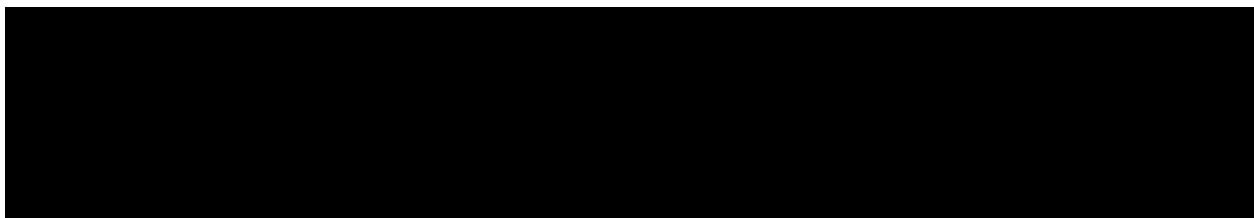


Table 2.1-1 shows the breakdown of the top 20 registrars. **The 14 Registrars with an “*”** represent those Registrars that have called upon the DOC to award the usTLD contract to Neustar. These registrars comprise management of more than 86% of total usTLD domain name registrations.

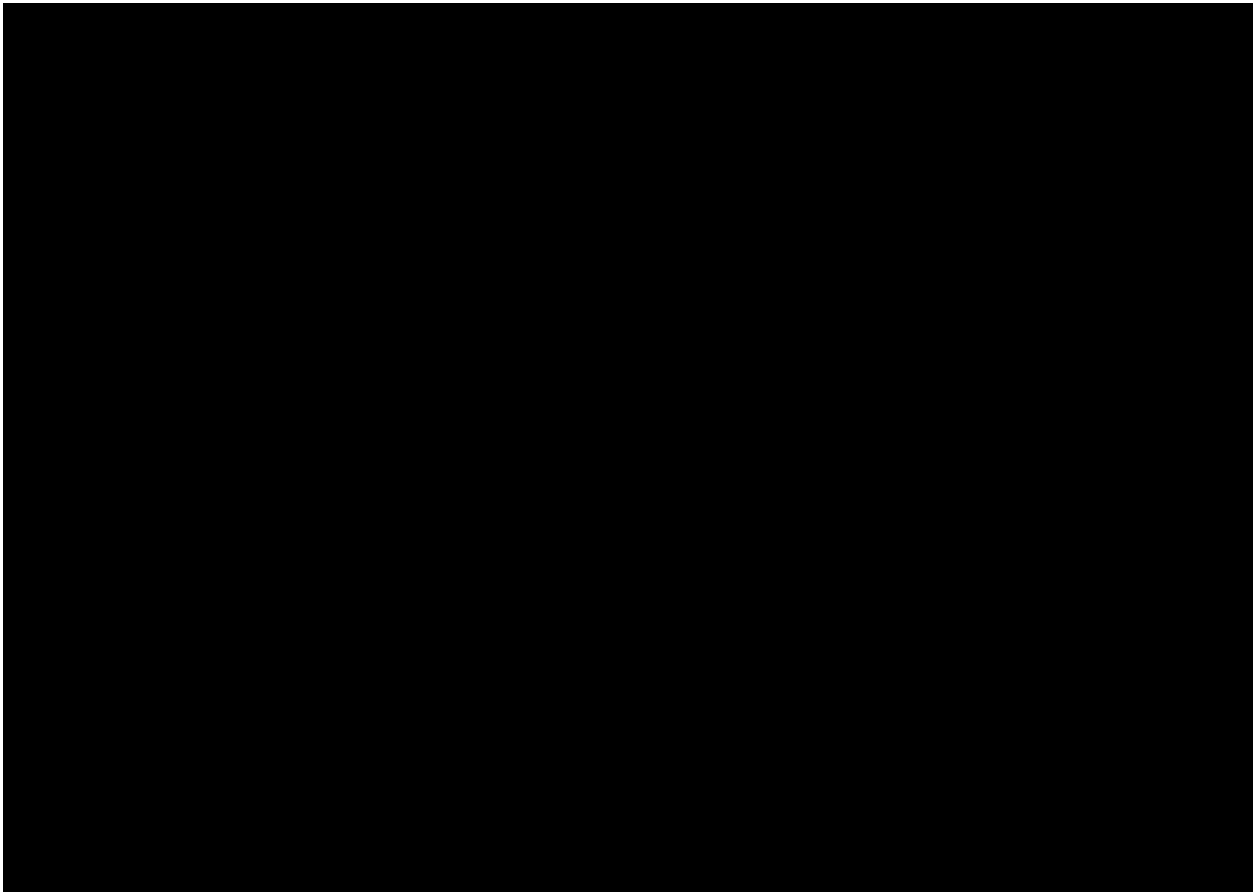


Table 2.1-1: Comparison of the Top 20 Registrars’ Domains under Management

Registrar endorsement letters to award the usTLD to Neustar are made available in *Proposal Volume 1, Attachment 4*.

2.1.2 The State of the usTLD Locality Space

When Neustar first assumed responsibility for the management and administration of the usTLD in October 2001, we inherited the deeply-hierarchical legacy locality-based usTLD structure, for which no authoritative records of delegations and sub-delegations existed. Based on the best information available in 2001, the Commerce Department estimated that the usTLD contained approximately 8,000 locality names assigned to 800 Delegated Managers.

Figure 2.1-4 illustrates the complexity of the usTLD locality-based hierarchy:

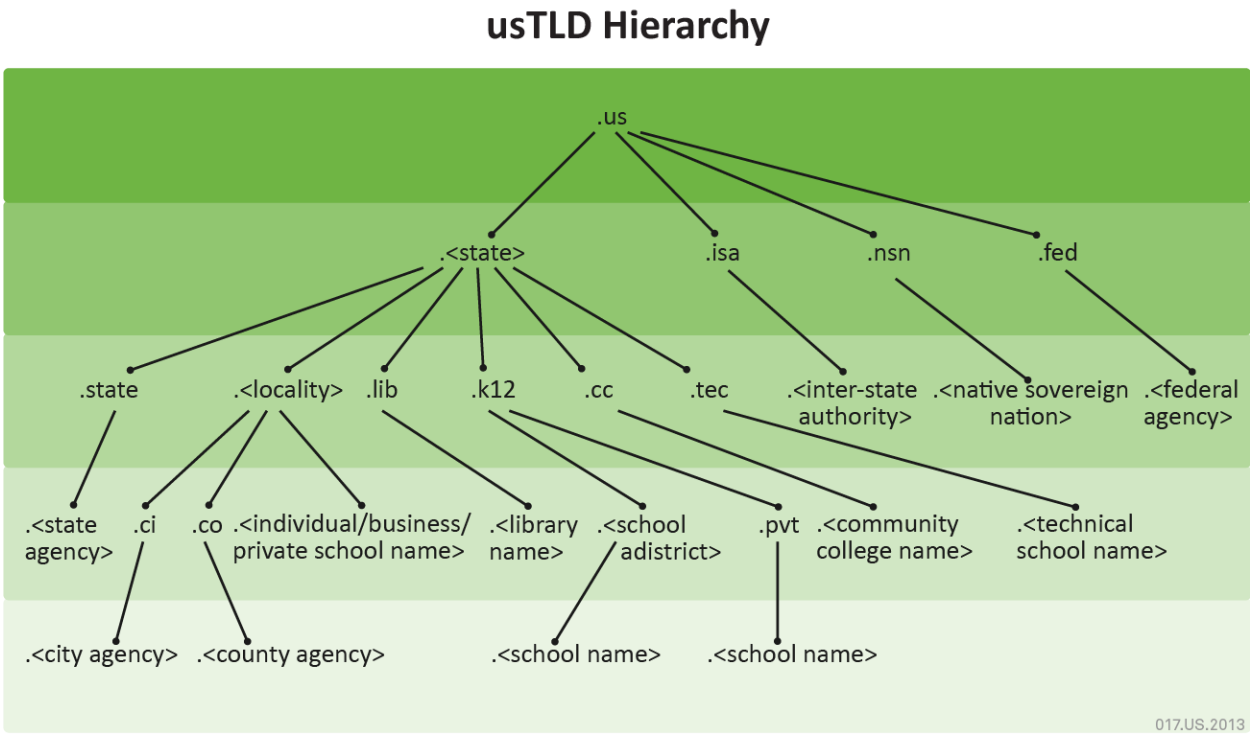


Figure 2.1-4: The usTLD Legacy: Deep Hierarchy. The usTLD hierarchy provides structure, name uniqueness, and geographic reference points.

As of October 31, 2013, there were approximately 4,044 Delegated Managers and Locality-based registrants, accounting for 12,979 total domain names in the locality space divided in the following manner (**Table 2.1-2**):

Category of usTLD Locality-based Names	Number of usTLD Locality-based Names
Names managed by Delegated Managers	3,653
Names managed by Neustar as the Delegated Manager	9,326
Total usTLD Locality-based Names	12, 979

Table 2.1-2: Division of Total Domain Names in the Locality Space

As of October 31, 2013, Neustar has identified approximately 1,300 Delegated Managers that account for the 3,653 locality-based domain names. Of those approximately 1,300 Delegated Managers, Neustar has secured executed Delegated Manager Agreements from 1,292 of them. Neustar is still in the process of completing negotiations with the remaining Delegated Managers to secure agreements with them.

In addition, Neustar currently serves as the *de facto* Delegated Manager for 9,326 usTLD Locality-based Names. These are names for which either there was no identified Delegated Manager, or alternatively are names which we manage on behalf of Delegated Managers whose delegations we were required to take back for failing to agree to the terms and conditions of the Delegated Manager agreement. Neustar requires each locality-based registrant for which we serve as the Delegated Manager to execute the Locality Registrant Agreement. Neustar has executed 2,654 Locality Agreements which account for the 9,326 usTLD Locality-based domain names.

Serving as the usTLD Administrator for the Locality-based space is one of the more complex aspects of administering the usTLD and requires a deep knowledge not only of the technical issues, but experience in negotiating complex agreements with the Locality-based community. It requires close coordination with the COR to parse through a number of thorny legal issues in dealing with state and local governments and consumes a significant amount of legal and customer support resources. As set forth in *Proposal Volume 1, Section 1.5*, Neustar developed a documented management framework for the usTLD, policies and procedures specifically for the locality-based usTLD structure and contracts obligating Delegated Managers to abide by abide by usTLD policies and minimum technical and service requirements.

Neustar provides SRS, DNS, WHOIS and customer support services at no charge to registrants in the locality based space, whether or not we serve as the Delegated Manager or not. We are committed to our continued support of managers and users of the Locality-based usTLD structure.

2.1.3 The State of Kids.us

Kids.us is a unique component of the usTLD. While the domain is currently suspended, Neustar commits to provide leadership and support for DOC efforts to rejuvenate the domain and operating the program in a responsible manner.

The Dot Kids Implementation and Efficiency Act of 2002 (Dot Kids Act)¹ requires the usTLD Administrator to establish a kids.us domain to promote positive content and experiences for children and families using the Internet, provide a safe online environment for children, and help protect children from harmful material on the Internet. In addition, the Dot Kids Act also requires the usTLD operator to provide an annual compliance report with regard to “the registry’s monitoring and enforcement procedures for the [kids.us] domain.”²

As envisioned by Congress, kids.us was to be a “walled garden” for safe Internet surfing by children aged 13 or younger. Neustar developed and implemented crucial kids.us policies and procedures³ and between 2003 and 2012 administered the kids.us domain space and content review system.

The Internet changed dramatically in the years following the launch of kids.us, however, and today a multitude of high quality websites offer rich content specifically designed for children

¹ Public Law 107-317

² Public Law 107-317, Section 157, subsection h.

³ Policies for kids.us include: Compliance with existing laws, regulations and relevant voluntary standards; Compliance with existing rules and regulations regarding indecency on the airwaves; A commitment to offer educational and informational content; Compliance with the children’s online privacy protection act (COPPA) requirements; Compliance with children’s advertising review unit (CARU) advertising standards; Restrictions within the kids.us domain; Technology restrictions; Process for Removing Content; Dispute Resolution Policy; Kids.us WHOIS Database; Annual Kids.us Compliance Report to Congress; Kids.us Reserved List; Marketing and Promotion of Kids.us

under 13. Parents have a choice of online child safety tools including software applications, web browsers and parental control features provided by Internet Service Providers, hosting providers and third parties. Over time it also became clear that “walled gardens” do not easily support the kind of interactivity that children, parents, and teachers have come to expect and demand. In light of this changed landscape, the Department of Commerce suspended the kids.us domain in the summer of 2012. At the time of the suspension, only six of the 628 registered kids.us domains were active.

As part of the suspension program, Neustar (1) kept a copy of the existing kids.us domain registrations to ensure that a record of previous owners is available in case the space is revived, in which case the previous registrants would be given first right of refusal before the names were placed in the general registration pool, (2) worked with respective registrars to ensure that all eligible registrations received a refund of \$50.00 once deleted, and (3) archived the kids.us space one year (on July 27, 2013) from the suspension date. In the event the suspension of kids.us is lifted, Neustar stands ready, willing and able to re-launch the kids.us domain in accordance with the existing policies as well as any new policies created for the relaunched domain. For more detail to kids.us policies, processes and procedures, please refer to *Proposal Volume 1, Section 1.8*.

2.1.4 The State of usTLD Policies and Procedures

Neustar developed usTLD policies and processes have ensured the integrity of the usTLD, and provided a model for management of country-code and future new geographic city-based generic top level domains around the world.

Effective enforcement of the usTLD's unique policy-rich environment contributes significantly to the high quality of the registrations found in the space today. The principle policies governing the usTLD space today include:

- The usTLD Nexus requirements ensure that registrants are subject to U.S. law and the jurisdiction of U.S. courts
- A requirement for accurate, reliable and up-to-date WHOIS data backed up by tools and procedures to pro-actively identify and address inaccurate and/or incomplete data
- True registrant accountability is ensured by a prohibition on proxy, anonymous or privacy registrations
- Locality Delegated Managers must now agree to and abide by the enforceable terms of the Delegated Manager Agreement, and Locality Registrants must meet agree to and abide by the terms of the Locality Registrant Agreement
- Prohibitions on use of usTLD registrations for malicious, abusive, and/or illegal activity are backed up by sophisticated technology tools to identify and respond to cybersecurity threats
- Prior to the suspension of Kids.us all kids.us registrations were required to meet all the guidelines concerning usage and content

2.1.5 The State of the usTLD Brand

Neustar's administration of the usTLD starts from our commitment to reliability, security, stability, scalability, integrity, innovation and responsible growth. Delivering on those commitments is the way we measure success, and our innovative marketing strategy focused directly on end-users reflects our focus.

Through our "Kickstart America" campaign, Neustar successfully positioned the usTLD as "America's Address" for businesses. By focusing on educating small businesses and building strong relationships with registrars and resellers them, we have increased awareness of and respect for the usTLD has grown among U.S. businesses and consumers. Neustar has aggressively leveraged community and organizational partnerships to promote the usTLD to the American business community, including the National Small Business Association (NSBA) and the Association of Chamber of Commerce Executives, in order to build a strong value proposition to registrants through clear messaging and bundling .US names with supporting tools and offers. In endorsing Neustar's bid for the re-award of the usTLD, the NSBA stated:

"Neustar, as a registry services provider has become a strong and dedicated partner in our efforts, by creating and promoting programs which simultaneously promote the growth of American business and the global brand recognition of the ccTLD, .US."

Neustar has a dedicated Registrar Relations Team (RRT) that is responsible for being the primary point of contact for .US Accredited Registrars and ensuring that their day-to-day registration needs are met. With more than 40+ years of combined registry experience, the RRT is also in charge of working with the Registrars, resellers, hosting providers, developers and other groups to implement marketing programs and to find creative ways to help them grow the .US space and offer value-added services that may benefit .US registrants.

We strive to associate the usTLD with pride, integrity and responsible participation in the American community. To raise consumer awareness, we have partnered with USA Track and Field to sponsor the .US National Road Racing Championship. The 12-kilometer (12 km) event will be a season-capping race to the USA Running Circuit (USARC), a series of races that annually provides nearly \$1 million in prize money to American runners, but will also embrace non-competitive fitness devotees to share in the excitement of a truly national running event.

Going forward, we intend to continue our outreach to American business and to expand that outreach to include non-profit organizations, educators and educational institutions involved in science, technology, engineering and math (STEM) education, and other organizations engaged in preparing young Americans for leadership roles in the global digital economy. For example, we are exploring expanded use of the usTLD for the [REDACTED] program and other [REDACTED] programs.

2.1.6 The State of Current usTLD Core Systems and Infrastructure

Neustar's operations platform has facilitated the delivery of exemplary services for usTLD stakeholders, supports an unlimited number of competitive registrars and enables both second-level registrations and the unique locality-structure including delegated managers and locality registrants.

The following presents a high-level overview of the current core systems and infrastructure used for the administration and operation of the usTLD. For more detailed information, see *Proposal Volume 1, Section 1.3*.

2.1.6.1 Core Systems

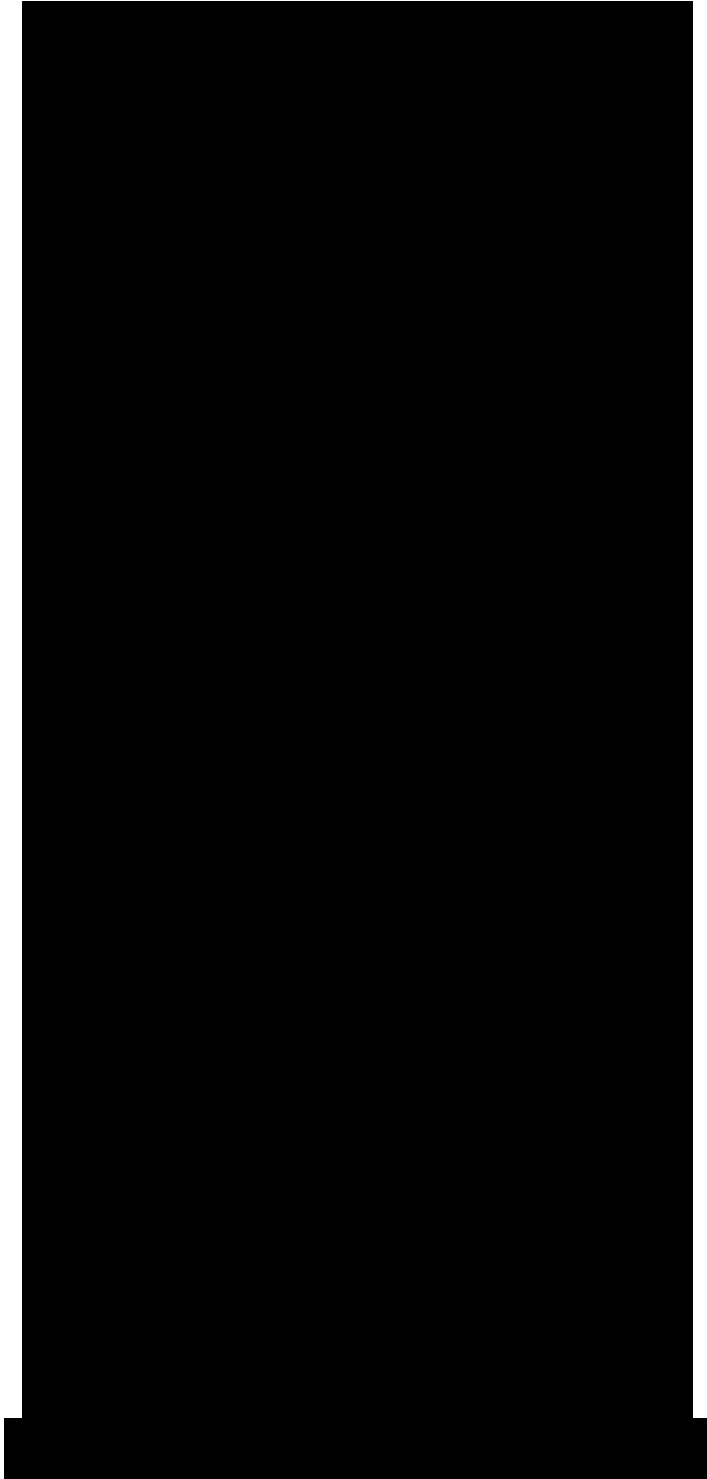
The current usTLD includes the core systems required to support the modern TLD operations with SRS, DNS, DNSSEC, WHOIS, Escrow and associated web tools. The following provides a representative, but not exhaustive, description of the core systems.

SRS

The Neustar Shared Registry System (SRS) software, which has successfully supported usTLD since 2002, implements EPP, the industry-standard registry-registrar model for registration management. The operating instance of the SRS is the authoritative repository for all usTLD registrations (contacts and hosts), including second-level domains, the locality space and kids.us. Neustar has invested heavily in our SRS to support these varied requirements.

For provisioning interactions with registrars, the SRS software supports the Extensible Provisioning Protocol ("EPP") standard as defined by the IETF RFCs 4930, 4931, 4932, 4933, 4944 and 3745. Neustar staff member, Ed Lewis, was the co-chair of the EPP working group at the IETF that developed this protocol. The SRS meets all IETF standards and will be updated as necessary to meet any future requirements.

Neustar currently provides documented SRS EPP toolkit software in both Java and C++ to assist registrars in accessing the SRS. To provide even greater connectivity assistance to new and potentially inexperienced registrars we



also provide a specialized certification and dedicated registrar operational test and evaluation environment.

The usTLD SRS is a “thick” registry system with a standard registration data model for such implementations. A thick registry centralizes the authoritative registrant and other contact data at the registry to provide stability and data consistency. The value of the thick registry model was recently proven when a prominent registrar ceased business operations. Without thick data at the registry, registrants would risk losing their domain names.

The Neustar SRS achieves part of its scalability by leveraging load-balanced servers. The application software has the ability to transparently handle multiple transactions from varying sources. Additionally, the SRS includes mechanisms to support the dynamic update of DNS and WHOIS.

The SRS is custom software, supported by an experienced team of Neustar software engineers, the majority of whom have supported the Neustar registry since its inception in 2001.

DNS

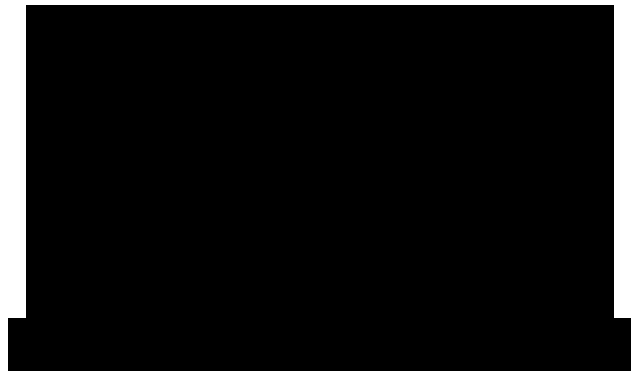
Neustar has provided world-class DNS services for usTLD since 2001 using a combination of proprietary and open source software.

In addition to core resolution, Neustar currently provides continuous, near-real-time zone modifications, distributed to geographically diverse locations, resulting in the most up-to-date responses possible from the nameservers. As registrars submit changes in domain records, the system will reflect these in the zone almost immediately. The DNS data is maintained within the registry, pushed into the nameserver infrastructure via a Zone Administrator process, and then across the nameserver infrastructure via zone replication. The Neustar DNS infrastructure provides data for all DNS record types including SOA, NS, A, AAAA (IPv6) records. In addition, it supports MX and CNAME records to provide DNS for the Locality space. **Figure 2.1-6.**

DNSSEC

DNS is a hierarchical resolution service that enables the Internet as we know it today to work. As a hierarchical service no one centralized organization controls every level in the hierarchy. While this simple structure has brought extreme levels of resiliency to the overall Internet it does introduce a security weakness. A malicious actor could insert himself in the middle of a query between two nodes in the hierarchy. This is called a Man in the middle attack or he could corrupt the data in a particular server, i.e. cache poisoning. DNS Security Extensions (DNSSEC) was created to prevent this type of hijacking by using digital signature technology to ensure proper chain of trust between DNS nodes

Neustar a leader and pioneer in Internet Security technologies has been involved with defining the DNSSEC specifications and technologies since its inception. Neustar staff member Ed Lewis was and is a vital contributor to the concept and creation of the DNSSEC standard at the IETF.



As one of the first companies to sign a major top-level zone, Neustar flawlessly executed a signing of the DNSSEC-enabled .US zone in May 2010. Then, in June 2010, Neustar signed .BIZ, and subsequently signed .CO in February 2011. Neustar's DNS platform is fully DNSSEC compliant, and hosts many other signed zones besides .US, .BIZ and .CO. Neustar will continue to leverage existing DNSSEC infrastructure, capabilities and experience to provide a robust and standards-compliant implementation.


As the DNSSEC adoption continues to increase throughout the industry, Neustar is committed to building and improving our DNSSEC architecture, and incorporating best practices into our infrastructure. Since the signing of the .US zone, Neustar has added Hardware Security Modules (HSM) into the infrastructure, completed several tech refreshes, re-evaluated and changed DNSSEC key management policies, upgraded several versions of our signing servers, and overhauled the DNS constellation.


Neustar's RFC-compliant DNSSEC service is described in *Proposal Volume 1, Section 1.3.13*, including information about Neustar's DNSSEC Policy Statement, key management and provisioning of DS records.

WHOIS

The Neustar WHOIS service is built upon a sophisticated architecture that optimizes the constraints of query performance, dynamic updates and flexible configuration. A key feature of the architecture decouples data distribution from query services.

The query capability is provided by a service that operates on the WHOIS servers, listens on port 43, and supports the standard WHOIS protocol. The query service accesses a local, custom data store in order to provide responses to received queries. Additionally, WHOIS includes a web GUI. In order to maintain consistency of results, the WHOIS web GUI queries the WHOIS service via port 43.

 This ensures SRS performance is not adversely affected by the load requirements of dynamic updates. It is also decoupled from the WHOIS lookup agent to ensure the WHOIS service is always available and performing well for users. **Figure 2.1-7**



Neustar's WHOIS is provided via command line at whois.nic.us as well as via web interface at www.whois.us.

Data Escrow

Neustar currently supports data escrow for usTLD zone files and domain name registration information including all registrations and delegated manager data. Proper data escrow arrangements prevent the loss of registry data. This protects all stakeholders in the usTLD community who would be harmed by data loss. Data escrow must be performed in a manner which protects against data loss; follows industry best practices; ensures easy, accurate and timely retrieval and restore capability in the event of a hardware failure; and minimizes the impact of software or business failure.

Specialized Web-based Tools

In addition to the aforementioned software components, Neustar's registry software portfolio also includes a number of specialized web-based tools. These tool are either unique to the usTLD or are extensively modified to support the unique aspects of the usTLD.

- **Registry Administration Tool** – Neustar currently provides a secure web system (the Registry Administration Tool, "RAT") that provides web-based access over EPP to the SRS, allowing registrars to easily manage domains, contacts, and hosts through a series of web screens. The tool allows registrar personnel to process transactions themselves without needing to contact Registry Customer Support, which saves time for the registrar and enhances productivity. The RAT interface has been modified to support usTLD-specific processes, for example, kids.us and Nexus requirements. Given the obvious importance of high security on this tool, access to the RAT is controlled by two-factor authentication using RSA SecureID tokens and encryption of all data traffic (HTTPS). This allows registrars to closely control (by utilizing physical tokens) the accessibility of RAT.
- **Delegated Manager Web Portal** – As part of the current contractual responsibilities, Neustar has built a web-based tool to allow a Delegated Manager (DM) to manage domains under its control. The DM Tool (<https://dm.neustar.us>) is a web site that provides a means for DMs to manage WHOIS and DNS changes in real time. Through this tool they are able to manage nameservers and contacts associated to their domains without having to go through a manual request to customer service.
- **Kids.us Content Management System** – Allows kids.us registrants who would like to launch a kids.us website a way to request content review. A registrant first requests a content review through www.kids.us by purchasing an annual subscription. This subscription then starts the regular review of the web site to ensure that it is in full compliance with the policies of the .kids law. Assuming that the content review passes the first check we then allow the domain name to resolve in the DNS. If during regular reviews we find a violation, then a warning is sent to the registrant. If the problem is rectified there is no impact to the domain name. If not then the domain name is taken out of the DNS and the web site is, in effect, made inoperable. All existing policies can be found at http://www.kids.us/content_policy.html.

Each of these applications, while seemingly familiar, has a particular nuance that bears careful inspection to fully understand.

2.1.6.2 Infrastructure

Neustar operates and maintains a world-class registry infrastructure for usTLD. In *Proposal Volume 1, Section 1.3.16*, we describe how Neustar's infrastructure, facilities and operations combine to exceed the need of the usTLD for a stable, secure and redundant infrastructure solution.

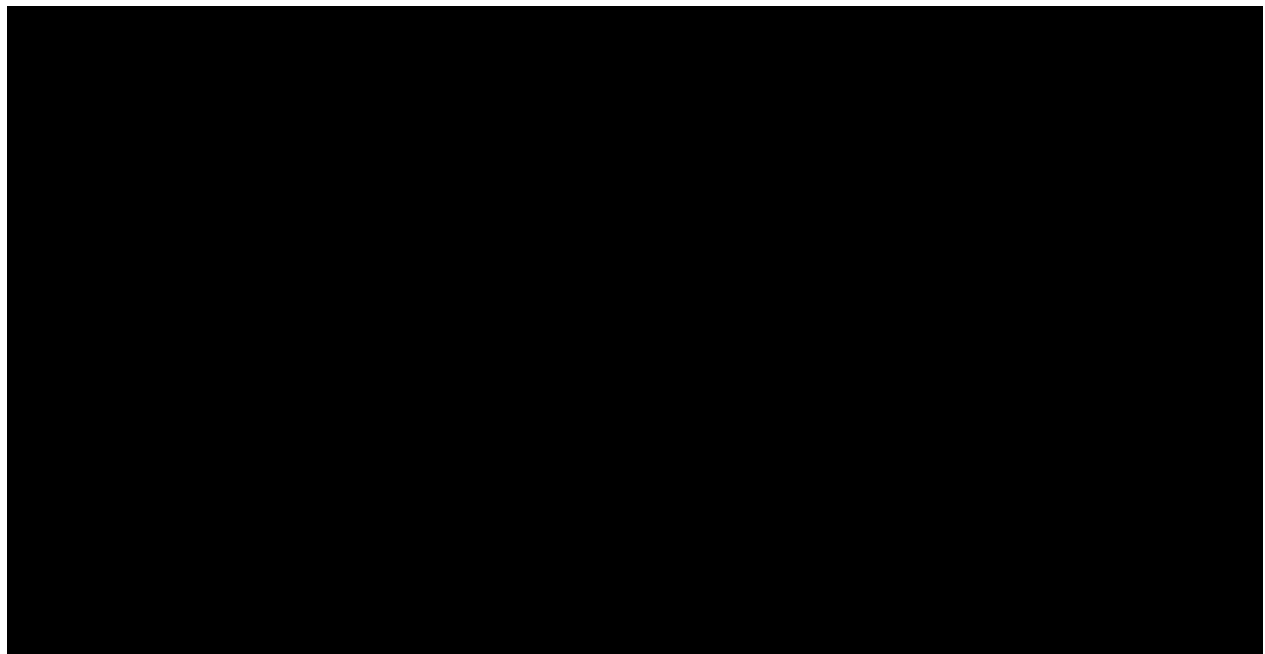
Registry facilities and locations

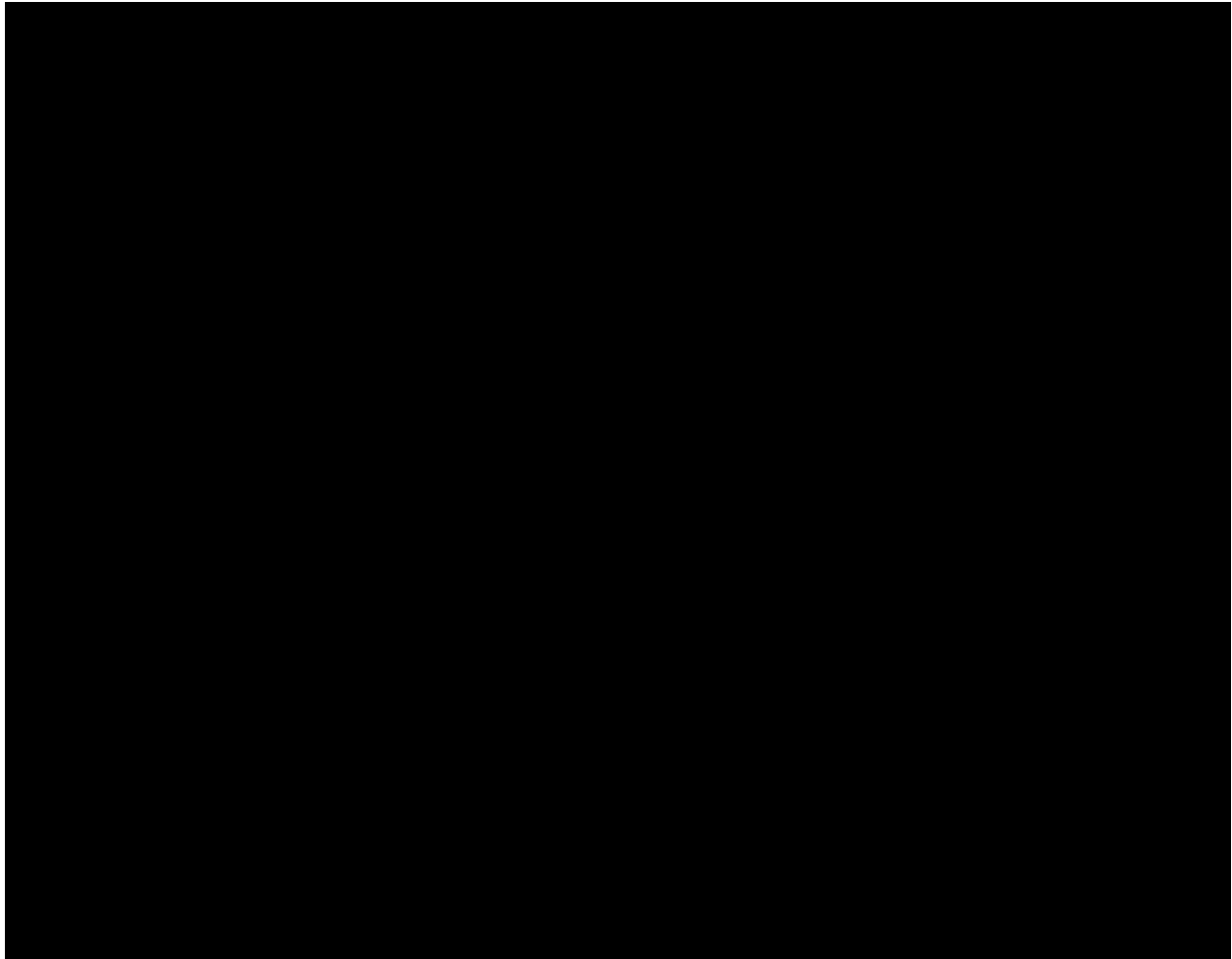
Neustar's registry facilities consist of operations and administrative headquarters, along with two fully redundant data centers and [REDACTED] nameserver sites to provide a reliable and secure registry service. Neustar's main data center location [REDACTED] also houses the primary usTLD software and hardware, and operational support personnel.

Customer support is primarily located in Louisville but also has employees based in Sterling and Taipei, Taiwan. Should the primary support facility in Louisville become unavailable, personnel located in the other locations have the ability to provide full support as necessary. Additionally, all customer support personnel are provided with the equipment and tools to be able to work from any location. This includes the ability to receive VOIP support calls routed directly to their laptops and the ability to access the cloud-based support ticketing system.

Neustar's redundant SRS data centers and nameserver sites are globally dispersed to provide protection against natural and man-made disasters and other contingencies. Each nameserver site is connected to each of the SRS data centers via a Virtual Private Network (VPN) connection for network operations and maintenance purposes.

Neustar vigilantly controls physical access to our facilities. Physical security mechanisms include closed circuit TV surveillance video cameras and intrusion detection systems. Our network operations center (NOC) monitors access to all locations on a 7x24x365 basis.

Network Connectivity and Capacity



2.1.6.3 Auxiliary Systems

In addition to the core systems described above, the usTLD contains a number of auxiliary systems that operate behind the scenes, performing critical functions as part of usTLD service delivery.

Data Warehouse

The Data Warehouse is a central data repository used to create both internal and external reports, primarily to support registrar billing and various usage and performance related reports. For billing reports, the database is updated incrementally 4 times daily. It then supplies those updates to the PeopleSoft billing system, which provides billing information for the registrars. For reporting, daily full backups are copied to a database to create various reports.

Billing and Collection System

Neustar's proven experience in successfully operating complex Billing and Collection (B&C) systems for communications and domain name registry services ensures that our usTLD registry billing services are feature-rich, accurate, secure, and accessible to the entire customer base.

The B&C system maintains customer accounts, creates account statements, and audits and tracks information for both customers and the industry.

The fundamental goal of the system is to maintain the B&C data and create reports that are accurate, accessible, secure, and scalable. B&C enables detailed transaction-based charging to the customers, based on extensive resource accounting and usage data recording performed in the Registry System. The B&C system must produce timely and accurate account statements and billing reports that are accurate, easy to understand, and contain only clearly defined charges from the catalog of services and prices. Such account statements are ultimately more economical because they are less likely to provoke costly billing disputes.

Neustar offers a simple B&C process that is based on debit and/or credit card accounts established by each registrar. All domain registration service payments are withdrawn from the registrar's debit or credit card account on a per-transaction basis. We ensure customers' accounts are in good standing for fee-incurring services (e.g., domain registrations, registrar transfers, and domain renewals). Neustar's B&C system is sufficiently flexible to adapt to different billable events, grace-period implementations, and pricing structures.

Neustar's B&C systems are located at both our primary data center in Sterling, VA and secondary data center in Charlotte, NC. These systems handle the key B&C functions, including:

- Debiting and crediting registrars' accounts,
- Initiating low-balance notifications,
- Performing credit card transactions,
- Enabling customers to view their accounts, and
- Tracking and reporting historical information.

All B&C systems and processes are fully compliant with Sarbanes-Oxley (SOX).

Registrar Extranet

Neustar currently maintains a web portal for registrar use. This secure portal provides a variety of services and information that includes:

- Operational notifications for planned maintenance or upgrades;
- Operational updates on incidents such as degradations or outages;
- General registrar business notices;
- Registrar Operations Guide;
- Frequently asked questions (FAQ); and
- Client toolkit downloads.

Access to the portal is controlled by login ID/password. The home page of the web portal includes notices to registrars of planned outages for maintenance or installation of upgrades. These notifications are posted 30 days prior to a maintenance event, and are in addition to active notifications including phone calls and email to the registrars. Finally, seven days and again two days prior to the scheduled event, we use both a Web-based notification and email to remind registrars of the planned outage.

2.1.6.4 Processes

Operational processes in the usTLD fall into two basic categories: common (across most TLDs) and usTLD-specific.

usTLD-specific Processes

- **Locality-based structure**—Unlike any other TLD, the usTLD has more than 17,000 locality-based domains managed by over 1,500 delegated managers. These domains are deeply hierarchical – for example, an elementary school in Fairfax, Virginia, might be registered with the following address: [elementary school name].fairfax.k12.va.us. In addition, Neustar has ensured the stability and integrity of the locality-based system by assuming responsibility for directly managing approximately 10,000 individual locality domains. The administration of the locality-based structure is highly complex and labor-intensive, requiring significant ongoing attention from the usTLD Administrator. Only Neustar possesses the experience and knowledge needed to manage this completely unique TLD structure.
- **A Policy-Rich Environment, including WHOIS Accuracy, Proxy Registration Prohibition, and the United States Nexus Requirement** – The usTLD WHOIS policy is unique among existing top-level domains in that it requires Neustar to check the data for accuracy and completeness. Also unique are the usTLD's prohibition on proxy or "private" registrations and the "Nexus" requirements designed to ensure usTLD registrants are reliably subject to U.S. law and the jurisdiction of U.S. courts. **Neustar has the demonstrated combination of technology, experience and expertise to deliver the high degree of registrant accountability that distinguishes the usTLD and from existing TLDs and accounts for its selection as a policy model for new gTLDs.**
- **Proactive Abuse Prevention** – Neustar has developed sophisticated proprietary tools to prevent, identify, and mitigate the use of usTLD registrations for fraud, online identity theft, phishing, pharming, and email spoofing, including the use of botnets to perpetrate these activities. Since successfully implementing this first-of-a-kind program in 2006, **Neustar continues to offer industry-leading tools to protect the integrity of the usTLD and established relationships with the law enforcement and DNS security communities to mitigate these threats in the usTLD.**
- **Kids.us** –Although the Kids.us space is currently suspended, only Neustar has developed and deployed policies, procedures and enforcement mechanisms mandated by Congress for this name space. Neustar places a high priority on addressing the safety and educational needs of children on the Internet and proposes to leverage the newly proposed usTLD multistakeholder policy development process, informed by experts in education, children's media, and online safety

Common Processes

- **Registrar technical certification process** – Before a registrar is permitted to access the production SRS, it must first pass the usTLD Technical Certification Process, to verify the correct operation and performance of a registrar's client system. The technical certification process begins when a registrar becomes accredited by Neustar to register

names in the usTLD, at which point the registrar enters the usTLD registry provisioning process. Neustar sends the registrar a usTLD welcome package that includes information to help implement its EPP client application for connecting to the SRS.

All tests performed during OT&E certification must be completed without errors. The registry provides the certification results in a timely manner and provides feedback for those registrars that failed to successfully complete the tests. Those registrars may correct their systems and reschedule for certification. Registrars are not limited in the number of attempts at OT&E certification. Upon successful OT&E certification, the registrar is eligible to perform operations in the live SRS. The registrar is assigned a username and password for the production environment, and we configure the live system to recognize the SSL certificate, username, password and subnet blocks for the registrar.

- **Redemption Grace Period (RGP)** – The RGP enables registrars to restore domain names that may have accidentally been deleted. Neustar remains the only registry operator that has developed a completely automated RGP solution using the existing EPP standard. This has been in operation for three years. We offer a unique tiered pricing approach during the RGP period, allowing registrants whose names were accidentally deleted to restore that domain name for a lower price during the first five days following the deletion.
- **Auto-renew grace period** – As all other providers we provide an auto-renew grace period, along with all the other industry standard grace periods. Auto-renew in particular provides registrars with a headache as they are charged before they can reach out to their customers to receive payment. We listened to the market and created a unique twist. Instead of automatically renewing and charging when the domain expires we wait 45 days and then auto-renew. This alleviates a major problem for our customers.
- **Customer support processes** – Neustar's customer support provides support to Registrars as well as registrants and the general American Internet community. The support team is available 7x24x365 and provides support via telephone and email. The support team operates an issue management process that manages issues of various priorities according to defined timelines. When necessary, issues are escalated to our Tier 2 and/or Tier 3 support teams.

2.2 Vision of Space (L.6.d.iii)

Neustar's mission is to ensure that the usTLD embodies the American dream, providing a trusted, stable, and secure namespace for all Americans, fostering economic growth and innovation, and preparing the next generation of Americans to compete in the global digital economy.

Neustar is committed to the continued development and expansion of the usTLD. Since assuming responsibility for the administration of the usTLD in October 2001, Neustar has overseen steady and responsible growth of the name space while ensuring the long-term integrity of the domain. At the commencement of the current contract term in 2007, there were approximately 1.29 million domain names under management in the usTLD. As of November, 2013, the usTLD has 1.86 million domain names under management, an increase of forty-four percent (44%) during this contract term. The annual renewal rate of approximately 65% has stayed relatively steady throughout the current contract term.

In the next 2 years, 2014 and 2015, we project a growth rate of █% per year. These growth rates are in-line with industry growth rates in previous years. We believe that given the level of competition the usTLD will face in the marketplace with the introduction of nearly 1,400 new gTLDs, as well as some of the unique policy restrictions that apply to the usTLD, our projections are not only realistic, but strong when compared with the growth rates of other ccTLDs and gTLDs.

With the new initiatives we have put in place over the past few years, and with those that will be undertaken in 2014 and 2015 as described below, we expect a greater momentum in new registrations and expect to grow the space at approximately █% per year for 2016 - 2018. We also expect to maintain our average renewal rate of █% per year, which when combined with the growth above would contribute to a cumulative growth rate of up to approximately █% during the next 5 years. By the end of 2018, Neustar projects the usTLD will grow by approximately █ additional names under management.

A key component of our successful management has been the development, implementation and enforcement of unique usTLD policies and procedures that support the steady, responsible growth of registrations in the second-level space, while also ensuring compliance with all required policies and registration procedures. This accountability framework is critical to ensuring both responsible growth and long-term integrity and it remains the foundation of our vision for the usTLD.

In order to fulfill our vision of a reliable and secure space with the highest levels of integrity, Neustar will continue to:

- Invest in the usTLD registry infrastructure to ensure its stability and security in an increasingly unpredictable online environment
- Develop enhanced features that provide greater value to usTLD owners and usage of the usTLD
- Enforce unique and critical policies and procedures that ensure the reliability and integrity of the usTLD

- Invest in successful and responsible marketing and outreach programs to raise awareness and usage of the usTLD, without undermining its integrity
- Work collaboratively with usTLD stakeholders through the new multistakeholder policy process that reflects both the needs of the community and of the U.S. Government

Additionally, Neustar will invest in the following new initiatives to further the attractiveness and usefulness of the space:

- Promote usTLD awareness to foster community engagement
- Develop services to increase usage and drive value for usTLD domain holders
- Implement the Multistakeholder Model of Policy Development
- Implement the Uniform Rapid Suspension System
- Evolve the security and stability of the usTLD to meet increasing cybersecurity challenges

2.2.1 Promote usTLD Usage and Awareness

Unlike other TLDs, success in the usTLD is not only measured by the number of domains under management or the profitability of the business. True success of the usTLD lies in preserving its trust, integrity and reliability thus maximizing the value and utility of the usTLD for its users.

Neustar's focus on the usTLD brand has centered on building a safe, secure and credible name space for .US. Unlike other ccTLDs, some of which have been repurposed into generic top-level domains, Neustar abstained from giving away free .US addresses and heavily discounting the names in an effort to ensure continued quality, credibility and usage of registrations. Rather, we took an innovative approach over the last several years and became one of the first registries to adopt a new TLD marketing strategy focused directly on the end consumer.

This innovative marketing strategy detailed in *Proposal Volume 1, Section 1.3.8* successfully positioned .US as "America's Address," one that is fully dedicated to helping small businesses get online. With an expansive integrated marketing strategy focused on branding, registrations and customer loyalty, as well as partnerships with large associations, Neustar has significantly expanded awareness and responsible usage of the usTLD. .US has transformed into a movement that empowers businesses to show their American pride and Kickstart America.

2.2.1.1 Evolution of the Brand Promise

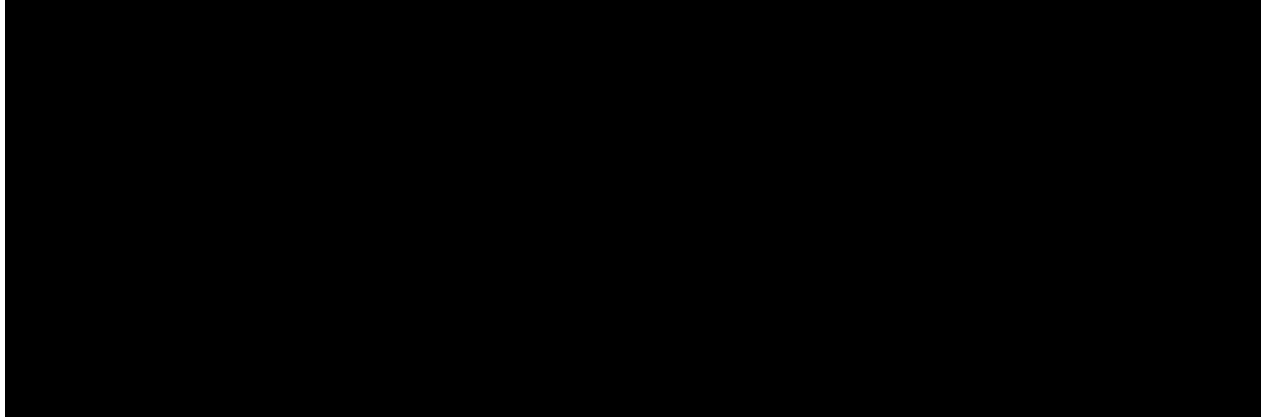
During this contract term, Neustar launched Kickstart America, a comprehensive marketing plan focusing on the small businesses that needed to transition into the digital era. Kickstart America introduced a new position for .US by using a supportive network that enabled small business owners to build an online presence for the first time.

We believe that the usTLD should become the domain for the pursuit of the American dream in all its forms. As described in *Proposal Volume 1, Section 1.3.8*, in building upon the momentum of the Kickstart America campaign, [REDACTED]

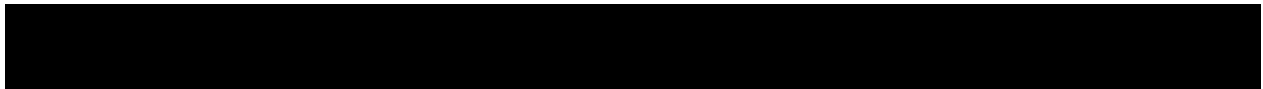
[REDACTED]



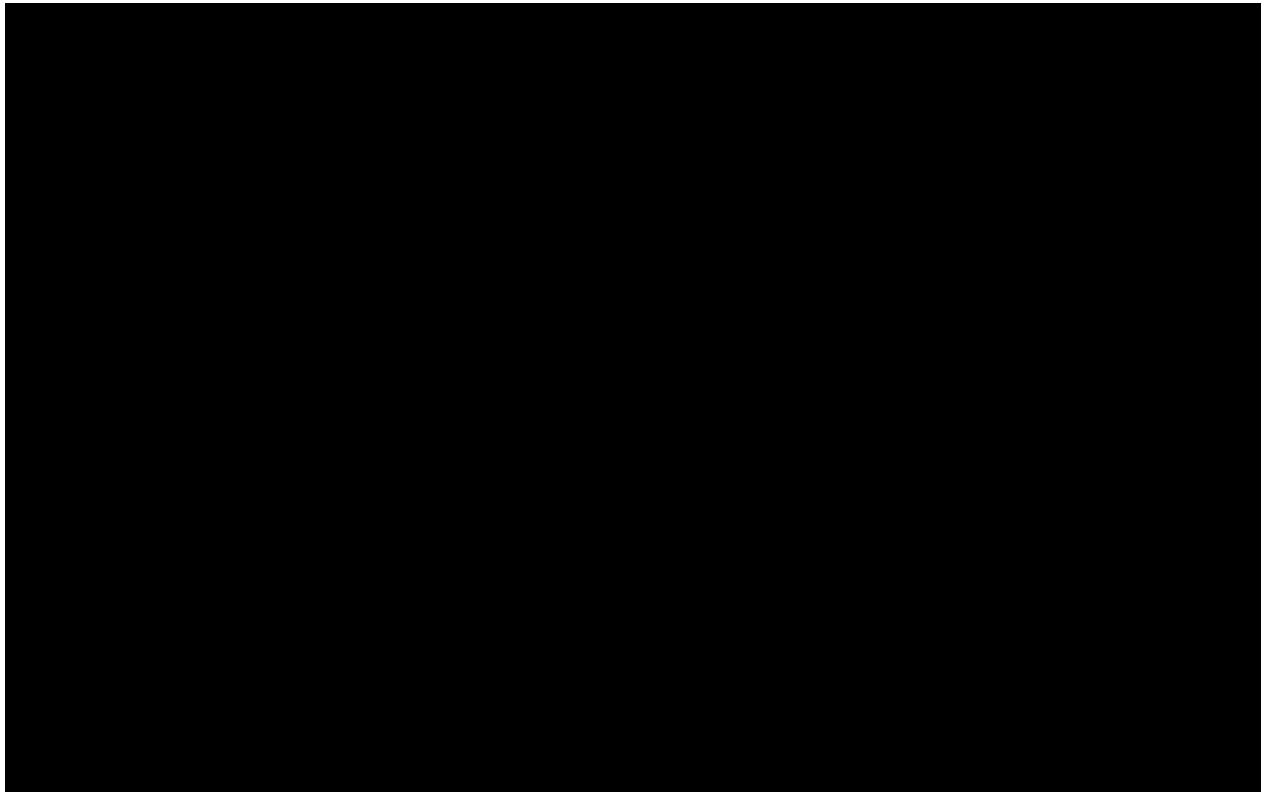
2.2.1.2 Partnerships



2.2.1.3 Additional Distribution Channels for the usTLD



These activities may include, but are not limited to:



Further details on Neustar's approach to promoting awareness and increasing registrations in the usTLD are set forth in *Proposal Volume 1, Section 1.3.8* of the Proposal.

2.2.2 Implement the Multistakeholder Approach

As set forth in *Proposal Volume 1, Section 1.3.15*, Neustar will create a usTLD Stakeholder Council (the "Council") to serve as the vehicle through which the many constituencies whose members have an interest in the policies affecting the management, security, and stability of the usTLD can advise and interact with Neustar and participate in the management of the usTLD. This Council will be established to assist and guide policy development for the usTLD and facilitate nimble and creative evolution of the namespace.

Using a multistakeholder approach, the Council will provide regular feedback on usTLD management and may propose policies for the usTLD. Additionally, the Council will provide a vibrant, diverse, and independent forum for future development of the usTLD, working directly with usTLD stakeholders and helping Neustar identify public needs and develop policies, programs, and partnerships to address those needs.

The Council is designed to represent the variety of usTLD stakeholders, each of whose voice should be heard and respected. The Council will carefully balance the needs of all community stakeholders, and no single constituency, interest group, or industry will be permitted to dominate the Council. The size of the Council may vary from time to time to reflect changing needs identified by the Council based on wider community input. A senior Neustar representative will serve as the Interim Chair of the Council, which will include individuals representing a wide variety of stakeholders, including (without limitation):

- usTLD Registrars and Delegated Managers
- Representatives of the local and state government CIO community
- Commercial and nonprofit usTLD Registrants
- Intellectual property rights holders
- Educators and organizations involved in science, technology, engineering and math (STEM) education
- Law enforcement, cyber security experts, and online child safety experts
- Consumer advocacy organizations and other representatives of civil society
- Small businesses

In selecting individuals for membership on the Council, Neustar will seek out persons of integrity, objectivity, and intelligence, with reputations for sound judgment and open minds, and a capacity for thoughtful group decision-making.

Further details on Neustar's proposed multistakeholder approach, are contained in *Proposal Volume 1, Section 1.3.15*.

2.2.3 Implement the usTLD Rapid Suspension System (usRS)

In response to complaints by trademark owners that the ICANN UDRP was too cost prohibitive and slow, and the fact that more than 70 percent of UDRP cases were "clear cut" cases of cybersquatting, ICANN adopted a recommendation that all new gTLD registries be required,

pursuant to their contracts with ICANN, to take part in a Uniform Rapid Suspension System. Neustar believes that the usTLD Administrator should continue to innovate in ways to protect intellectual property owners and consumers and therefore will convene the new multi-stakeholder model to consider adopting the Uniform Rapid Suspension service. The purpose of the usTLD Rapid Suspension System (usRS) is to provide a more cost effective and timely mechanism for brand owners than the UDRP to protect their trademarks and to promote consumer protection on the Internet.

Aiming at the clearest cases of trademark abuse, the usRS is intended to offer a lighter complement to the existing usDRP. While the substantive criteria of the usRS are similar to the usDRP criteria, the usRS is supposed to carry a higher burden of proof for complainants. Further information about the usRS can be found in *Proposal Volume 1, Section 1.4.3*.

2.2.4 Evolve the security and stability of the usTLD to meet increasing cybersecurity challenges

Criminal and malicious activity costs billions of dollars in cash and lost time in the United States alone every year. Abusive registrations and other forms of malicious activity on Top Level Domains (TLDs) can result in blacklisting and blocking of TLDs. Ensuring a safe haven against this activity, while providing end-users a threat-free experience, is crucial to the success of all TLDs. As the usTLD Administrator, Neustar is uniquely positioned to identify and limit the impact of these threats due to our ability to manage the name space.

As set forth in *Proposal Volume 1, Section 1.4.6.7*, Neustar has already implemented programs and is committing to implement incremental initiatives specifically aimed at improving the integrity of the usTLD and curbing abusive domain name practices. This includes, but is not limited to:

1. Maintaining a 24-hour Abuse Point of Contact and requiring usTLD Registrars to do the same;
2. Ensuring readily available and easy to use mechanisms for submitting complaints about abusive use of the usTLD, and creating specific obligations requiring investigation of and response to such complaints;
3. Running an enhanced and expanded WHOIS Accuracy Program requiring verification of registrant contact information, WHOIS reminder requirements, mandated investigation of information suggesting the presence of inaccurate and/or incomplete WHOIS data, and mandatory suspension of registrations associated with inaccurate and/or incomplete WHOIS data, all of which are backed up by extensive sampling of WHOIS data for proactive quality monitoring;
4. Enforcing prohibitions on the Registered Name Holder's use of the Registered Name to (i) distribute malware, (ii) abusively operate botnets, (iii) engage in phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or (iv) otherwise engage in activity that is contrary to U.S. law and clear disclosures about the consequences of engaging in conduct prohibited by the Registry-Registrant Agreement and usTLD Specifications and Policies, including the possibility of suspension

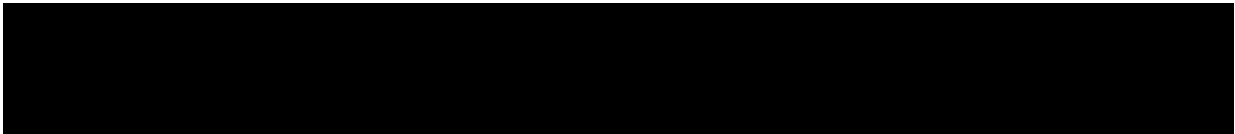
or termination of the Registered Name either by the Registrar or, in accordance with the Registry-Registrant Agreement, the Registry Operator;

5. Developing advanced automated methods to detect and combat phishing, botnets, malware and other abusive behaviors that leverage the DNS,
6. Curbing or eliminating the abuse of the add-grace period, which was originally intended to protect registrants, and
7. Removing Orphan Glue Records

Neustar has implemented an innovative and proprietary Registry Threat Mitigation Service (RTMS). No other Registry Services operator provides this type of service. RTMS detects, investigates, and mitigates a number of forms of the abuse domain name activities mentioned above. Neustar's Registry Threat Mitigation Platform protects the usTLD with a centralized abuse detection, investigation and reporting system. Abusive registrations and compromised domains are identified through continuous monitoring of internal and external data sources, including reports by security organizations and law enforcement organizations. Once abusive content is identified, it is investigated, and if appropriate, mitigated. Neustar's RTMS is described in detail in *Proposal Volume 1, Section 1.4.6.7*.

2.2.5 Conclusion

Neustar is committed to:



- Implementing the Multistakeholder approach to facilitate stakeholder participation in the management of the usTLD, including policy development;
- Implementing the usRS; and
- Evolving the security and stability of the usTLD to meet growing challenges.

Neustar has demonstrated through a decade-long track record its exceptional service in operating the usTLD and is uniquely qualified to ensure its continued success. We have ensured the stability, security and reliability of the usTLD infrastructure, the integrity of usTLD policy administration and registrant data, and guaranteed equitable treatment to our customers.

Looking ahead, our vision builds on our legacy of managing public resources in a responsible and neutral manner. Over the last twelve years, Neustar has proven its experience in implementing advanced technologies to meet the needs of the public and private sectors and will continue to guarantee the highest level of service to usTLD registrars, registrants, and locality space users. The Neustar team is now focusing on its vision of enabling the further introduction of enhanced, value-added services, and building greater visibility, usage, and engagement with the usTLD domain owner and user community.

2.3 Management Plan (M.7, Factor 2)

Neustar's team, comprised of highly skilled individuals with unparalleled experience managing the unique complexities of the usTLD space, is in place today and poised to continue to deliver exceptional service. This proven team will ensure continued proficiency, trustworthiness, and dependability of usTLD Administration functions for the DOC, the Industry, and most importantly, the registrants of the usTLD.

Highlights:

- Proven, highly experienced team in place today requiring no training from the DOC and no “learning curve” to understand the complexities of the usTLD
- No transition of staff so no risk of service interruption or degradation of service resulting from inexperience
- Neustar usTLD Team includes a dedicated policy staff, operations team and customer support
- Over 100 years of combined usTLD-specific Administration and Registry Operations experience
- Executive level oversight and commitment to excellence throughout contract term ensures resources are provided as required
- The usTLD is a core Neustar commitment and the Executive oversight team ensures sufficient resources are always available to support this effort

Neustar is the only Offeror with the requisite experience and institutional knowledge in the administration of the usTLD to continue delivering current levels of service and policy enforcement. Neustar's sharp corporate focus, financial position and the unparalleled expertise of our usTLD Team will ensure continued responsible and successful administration of the usTLD.

Neustar's staffing plan reflects the company's hands-on experience with usTLD management over the last decade, and an unmatched understanding of the solicitation requirements. This has enabled us to identify the best possible team to deliver the enhanced services and system and services described in the proposal, on time and with the least possible risk.

Neustar's usTLD team is extremely stable, including many individuals who have worked on the usTLD since 2001 and who, collectively, possess more than 100 years of combined experience managing critical resources and unique policies and procedures specifically designed for the complex usTLD environment.

Neustar's staff provides the best of two worlds – an experienced, core staff deeply steeped in both the technical and policy aspects of usTLD management, as well as a product team that comes to the table with a wealth of creative experience marketing a broad array of online products and services.

2.3.1 usTLD Team

Key Neustar personnel for the usTLD are listed in *Table 2*, responsible for both continued stable administration and operation of the usTLD and for design, implementation, and deployment of enhancements required by the RFP and/or unilaterally proposed by Neustar. This team includes

Neustar veterans who were responsible for Neustar's performance of the original 2001 usTLD contract, including the transition of the existing locality space and the launch of the expanded second-level space. These employees have been responsible for both the day to day administration and operation of the usTLD as well as the design, development, deployment, maintenance, and continuous enhancement of the technology, policies, procedures, and authorities that combine to make up the usTLD system today.

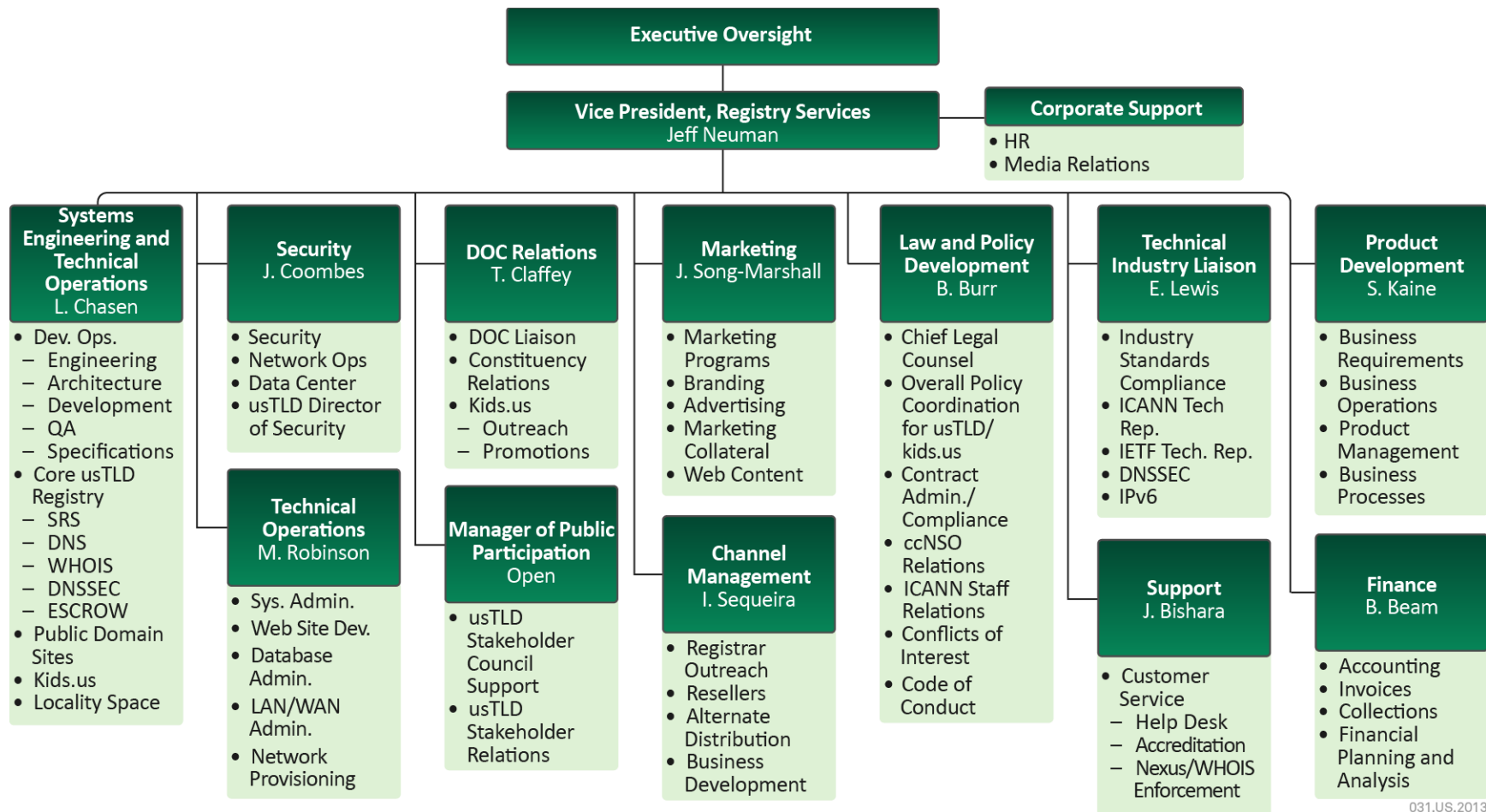
The operational team reports to the Vice President of Registry Services who reports to Neustar's Executive Oversight team.

2.3.2 Ongoing Operations Team

Successful operation of a TLD registry, particularly one with highly developed and registry-specific policies and requirements, requires an operations team possessing a range of highly specialized registry, DNS engineering, cyber and information security, public policy, managing, marketing, and legal experience. The team must understand the current environment in which the usTLD operates as well as understand and possess the skill sets needed to respond proactively to emerging technology, security threats, public policy concerns, and other issues that affect its operation.

Neustar's usTLD team has existing working relationships with the full range of usTLD stakeholders, including registrars, resellers, delegated managers, domain registrants, rights owners, government agencies, and others. The team possesses ad detailed and comprehensive working knowledge of the complex policies and requirements that govern the usTLD specifically, and the top-level domain name space in general. The team includes experienced, highly qualified, proven individuals skilled in usTLD policy development and administration, usTLD registry operation, database development and administration, data center operation, customer service, and managing a wide variety of multistakeholder processes.

The usTLD Operational Team is illustrated in **Figure 2.3-1** and highlighted below.



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Figure 2.3-1: Neustar Key Personnel possess unmatched expertise in the usTLD and are in place today.

Key Personnel Qualifications

Jeff Neuman, Vice President, Registry Services

- Twelve years of usTLD Administration experience for Neustar
- Responsible for oversight of Neustar's registry businesses including the administration of the usTLD.
- Previously responsible for the development, implementation and enforcement of all usTLD core policies, procedures, terms of use and other applicable agreements.
- Thirteen years of legal, policy and business experience working with domain name registries for Neustar. Responsible for overall business relationship with ICANN where he has held several leadership positions.

Les Chasen, Director, Registry Engineering

- Twelve years of development and operational experience with usTLD
- Responsible for software engineering and operations for usTLD
- Over twenty years of design, implementation, testing, production support for key information technology systems

Jonathan Coombes, Chief Information Security Officer

- More than twenty years' experience in IT experience, including 18 months with Neustar where he is responsible for overall information and technology security including the usTLD
- Responsible for overall matters relating to the security of Neustar including cybersecurity, Governance Risk Compliance, Business Continuity and overall strategy development and execution

Mark Robinson, Director, Systems Operations

- Four years of experience with Neustar systems operations where he oversees system operations including usTLD
- Responsible for technical operations of Neustar's business services
- Twenty plus years of experience in the technologies field including designing, implementing, and overseeing operating teams and technologies

Terri Claffey, Senior Policy Advisor, Law and Public Policy

- Three years of experience as Neustar's direct contact with the COR at DoC
- Primary point of contact to the DOC for all matters relating to the usTLD contract. Responsible for regular reporting and updates to the COR in compliance with contract requirements
- More than twenty years of experience working on telecommunications, Internet and Cybersecurity policy with various governmental and private parties

Judy Song-Marshall, Director of Marketing, Enterprise Services

- Six years as primary marketing lead for the usTLD
- Responsible for the overall marketing and growth of the usTLD
- More than twenty years marketing experience in telecommunications and information services

Ivor Sequeira, Director, Global Channel Management and Business Development

- Twelve years of channel management and business development for usTLD
- Responsible for business development and growth of the usTLD
- More than twenty years of product marketing, business development and sales for registry products

Becky Burr, Chief Privacy Officer and Deputy General Counsel

- A decade long involvement in country-code TLD policy issues, including 7 years of service on the ICANN Country Code Name Supporting Council (ccNSO), including 18 months as Neustar's legal and policy lead for the usTLD.
- Responsible for design, roll-out, and operation of the usTLD Stakeholder Council and multistakeholder engagement, as well as all legal, policy, and compliance matters affecting the usTLD, including as the usTLD representative in the ccNSO.
- More than twenty-five years of legal expertise in matters relating to privacy, ICANN, telecommunications and the Internet, including design and development of policy and accountability structures for 2 of 10 "sponsored TLDs" (ICANN "2004 Round" gTLD expansion)

Ed Lewis, Director, Senior Technologist

- Nine years of technical development and operations for the usTLD
- Responsible as a key, technical advisor for usTLD and as a liaison with various members of the engineering and ccTLD technical communities
- More than twenty-five years of engineering and technical development of networking, domain name registry services and in the development of DNSSEC.

Sean Kaine, Director, Product Management

- One year of managing the product development for the usTLD
- Responsible for product development and malicious monitoring services for the usTLD
- Eight years of product, marketing and technology expertise with both registries and registrars.

Brian Beam, Manager, Financial Planning and Analysis

- Five years of experience overseeing the data solutions business that includes the usTLD
- Responsible for overall financial matters pertaining to the usTLD
- More than ten years of corporate responsibility for financial planning including revenue and operating/capital expenditures.

Cara Coleman, Director, IT Governance, Risk and Compliance

- One year of experience overseeing matters relating to business continuity for the usTLD
- Responsible for ensuring the proper oversight and management of security risks and vulnerabilities for the usTLD
- More than ten years of ever increasing responsibility for IT governance, risk and compliance for information services and communications companies

John Bishara, Director, Enterprise Product Support

- More than 2 years of experience overseeing matters relating to customer service and technical support for the usTLD
- Responsible for ensuring the proper oversight and management of Registry helpdesk support team.
- More than 18 years of customer support and operations management experience.

Supporting Personnel

The following individuals provide key support to the usTLD Team

Trung Tran, Manager Registry Engineering

- Three years of experience as manager for registry engineering, including the usTLD.
- Responsible for the design, development and implementation of registry enhancements.
- Over 20 years managing multiple registry projects including registrar connections using DPP, DNS, DNSSEC and other TLDs which support infrastructure.

Ted Swearingen, Director, Information Security Operations

- Twelve years of experience with Neustar managing Information Security teams including those responsible for the usTLD
- Manages Security Operations Center, Network Security, IT Risk management, Incident Response and Identity and Access Management operations.
- More than a dozen years building, implementing, maintaining, expanding Neustar's security infrastructure.

Fernando Espana, Senior Manager, Registry Services

- More than 12 years working with the registry services team on the usTLD
- An active member of the ICANN community who was a past member of the ccNSO council representing .us
- More than 14 years of registry and registrar experience working on marketing and new business opportunities.

Andrea Hanacek, Manager Customer Support

- More than two years of experience leading Neustar's registry help desk support team
- Responsible for training, coaching, and leading a staff of 8+ agents who respond directly to calls from registrars, registrants and the public regarding matters pertaining to .us

- Over 15 years of experience in IT where she has filled many rolls including service management and NOC analyst

Karen Laffey, Manager, Billing Operations

- More than nine years of experience working on financial accounts related to usTLD
- Managers the Billing Operations group which manages the daily functions of invoicing, accounts receivable, and collections for Neustar's Registry and other Carrier Services.
- More than 14 years experience working in a general billing and accounts receivable role in the telecommunications

Nasiombe Mutonyi, Ph.D., MBA, Account Manager, Registry

- More than twelve years of experience working with the usTLD in a variety of customer support and analysis roles
- Responsible for special projects and in-depth analysis of registry team activities.
- Fifteen years of in-depth domain name industry experience, working with ICANN and business partners around the world.

Resumes for the identified team members are provided in *Appendix D - Resumes*.

2.3.3 Executive Commitment and Oversight

Neustar's Executive team, illustrated in **Figure 2.3-2** and introduced below, is composed of senior-level staff with vast experience covering Internet and telecommunications expertise, operations, systems development and deployment, financial planning, communications, and resource management. This group will provide the requisite direction and resources to ensure that the usTLD program objectives continue to be met.

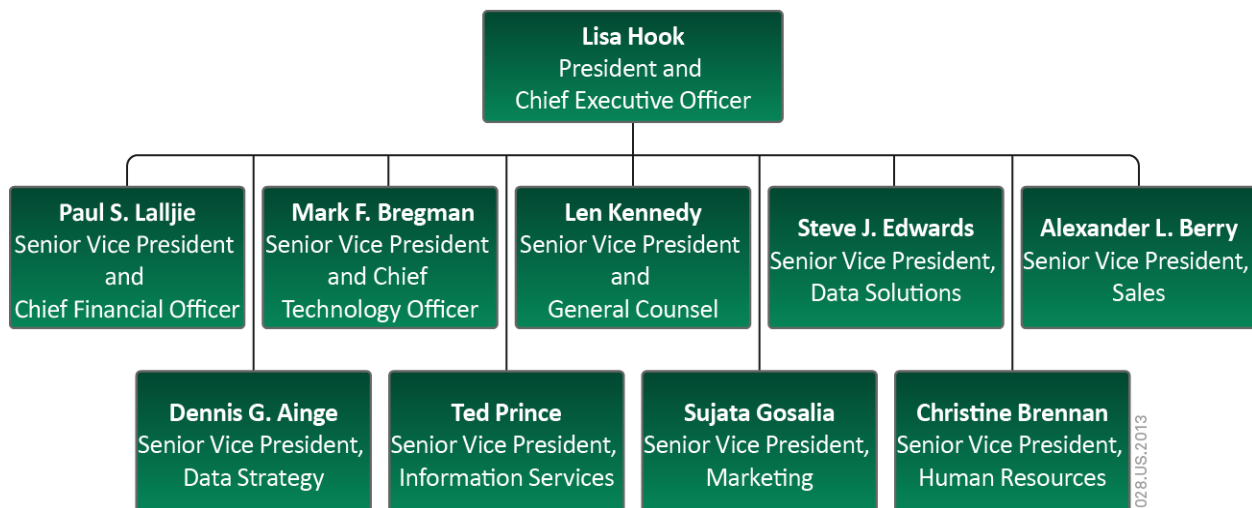


Figure 2.3-2: Neustar's Executive Team

Executive Profiles***Lisa A. Hook, President and Chief Executive Officer***

Ms. Hook has served as Chief Executive Officer since October 2010, as a director of Neustar since November 2010, and as President since joining Neustar in January 2008. Prior to joining Neustar, Ms. Hook served as President and Chief Executive Officer of Sunrocket, Inc., a voice over IP ("VoIP") service provider, from 2006 to 2007. From 2001 to 2004, she held several executive-level posts at America Online, Inc., a web services company, including President, AOL Broadband, Premium and Developer Services; President, AOL Anywhere; and Senior Vice President and Chief Operating Officer, AOL Mobile. After leaving America Online in 2004, Ms. Hook briefly consulted for AOL and served on various corporate boards. Earlier, she was partner at Brera Capital Partners, LLC and managing director at Alpine Capital Group LLC. Ms. Hook also served in executive and special advisory roles at Time Warner, Inc., was legal adviser to the Chairman of the Federal Communications Commission, and was a senior attorney at Viacom International, Inc. Ms. Hook also serves on the boards of directors for Reed Elsevier PLC, Reed Elsevier NV and Reed Elsevier Group plc.

Paul S. Lalljie, Senior Vice President and Chief Financial Officer

Mr. Lalljie is Senior Vice President and Chief Financial Officer of Neustar, Inc. He oversees Neustar's worldwide finance organization, which includes treasury, accounting, financial planning and analysis, real estate management and investor relations. Mr. Lalljie has been with Neustar for over 10 years. During this time, he has served in a variety of increasingly expansive roles within Neustar's Corporate Finance department, including Vice President, Financial Planning & Treasurer and other positions within accounting, financial planning and analysis, treasury and investor relations.

Mark F. Bregman, Senior Vice President and Chief Technology Officer

Dr. Bregman joined the Neustar executive team in August 2011. He is responsible for Neustar's product technology strategy and product development efforts. Prior to joining Neustar, Dr. Bregman was Executive Vice President and Chief Technology Officer of Symantec since 2006. Dr. Bregman's portfolio while CTO of Symantec Corporation included developing the company's technology strategy and overseeing its investments in advanced research and development, security and technology services. Prior to Symantec, Dr. Bregman served as Executive Vice President, Product Operations at Veritas Corporation, which merged with Symantec in 2005. Prior to Veritas, he was CEO of AirMedia, an early mobile content marketplace, and spent 16 years in a variety of roles at IBM. Dr. Bregman serves on the Board of the Bay Area Science & Innovation Consortium and the Anita Borg Institute, which focuses on increasing the impact of women on all aspects of technology.

Len Kennedy, Senior Vice President and General Counsel

Mr. Kennedy joined Neustar in May 2013 as Senior Vice President and General Counsel. He oversees Neustar's legal and external affairs efforts, including public policy and government relations. He has more than 30 years of experience advising clients and the federal government on telecommunications and media law, regulatory strategy and policy, and investment matters

affecting wireless, wired, and Internet communications services and networks. Mr. Kennedy comes to Neustar from the U.S. Consumer Financial Protection Bureau, where he served as Associate Director and General Counsel and, most recently, as Senior Advisor to the Director. Prior to serving in the Consumer Financial Protection Bureau, he served as Senior Vice President and General Counsel of Nextel Communications. He oversaw the legal and regulatory completion of Nextel's merger with Sprint, becoming General Counsel, Corporate Strategy and Chief Government Affairs Officer of the combined Sprint Nextel. He was previously a partner at the law firm Dow, Lohnes & Albertson PLLC, and he served at the Federal Communications Commission for 10 years from 1980 to 1991.

Steve J. Edwards, Senior Vice President, Data Solutions

Mr. Edwards is Senior Vice President of Data Solutions, the department that oversees Neustar's complex data exchanges and the services that rely on them. In this role, he defines overall strategy, driving innovation through the introduction of new services and solutions to address client and market opportunities. Services overseen by Mr. Edwards include local number portability, order management, and caller ID services as well as domain name registries and Neustar's online threat intelligence solutions. Prior to this role, he served as Senior Vice President for Carrier Services; specifically overseeing North America carrier sales, management of services and solutions, marketing and channel partnerships for the Service Provider market. Prior to joining Neustar, Mr. Edwards was Chief Operating Officer at Regenesys Power LLC. Earlier in his career, he served as Chief Marketing Officer for Sonus Networks Inc.; Vice President of indirect sales and channel development at AT&T Business Services; and President of BT Visual Images.

Alexander L. Berry, Senior Vice President, Sales

As the Senior Vice President of Sales, Mr. Berry oversees all strategic sales initiatives for Neustar. In addition, he oversees the growth of the professional services business. This includes assisting with service implementation, deployment and consulting services for marketing, IT, and operations buyers. As the head of sales, Mr. Berry manages all vertical sales, sales engineering, professional services, business development, channel and alliances, sales operations, demand generation, bids and proposals, as well as account management. Mr. Berry has an excellent reputation for transforming sales organizations and building teams that drive results, and he is known for his customer-centric approach. Over the past five years, Mr. Berry served as Senior Vice President of Neustar's Enterprise Services division, which helps customers promote and protect themselves across the Internet. In this role, Mr. Berry managed the overall strategy and performance of the team, including sales and marketing, product development and management, global operations and professional services. Prior to joining Neustar, Mr. Berry was Senior Vice President for Convergys Corporation's HR Management line of business. Earlier in his career, he led regional professional services efforts for Lucent Worldwide Services.

Dennis G. Ainge, Senior Vice President, Data Strategy

Mr. Ainge serves as the Senior Vice President of Data Strategy, responsible for maximizing on one of Neustar's most valuable assets – data. With the increasing demand for business

intelligence and analytics derived from data, his team manages all Neustar data assets and their uses to support the underlying data requirements of all current and future Neustar solutions. Previously, as the Senior Vice President of Information Services, Mr. Ainge led the Neustar Information Services Business unit that was responsible for the development of information insights and marketing analytics solutions and services to help organizations implement strategic planning and tactical execution across all channels. Prior to these roles at Neustar, Mr. Ainge held a number of executive management positions during his 18-year tenure with TARGUSinfo, including Vice President of Sales, Senior Vice President of Sales and Marketing and Executive Vice President of Strategic Development. Before his tenure at TARGUSinfo, Mr. Ainge held a variety of sales and management positions with a number of technology companies including Equifax National Decision Systems, Endmark Corporation and Advanced Technology, Inc. Mr. Ainge holds a B.S. in Business and Computer Science from the University of Dayton and Graduate Studies at George Mason University.

Ted Prince, Senior Vice President, Information Services

As Senior Vice President of Information Services, Mr. Prince oversees Neustar's information services and data analytics business and strategy. In this role, he oversees the development and management of complete, cloud-based workflow solutions to enable clients to effectively promote and protect their brands. These services include Neustar's Localeze, AdAdvisor and ElementOne platforms, as well as business assurance solutions, which help marketing, IT and operations professionals solve complex business problems. Prince also oversees Aggregate Knowledge's media intelligence platform, which Neustar acquired in October 2013. Since joining Neustar in 2012, Mr. Prince has been responsible for managing Neustar's Media group, expanding strategic partnerships and new media businesses in the information and analytics space, as well as expanding upon Neustar's UltraViolet™ initiative. Mr. Prince brings more than a decade of diverse experience in building global businesses and boasts a proven track record in growing digital businesses and managing new technologies. Prior to joining Neustar, Mr. Prince was Chief Operating Officer, Global Media, and President, National Geographic Ventures from 2003-2012 where he led the company's digital media businesses and new initiatives, including strategy, content, marketing, technology, distribution and partnerships. In addition, he also directed its corporate development.

Before joining National Geographic Ventures, Mr. Prince served as Senior Vice President, Strategy and Business Development at AOL Broadband from 2002-2003, and Senior Vice President, Business Development for AOL from 1999-2002. In both positions, Mr. Prince managed and negotiated business-to-business partnerships. Mr. Prince holds a J.D. from Duke University School of Law, an M.A. in Natural Resource Economics and Policy from Duke University School of Environment and a B.A. in History from Yale University. He also serves on the board of directors for Duke Nicholas School of Environment, and is on the board of advisors for Watch Mojo of Washington DC, and Personal, Inc.

Sujata Gosalia, Senior Vice President, Marketing

Ms. Gosalia joined Neustar in August 2013 as Senior Vice President of Marketing. Ms. Gosalia is responsible for creating marketing strategies and offer innovations to fuel growth across

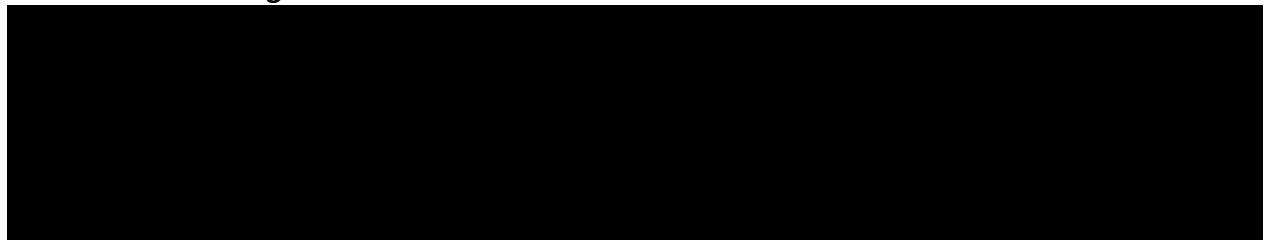
Neustar's product portfolio. She comes to Neustar from the international consulting firm of Oliver Wyman, where she was a Partner in the New York Office advising a wide array of clients in the media, technology and information services industries. Her specific areas of expertise include commercial effectiveness and offer innovation, as well as transformative growth strategy development. Ms. Gosalia was previously head of the General Management Consulting office in New York. Prior to Oliver Wyman, she worked at the investment bank of JP Morgan Chase. Ms. Gosalia holds degrees in economics and international studies from the University of Pennsylvania, as well as a master's degree in international political economy from the London School of Economics.

Christine Brennan, Senior Vice President, Human Resources

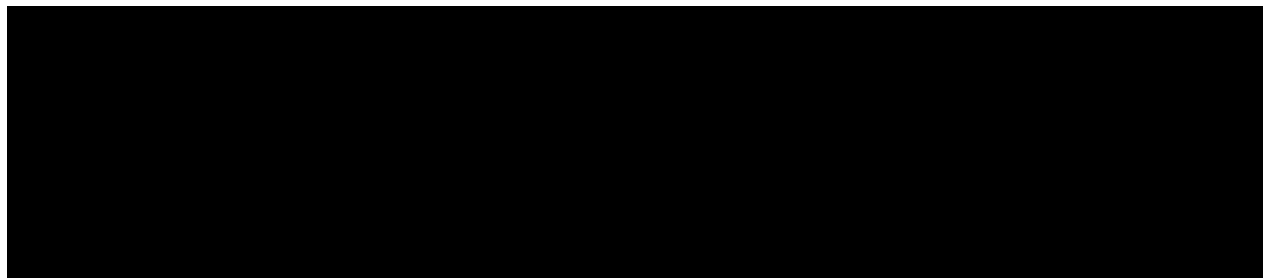
Ms. Brennan is the Senior Vice President of Human Resources. She oversees all human resource programs including talent management and acquisition, education and development, employee engagement and compensation and benefits. Prior to joining Neustar, Ms. Brennan was Senior Vice President, Worldwide Human Resources at Verisign, an Internet infrastructure company. Additionally, she has served as the Head of Group Human Resources for the Bank of Ireland, based in Dublin, where she worked with the Board to appoint a new CEO and implemented a talent management agenda with a focus on strategic external recruitment and internal development. She also served as the Human Resources Director for Barclays PLC's Global Retail and Commercial Banking (GRCB) business, based in London, where she was responsible for all aspects of the human resources strategy and execution in support of the Barclays' global expansion. Ms. Brennan has held senior management positions at AT&T, British Telecommunications and Computer Sciences Corporation. Ms. Brennan received a Bachelor of Science in Business Administration from the University of Maryland.

2.3.4 Ability to Recruit Staff and Retain Employees for the usTLD

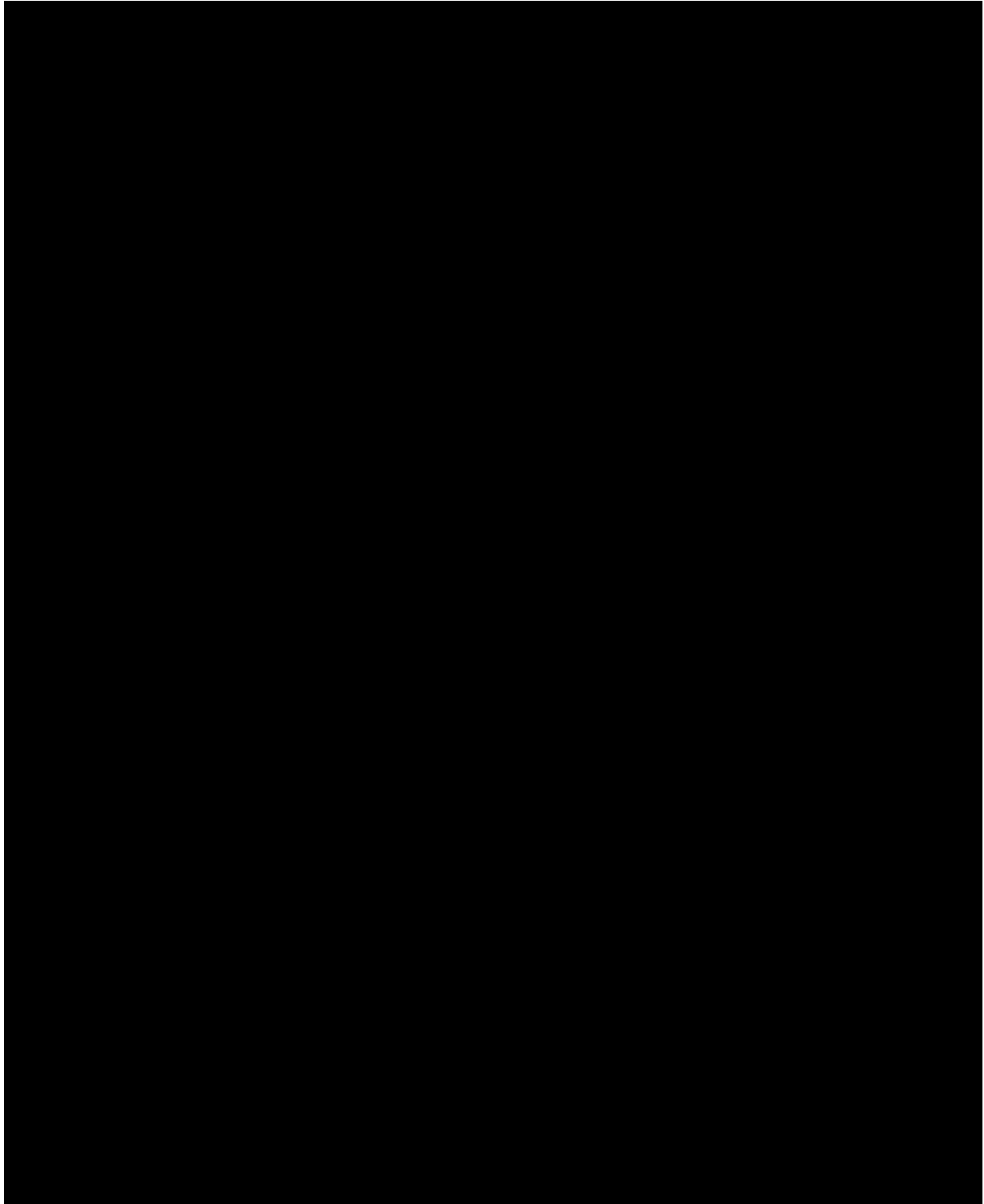
Performance Management

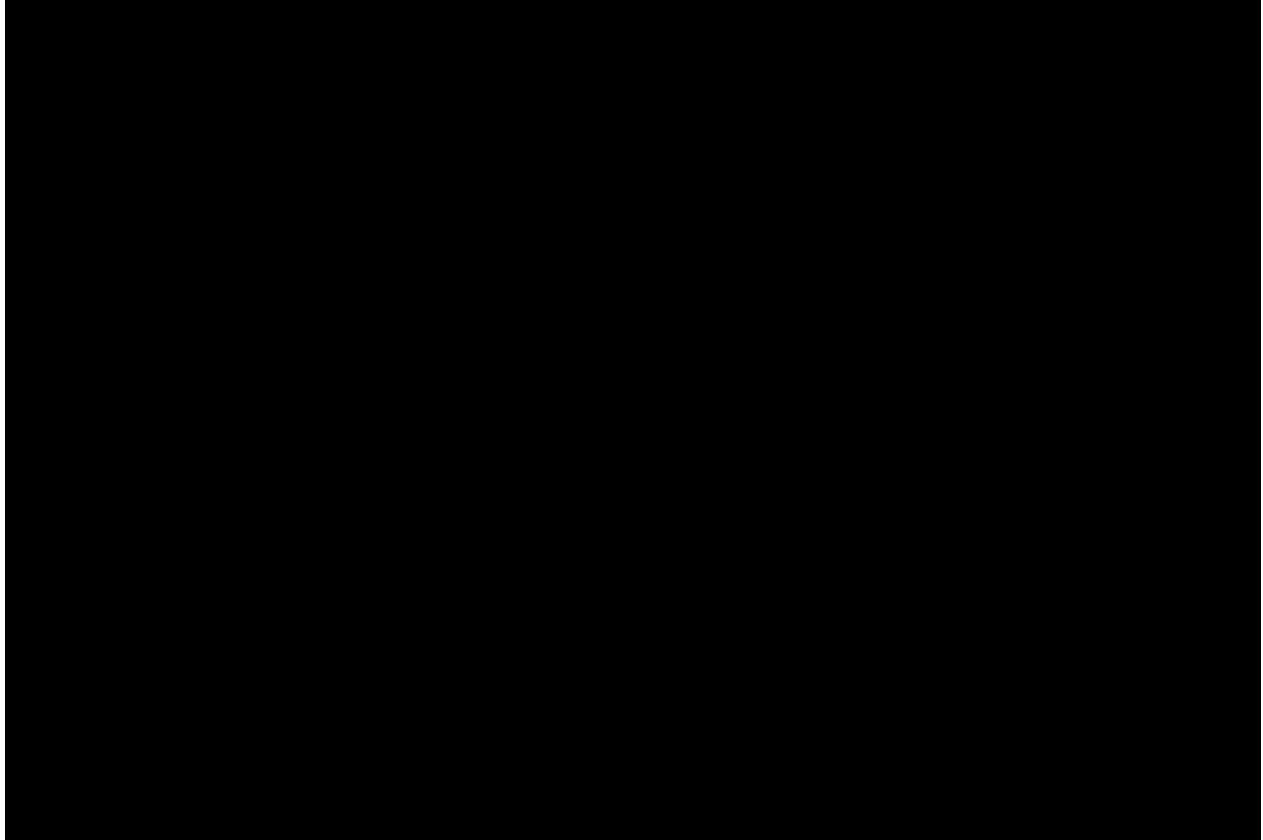


Retention Program



Quality Management





2.4 Performance Measurements (L.6.d.xxi)

Neustar delivered exceptional performance in its provision of Registry services of the usTLD for the last 12 years. As a commitment to the stability and future performance of the usTLD, Neustar is committing to deliver a comprehensive series of higher service levels designed to address our customers' most critical strategic priorities. The proposed new service levels set forth in this response are not only higher than those offered during the previous term, but represent the highest level of service levels offered by any provider under ICANN's new gTLD program.

Highlights

- Met or exceeded service levels for 927 out of 930 performance measurements
- Neustar is committing to higher service levels than those required by ICANN for new gTLDs

Neustar is recognized as the premier provider of world-class Registry services by industry experts and the world's leading domain name service providers. Registrars sponsoring 86% of usTLD domain name registrations have praised Neustar's services and endorsed Neustar's continued management of the usTLD. In addition, in recognition of Neustar's exceptional performance record, ICANN selected Neustar as the only Emergency Backend Registry (EBERO) provider in the Americas for the rollout of their new gTLD program. Finally, more leading private sector enterprises chose Neustar to support their new gTLD applications for the operation of their new gTLD than any other registry provider. This confidence is built on a foundation of exceptional performance in delivering critical Registry services for the usTLD and other name spaces.

Both past performance and future success stem from two critical elements that are inherent in how we operate critical Internet infrastructure:

- **Staff for Performance**—Neustar is uniquely positioned with a world-class team of registry professionals that excel at delivering the highest levels of performance for the specific and critical requirements of the usTLD. The usTLD team is described in *Proposal Volume 1, Section 2.3 Management Plan*.
- **Build for Performance**—Neustar continually reviews and improves our technical architecture, administrative processes, and operational infrastructure to optimize system performance to best serve the interests of the usTLD community. Details about Neustar's core registry services can be found in *Proposal Volume 1, Section 1.3*.

Measuring our performance against service level requirements helps to enhance and fine-tune our systems. Neustar believes these performance measurements are so vital to the success of the registry that we not only agree to them in our contract with the DOC, but also replicate them in our agreements with the usTLD Registrars. (*Proposal Volume 1 Attachment 2*, includes Performance Specifications in usTLD Administrator-Registrar Agreement). Additionally, in recognition of how critical the registry services we perform for our customers are and how damaging any downtime of the core registry services are to them, Neustar voluntarily commits

to significant service level credits if we fail to meet any of the contractual service levels. Please see Exhibit H, Service Level Agreement in usTLD Administrator-Registrar Agreement for a detailed description of the service level credits.

2.4.1 Historical Performance

To properly measure the technical performance and progress of the usTLD, we collect data on essential operating metrics. These measurements are key indicators of the performance and health of the registry. **Table 2.4-1** illustrates Neustar's performance achievement against critical service levels.

Service Level Requirement	Requirement	Months Achieved/ Months Measured
Service Availability – SRS	99.900% / month	
Service Availability - Nameservers	100.00% / year	
Service Availability- WHOIS	99.950% / month	
Planned Outage Duration - SRS	8 hours / month	
Planned Outage Duration - Nameservers	0 hours / year	
Planned Outage Duration - WHOIS	8 hours / month	
Extended Planned Outage Duration - SRS	18 hours / year	
Extended Planned Outage Duration – Nameservers	0 hours / year	
Extended Planned Outage Duration - WHOIS	18 hours / year	
Processing Time - Add, Modify, Delete of all objects	3000ms for 95% of monthly transactions	
Processing Time - Query Domain	1500ms for 95% of monthly transaction	
Processing Time - WHOIS Query	1500ms for 95% of monthly transactions	
Processing Time - Nameserver Resolution	1500ms for 95% of monthly transactions	
Update Frequency - Nameserver	15 minutes for 95% of monthly transactions	

Service Level Requirement	Requirement	Months Achieved/ Months Measured
Update Frequency - Whois	15 minutes for 95% of monthly transactions	
Summary Achievement	-	

Table 2.4-1. Current Service Level Requirements

2.4.2 Performance Commitment Measurements

As the domain name industry has evolved, so too have some of the measurements by which we monitor operational performance. As a commitment to the future performance of the usTLD, Neustar is committing to a comprehensive series of higher service levels designed to address our customers' most critical strategic priorities. The proposed new service levels are not only higher than those offered during the previous term, but represent the highest level of service levels offered by any provider under ICANN's new gTLD program. **Table 2.4-2** summarizes the new proposed service level requirements for the usTLD.

SLR	Service Level Requirement	Old Requirement	New Commitment
1	Service Availability – SRS	99.900% / month	99.990% / month
2	Service Availability – Nameservers	100.00% / year	100.00% / year
3	Service Availability – WHOIS	99.950% / month	99.990% / month
4	Planned Outage Duration – SRS	8 hours / month	12 hours / year with no maintenance window to exceed 6 hours
5	Planned Outage Duration – Nameservers	0 hours / year	0 hours / year
6	Planned Outage Duration – WHOIS	8 hours / month	1 hour / month
7	Extended Planned Outage Duration- SRS	18 hours / year	0 hours
8	Extended Planned Outage Duration – Nameservers	0 hours / year	0 hours
9	Extended Planned Outage Duration – WHOIS	18 hours / year	0 hours
10	Processing Time – Add, Modify, Delete of all objects	3000ms for 95% of monthly transactions	3000ms for 99% of monthly transactions
11	Processing Time – Query Domain	1500ms for 95% of monthly transaction	1500ms for 99% of monthly transactions
12	Processing Time – WHOIS Query	1500ms for 95% of monthly transactions	1500ms for 99% of monthly transactions
13	Processing Time – Nameserver Resolution	1500ms for 95% of monthly transactions	UDP: 350ms for 99.9% of monthly transactions TCP: 1000ms for 99.9%

SLR	Service Level Requirement	Old Requirement	New Commitment
			of monthly transactions
14	Update Frequency - Nameserver	15 minutes for 95% of monthly transactions	15 minutes for 99% of monthly transaction
15	Update Frequency – WHOIS	15 minutes for 95% of monthly transactions	15 minutes for 95% of monthly transactions

Table 2.4-2. New Service Level Commitments**2.4.3 Performance Specification Definitions**

- **Service Availability.** Service Availability is defined as the time, in minutes, that the Registry System's Core Services are responding to its users. Service is unavailable when a service listed in the Matrix is unavailable to all users, that is, when no user can initiate a session with or receive a response from the Registry System ("Unavailability").
- **Planned Outage Duration.** The Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the Neustar is allowed to take the usTLD Services out of service for regular maintenance. Planned Outages are planned in advance and the Registrar Community is provided warning ahead of time. This Performance Specification, where applicable, has a monthly a Service Level Measurement Period.
- **Processing Time.** Processing time refers to the time that the Registry System receives a request and sends a response to that request. Since each of the usTLD Services has a unique function the Performance Specifications for Processing Time are unique to each of the usTLD Services. For example, a Performance Specification for the Nameserver is not applicable to the SRS and WHOIS, etc.
- **Update Frequency.** Update frequency refers to the amount of time it takes to propagate changes made through the SRS to both the DNS and WHOIS services

2.4.4 Additional Performance Measurements

In addition to the above, during the term of the contract, Neustar will submit a number of periodic reports to the Department of Commerce, including reports covering major events, transition statistics, registration data, website statistics, and WHOIS Accuracy reports. A detailed discussion of these and other reports can be found at *Proposal Volume 1, Section 1.12*.

2.5 Delegated Manager and WHOIS Database Specifications and Data Collection (L.6.d.vii)

Highlights

- Neustar has implemented and is operating an Enhanced Shared Registration System to simplify the process for Delegated Managers and registrars for the usTLD registry
- Neustar runs a thick registry that stores registrant information in a central usTLD database.
- WHOIS data for all nameholders, including Delegated Managers, and registrants, is available through a free public, web-based interface that allows for multiple string and field searches.

Neustar's Centralized usTLD Shared Registration System and WHOIS database provide a modern usTLD registry and promote registration within the space.

2.5.1 Technical Specifications of the Database

Neustar's system is designed as a thick registry model. Within this model, registrars submit name, registration, and contact information about registrants to the registry, and the registry stores that information in the central usTLD database. This information allows the registry to create a centralized WHOIS and to populate the zone file with the appropriate resource records.

Our geographically dispersed WHOIS sites each contain multiple load-balanced servers with independent databases. Neustar's platform is designed and has been proven to support stable query service for well over a million domains as well as for all associated contacts and nameservers with near real-time dynamic update.

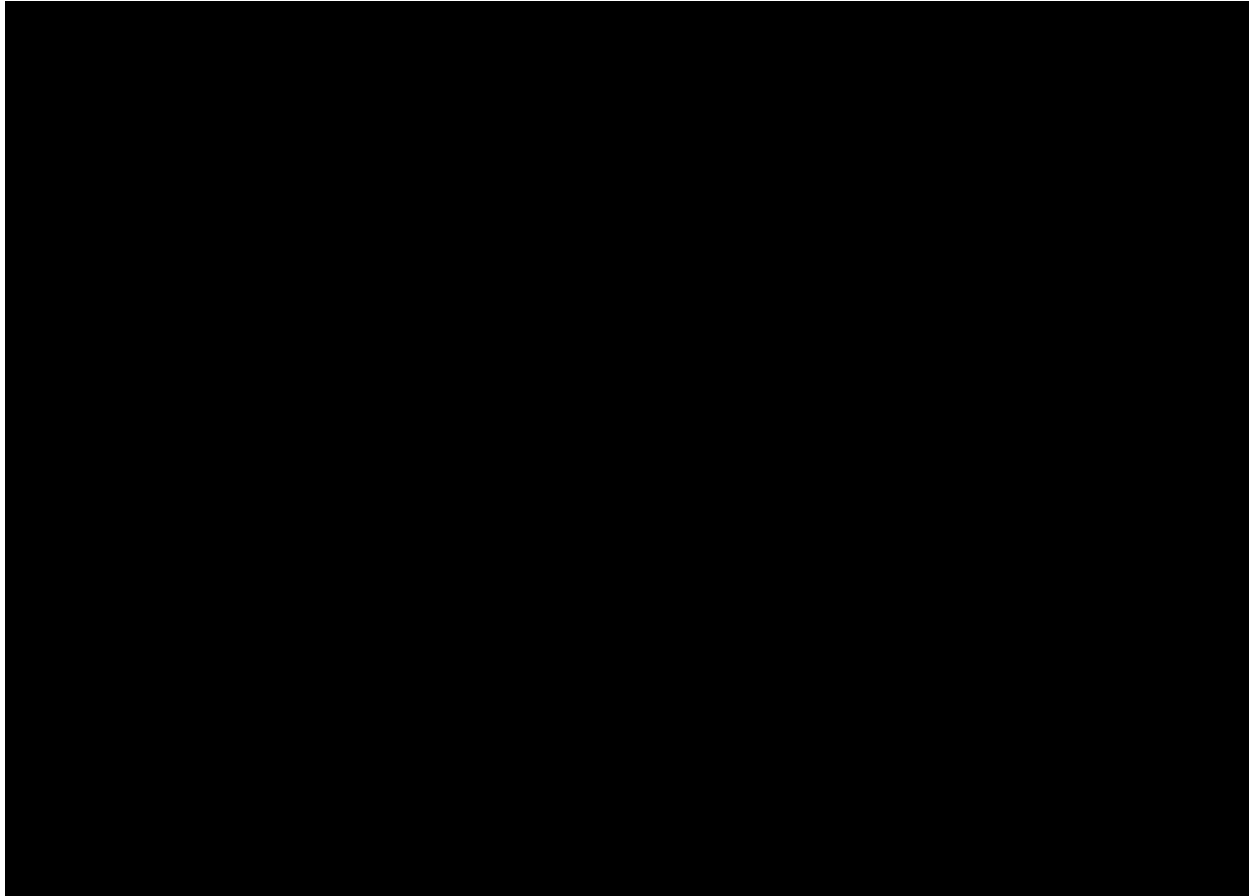


Figure 2.5-1: U.S. Locality and SRS Data flow

The WHOIS is optimized for speed using an in-memory database. This architecture was developed to ensure compliance with the usTLD service levels outlined in Proposal Section 2.4. Neustar has exceeded all WHOIS requirements throughout the contract term. For a detailed description of the WHOIS, please refer to *Proposal Volume 1, Section 1.2*.

2.5.1.1 Collection of Data

The usTLD is unique in that the Administrator acts as a registrar in the usTLD locality name space in cases of undelegated third-level names. Neustar currently allows Delegated Managers and locality registrants to download, complete and submit to customer support a Delegated Manager Update template (http://www.neustar.biz/enterprise/docs/misc/domain-name-registry/delegated_manager_template.txt) that includes contact and delegation data. Neustar's customer support team verifies the forms and that they are properly filled out and duly signed, and then processes. Upon initial registration, registrants are provided with authenticating information that needs to be submitted for future changes and updates to the registration. This permits an extra level of security and ensures that the appropriate registrant is modifying the name.

Similar to the second level space Neustar gathers information about the registrant to populate the central usTLD database, creates a WHOIS record, and updates the zone file. There is a clear

difference between managing a name for a registrar and managing a name for a registrant. Neustar understands the importance of treating these two types of registrations differently. Neustar instituted approved processes to perform a variety of functions critical to the successful management of the space. These processes include:

- “Take-downs” of US Locality domains which are either not operational or compliant with contract policies. After a thorough review between Neustar and the NTIA the delegations are moved to a web page with instructions for how the domain registrant can re-institute the domain if so desired.
- “Take-Backs” of US Locality domains from delegated managers who do not want to or refuse to comply with approved, published policies. This is an example where we work with existing Delegated Managers to move the zones that they manage into the usTLD infrastructure.

Existing Delegated Managers continue to provide registration services to registrants within their designated localities. However, their functions have been expanded so that Neustar can store information for all of the registrants in the usTLD name space. Delegated Managers and Registrants are responsible for providing Neustar with registration information for each name that they manage, as well as contact information for each registrant so that Neustar can update the central usTLD database and create a WHOIS record for the registrant. If the Delegated Manager chooses to host the registered names above third level on their own nameservers then they do not need to provide resource record information to Neustar. However, Neustar has provided them a web portal, the Delegated Manager Tool, with which they can enter sub-delegation data in the delegated manager database. As an additional service, Neustar hosts resource records in the usTLD zone file created at the registry. In cases where Delegated Managers choose to take advantage of this option, they must provide Neustar with the appropriate resource record information.

Neustar provides a secure web-site where Delegated Managers can provision this information with the usTLD registry. Each Delegated Manager is provided with authenticating information to ensure that they are modifying records within their name space.

Registrants can register names through a Delegated Manager in the locality space, and they can register through competitive registrars in the second level name space. All domain name holders and registrars are included in the central usTLD database and the central WHOIS database.

All WHOIS information is free and publicly available over a web-based interface that allows for multiple string and field searches. Neustar provides a web-site for this purpose as well as providing access over the IANA-approved port 43. **Table 2.4-1** provides details on the WHOIS information that is available through the usTLD web interface and port 43.

WHOIS Information Under the usTLD	
Locality Space	
Registrants:	<ol style="list-style-type: none">1. Name of the domain registered2. Internet Protocol (IP) address of the primary nameserver and secondary nameserver(s) for the registered domain name3. Corresponding names of those nameservers

WHOIS Information Under the usTLD	
	<ol style="list-style-type: none"> 4. Identity of the delegated manager under which the name is registered 5. Creation date of the registration 6. Name and postal address of the domain name holder 7. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the domain name holder 8. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the domain name holder
Delegated Managers:	<ol style="list-style-type: none"> 1. Name of the delegated manager 2. Delegated Manager ID 3. IP address of the primary nameserver and secondary nameserver(s) for the delegation 4. Corresponding names of those nameservers 5. Date of delegation 6. Name and postal address of the delegated manager 7. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the delegated manager 8. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the delegated manager
Second Level Space	
Registrants:	<ol style="list-style-type: none"> 1. Name of the domain registered 2. IP address of the primary nameserver and secondary nameserver(s) for the registered domain name 3. Corresponding names of those nameservers 4. Creation date of the registration 5. Name and postal address of the domain name holder 6. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the domain name holder 7. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the domain name holder
Registrars:	<ol style="list-style-type: none"> 1. Name of the registrar 2. Registrar ID 3. Registrar status (e.g., active, pending) 4. Name and postal address of the registrar 5. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the registrar 6. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the registrar 7. Name, postal address, e-mail address, voice telephone number, and (where available) fax number of the billing contact for the registrar

Table 2.4-1: WHOIS Information Under the usTLD

Provisioning existing information required an outreach effort to the current delegated managers. The first step was to contact the delegated managers through contact information provided by the previous usTLD Administrator. The zone files of delegated managers include contact information for the delegated manager, and they also include all registrations under the delegated manager's name space. Neustar analyzed these results to develop a database of delegated manager contact information and a database of all of the names in the usTLD name space, so that Neustar was able to do the initial outreach effort.

Once the delegated managers were contacted, they were provided with a list of the information we would expect to receive from them including a list of names for which we believe they are responsible. We offered them options as to how they can provide us this information. They are able to provision it on a secure website or they are able to send us a file in a format provided by Neustar. It was necessary for the delegated manager to contact their registrants for some of the information we requested. This was an iterative process with regular contact between Neustar and the delegated manager until the information was verified.

2.6 Conclusion

It is important for the usTLD to contain accurate and up-to-date information pertaining to name registrations and name holders. To accumulate and maintain this information on an ongoing basis, Neustar uses standard practices now common in the domain name registry community. We provide easy-to-access and easy-to-use tools by which registrars, delegated managers and registrants can provide this information to us. The challenges to maintain accurate WHOIS information are not unique to registries, but the proactive processes and procedures that Neustar takes to remediate and maintain that information are unmatched in the industry. Only Neustar has the capabilities to manage and expertly enforce the usTLD WHOIS requirements.

3. PAST PERFORMANCE (M.7 Factor 2, Attachment 1)

Neustar's successful past performance and experience as the usTLD Administrator sets it apart from any other Offeror. Neustar's stewardship of the usTLD has delivered responsible growth and community development for over a decade and is discussed throughout this Proposal.

Neustar offers an extensive range of potential customer references. The following applies to each of the references presented in the Past Performance Questionnaires on the following pages:

- Selected through highly competitive procurement;
- Have objectives similar to the usTLD solicitation with respect to the integrity of a U.S. resource and overall integrity of its administration;
- Require strict compliance with industry and regulatory guidelines and directives;
- Require flawless, on-time development, implementation, and operation of a near real-time, registry system; and
- Exhibit stringent service level and reporting requirements.

In addition, Neustar has experience operating similar registries:

- **coTLD Registry Services Provider** Neustar is the technical registry service provider of the authoritative, master database and also generates the zone file which allows computers to route Internet traffic to and from .co ccTLD domains anywhere in the world.
- **travelTLD Administrator** Neustar is the technical registry service provider of the authoritative, master database of all the domain names registered in .travel. It keeps the zonefile which allows computers to route Internet traffic to and from .travel domains anywhere in the world.
- **bizTLD Administrator** In 2001, through a competitive procurement by the Internet Corporation for Assigned Names and Numbers (ICANN), Neustar was selected to operate and administer the .biz gTLD registry. In this capacity, Neustar is responsible for all business, technical, operational, marketing, legal, policy and financial related services associated with the administration of the TLD. Neustar is the authoritative, master database of all domain names registered in .biz. It keeps the master database and also generates the zone file which allows computers to route Internet traffic to and from .biz domains anywhere in the world.

Please see *Proposal Volume 1, Attachment 3* for Past Performance Questionnaires.

In addition, Neustar presents endorsement letters in Proposal volume *Attachment 4*.

3.1 Past performance is indicative of future performance

Over the past twelve years, Neustar has learned that the management of the usTLD space involves much more than simply processing domain name registrations and resolving DNS queries. In fact, as discussed throughout this Proposal, the usTLD Administrator plays a key role in the

preservation, protection and enhancement of a national asset that operates in an increasingly dynamic, policy-rich business and technical environment. The requirements that the DOC set forth first in 2001, and Neustar's performance under that and the subsequent contract in 2007, resulted in a significant increase in the use, visibility and brand awareness of the usTLD. At the same time, the usTLD, with unique policy requirements, was continuously managed as a top quality space with the highest levels of integrity and the most carefully managed content in the TLD arena.

Neustar is uniquely qualified to continue to shepherd the usTLD and meet the demands of the American Internet community in today's increasingly complex DNS landscape. Alone among potential Offerors:

1. Neustar has an in depth understanding of the usTLD and its stakeholder community, and a demonstrated track record in the policy-rich TLD environment that usTLD stakeholders expect;
2. Neustar has the established support of a network of usTLD registrars;
3. Neustar has a demonstrated track record of operating the usTLD in partnership with the Department of Commerce, having earned through hard work the respect of its peers providing country-code top-level domain services around the globe;
4. Neustar employees directly responsible for the usTLD contract bring a unique skill-set and international credibility to the usTLD's support for responsible stewardship of the domain name system and the multistakeholder model of Internet governance; and
5. Neustar repeatedly out-performs its competitors in formal evaluations and market performance, receiving the highest marks for its tailored approach to registry service delivery that guarantees the very highest levels of stability, security, reliability and performance.

3.2 Background on Neustar's past performance as coTLD Registry Services Provider

In 2009, .CO Internet, S.A.S., with Neustar as its selected technical registry services provider, was selected by the Ministry of Communications of Colombia to serve as the administrator of the .CO country-code top-level domain. As the coTLD Administrator, .CO Internet was put in charge of the promotion, administration, and technical operation of .CO. Under a contract with .CO Internet, Neustar is responsible for all of the technical registry services for the .CO ccTLD, including all operational, billing, accounting and reporting services associated with the administration of the .CO ccTLD.

Although selected in 2009, the transition of the coTLD legacy hierarchical space from the University of Los Andes to .CO Internet did not occur until February 2010. Subsequently, in July 2010, the expanded .CO Second Level space launched. The launch of the Second Level space was executed flawlessly with no interruption in service. It was heralded by the industry as a great success and used as the model of how to launch new TLDs.

Neustar has continued to provide the coTLD exceptional performance and has helped the space grow to over 1.5 million domain names. According to .CO Internet's Past Performance Questionnaire, (see *Proposal Volume 1, Attachment 3*),

"Neustar has consistently provided high quality services that meets all of the contractual and business obligations. The performance of each of the services has been exceptionally high, and exceeds the performance levels mandated in our contracts [with the Colombian government]."

The ratings received from .CO Internet related to our Past Performance include:

- Performance Quality: Exceptional
- Schedule Performance: Exceptional
- Business Relationship: Exceptional
- Oral and Written Communications: Exceptional

3.3 Background on Neustar's past performance as travelTLD Registry Services Provider

In 2005, Tralliance Registry Management Company, LLC, with Neustar as its selected technical registry services provider, was selected by ICANN to serve as the Registry Operator of the .travel gTLD. As the Registry Services Provider for the travelTLD, Neustar is responsible for all of the technical registry services, including all operational, billing, accounting and reporting services associated with the administration of the .travel ccTLD.

.TRAVEL is a policy rich TLD which requires that each of its Registrants are authenticated and validated by a third party to be associated with the travel and tourism industry prior the registration being activated.

Neustar has been providing exceptional service for the travelTLD since its launch in 2005. In the words of Tralliance,

"We have had a long, trouble-free, collegial and beneficial relationship."

The ratings received from Tralliance related to our Past Performance include:

- Performance Quality: Exceptional
- Schedule Performance: Exceptional
- Business Relationship: Exceptional
- Oral and Written Communications: Exceptional

3.4 Background on Neustar's past performance as bizTLD Registry Services Provider

In 2001, through a competitive procurement by ICANN, Neustar was selected to operate and administer the .biz gTLD registry. Neustar operated the .biz gTLD registry, including all business,

technical, operational, marketing, and financial-related services associated with the administration of the TLD. More specifically, Neustar is the authoritative, master database of all domain names registered in .biz. We keep the master database and also generate the “zone file” which allows computers to route Internet traffic to and from .biz domains anywhere in the world.

The .biz gTLD launched in 2001 and has grown to over 2.6 million domain names registered worldwide. In addition to providing a very high level of technical service, Neustar is very active in the ICANN community, both in the country-code Supporting Organization and in our commitment to the multistakeholder process. According to ICANN, “Neustar has been an active member of the community not only as the Registry Operator for .BIZ but also as the manager of the .US ccTLD. Neustar has actively participated in the ICANN ccNSO. Neustar has also demonstrated its commitment to the multi-stakeholder model as evidenced by the work done in the developing and negotiation of the 2013 Registrar Accreditation Agreement.”

The ratings received from ICANN related to our Past Performance include:

- Performance Quality: Exceptional
- Schedule Performance: Exceptional
- Business Relationship: Very Good
- Oral and Written Communications: Exceptional

3.5 Neustar's Additional Relevant Experience

Neustar has a breadth and depth of directly relevant experience that is unparalleled in the industry. We work closely with government departments, industry organizations, regulators and standards bodies to address critical issues in innovative ways. We have proven to be a trusted partner renowned for our creative technical solutions, robust deployments and fierce attention to detail and quality service. Some of Neustar's directly relevant referential experience includes:

Registry Services: Neustar has extensive experience in providing domain name registry services both as a technical service provider as well as a provider of the front-end services including policy, marketing, legal, and distribution-related services. In addition to providing services for the uTLD, .biz, .co and .travel TLDs as discussed above, we also provide registry services for .cn, .tw, and .tel. In addition, in recognition of Neustar's exceptional, proven and innovative domain name registry platform, Neustar was selected to serve as the technical provider of back-end registry services for over 350 new gTLD applications, more than any other domain name registration provider. Additionally, Neustar was selected through a competitive procurement by the City of New York to administer, operate and market the .nyc gTLD.¹

¹ See <http://www.neustar.biz/about-us/news-room/press-releases/2012/neustar-selected-as-registry-services-provider-for-358-top-level-domain-applications> and

Neustar was also selected by ICANN as the only Registry Services Provider for the Americas to serve as an “Emergency Back-end Registry Operator” for the new gTLD program in recognition of meeting the most stringent technical requirements and demonstrated years of experience in operating domain name services, registration data directory services and extensive provisioning protocol.²

Finally, Neustar was the top-rated Registry Services Provider by each of the independent evaluators in ICANN's new gTLD program in terms of registry services, technical services and security. As the back-end provider of hundreds of new gTLD applications, Neustar was consistently rated higher than all other registry providers, including Verisign, Afiliis, AusRegistry, CORE, and Demand Media, among others in each of the same parameters being evaluated as part of this RFP. ICANN recognized Neustar's exceptional performance across the following criteria: shared registration system, DNS, Whois, data escrow, DNSSEC, IPv6, security, architecture and measures to prevent domain name registration abuse.³

Experience with DNS: DNS is essential to the effective operation of global commerce and Neustar is a leading provider of DNS operations for both the TLD (gTLD/ccTLD) and enterprise markets, offering a broad portfolio of proven capabilities. Our Enterprise DNS delivers service for thousands of companies across the globe, including much of the Fortune 500 and the Alexa Top 100. Our worldwide network provides 100% availability Service Level Agreements (SLAs) and our innovative technology provide built-in protection against DNS-based security breaches and Distributed Denial of Service (DDOS) attacks. All DNS services are backed by Neustar's 24/7 Security Operations Center and includes DNSSEC support to combat the hijacking of DNS traffic.

GSMA Root DNS: Through an existing agreement with the Global System for Mobile Communication Association (GSMA), Neustar provides a secure private Root DNS to the global mobile network opportunity community. Neustar leverages its infrastructure and experience as an Administrator and Registry provide the GSM industry the most stable, secure, reliable and efficient solution for the root DNS. The GSMA Root DNS manages a global common directory enabling GSM networks to interoperate, providing mobile subscribers across networks with access to mobile data, content and multimedia services -- on roaming and/or home networks. The solution includes both root DNS operations and the operation of a secure Registry for the names managed by the service. Working in conjunction with the GSMA Root DNS Task Force, Neustar took into account varying needs and perspectives from global exchange service providers and Mobile Network Operators and used its experience in resource administration to design a clear

<http://www.informationweek.com/government/state-local/nyc-to-apply-for-nyc-domain/232700077>.

² See <http://www.icann.org/en/news/announcements/announcement-02apr13-en.htm> and <http://www.icann.org/en/news/press/releases/release-02apr13-en.pdf>.

³ See <http://domainincite.com/12372-neustar-leading-the-new-gtld-back-end-scores-so-far>.

process for domain name assignment for the Root DNS, formalizing a process that had previously been undocumented.

Number Portability Centralized Database Service: Neustar's number portability expertise is derived from ten highly successful centralized number portability database implementations in the United States (7), Canada (1), Brazil (1) and Taiwan (1). Within the U.S., Neustar has implemented and continues to administer seven separate centralized number portability databases in our role as the Nation's only Local Number Portability (LNP) administrator since 1997. Likewise, on behalf of Canada, Neustar serves in an identical role whereby we implemented and continue to administer a centralized number portability database since 1998. Because of the regulatory environments in Brazil and Taiwan, we use local, in-country partners to deliver number portability administration services.

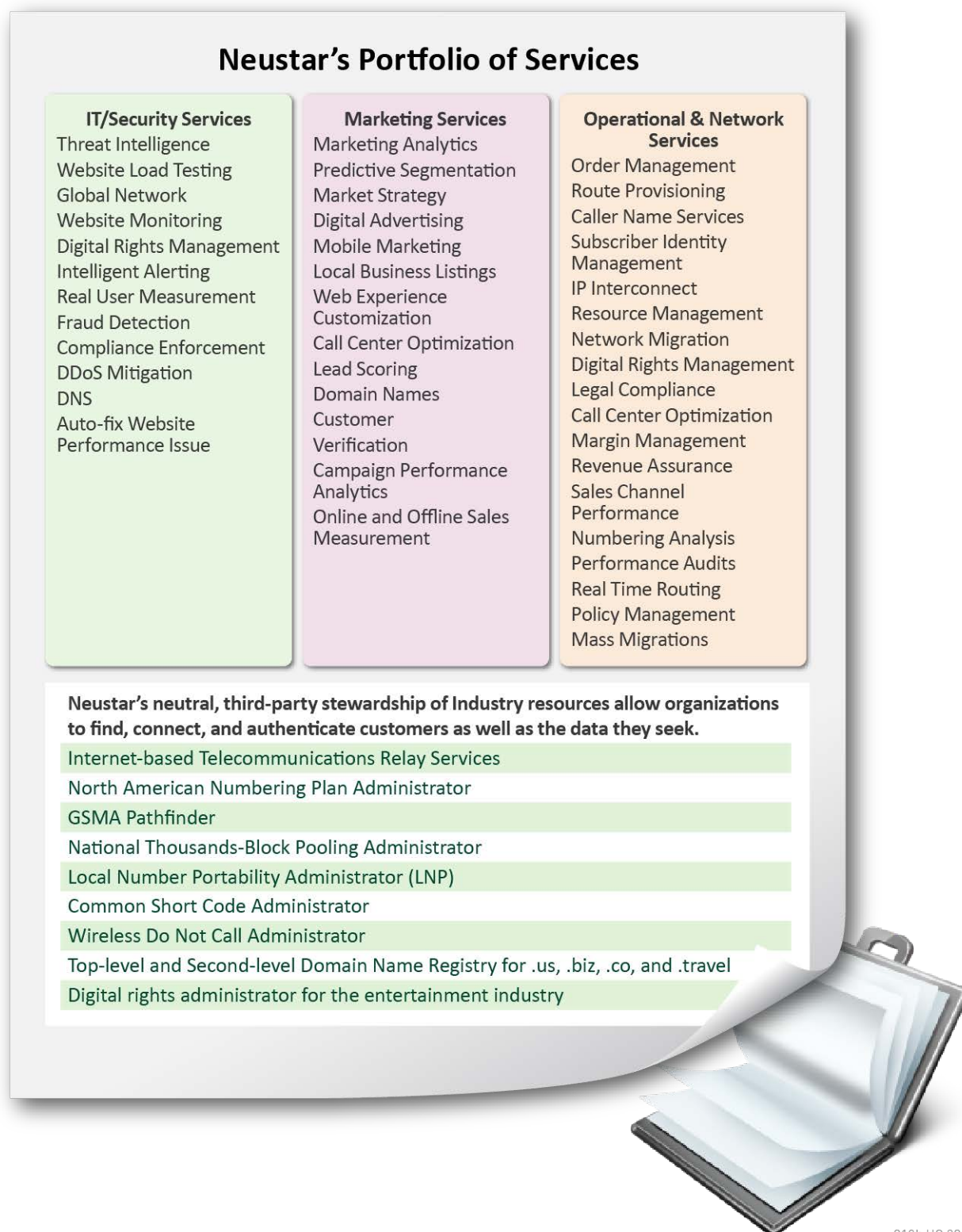
3.6 Neustar, the Company

Neustar was formed in 1996 as an operating division of Lockheed Martin Corporation called the Communications Industry Services group. This division provided neutral, third-party services to the communications industry. Neustar was incorporated in Delaware in 1998 to acquire our business from Lockheed Martin Corporation. This acquisition was completed in November 1999. Since 1999, Neustar has expanded our portfolio of services and, in June 2005, Neustar completed an Initial Public Offering (IPO). We are presently listed on the New York Stock Exchange (NYSE:NSR).

Today, in addition to serving as the usTLD Administrator and providing the United States Government with other essential administration and registry services, Neustar is a trusted, neutral provider of real-time information and analysis to the communications services, financial services, retail, and media and advertising sectors. In brief, Neustar applies its advanced, secure technologies to help its clients promote and protect their businesses.

As a publicly traded company, Neustar has a track record of consistent growth. Neustar is profitable and cash-flow positive, and has substantial cash reserves.

Figure 3.6-1 details Neustar's portfolio of services and highlights relevant industry resources of which Neustar is the entrusted neutral third-party steward.



016b.US.2013

Figure 3-6-1: Neustar Portfolio of Services

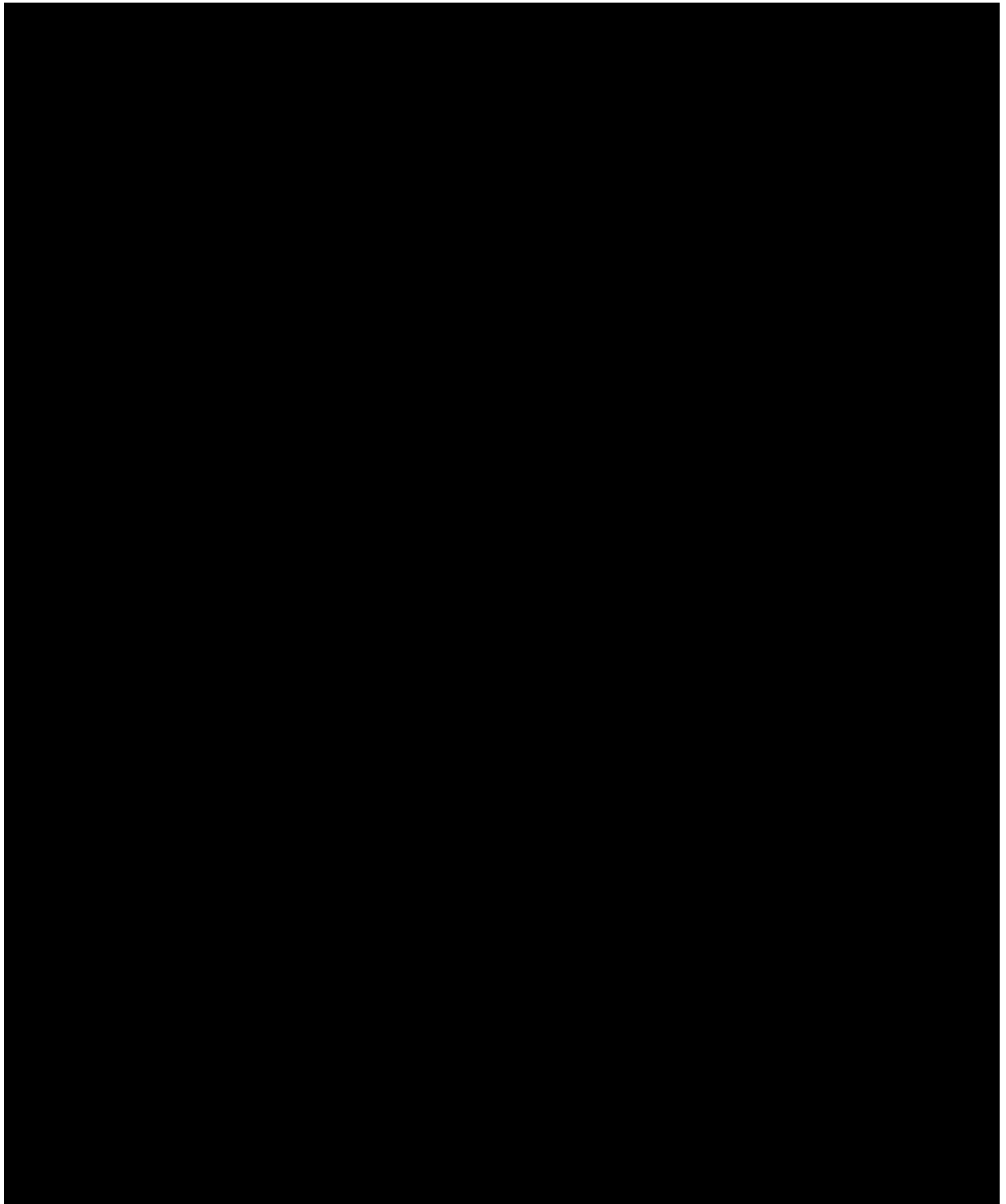
Use or disclosure of data and information contained on this sheet is subject to the restriction on the title page of this proposal.

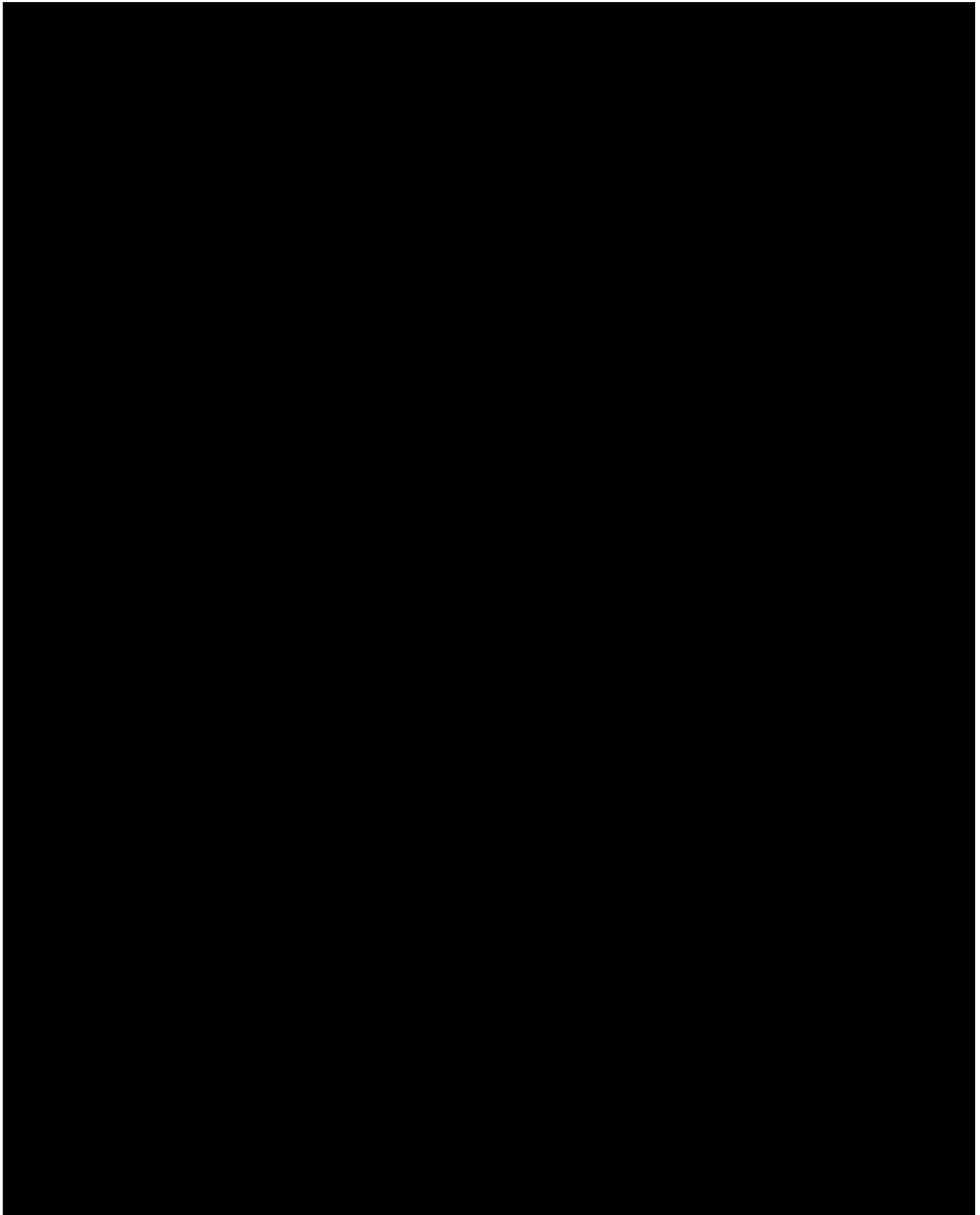
4. Documentation Demonstrating Fulfillment of Mandatory Factor M.3

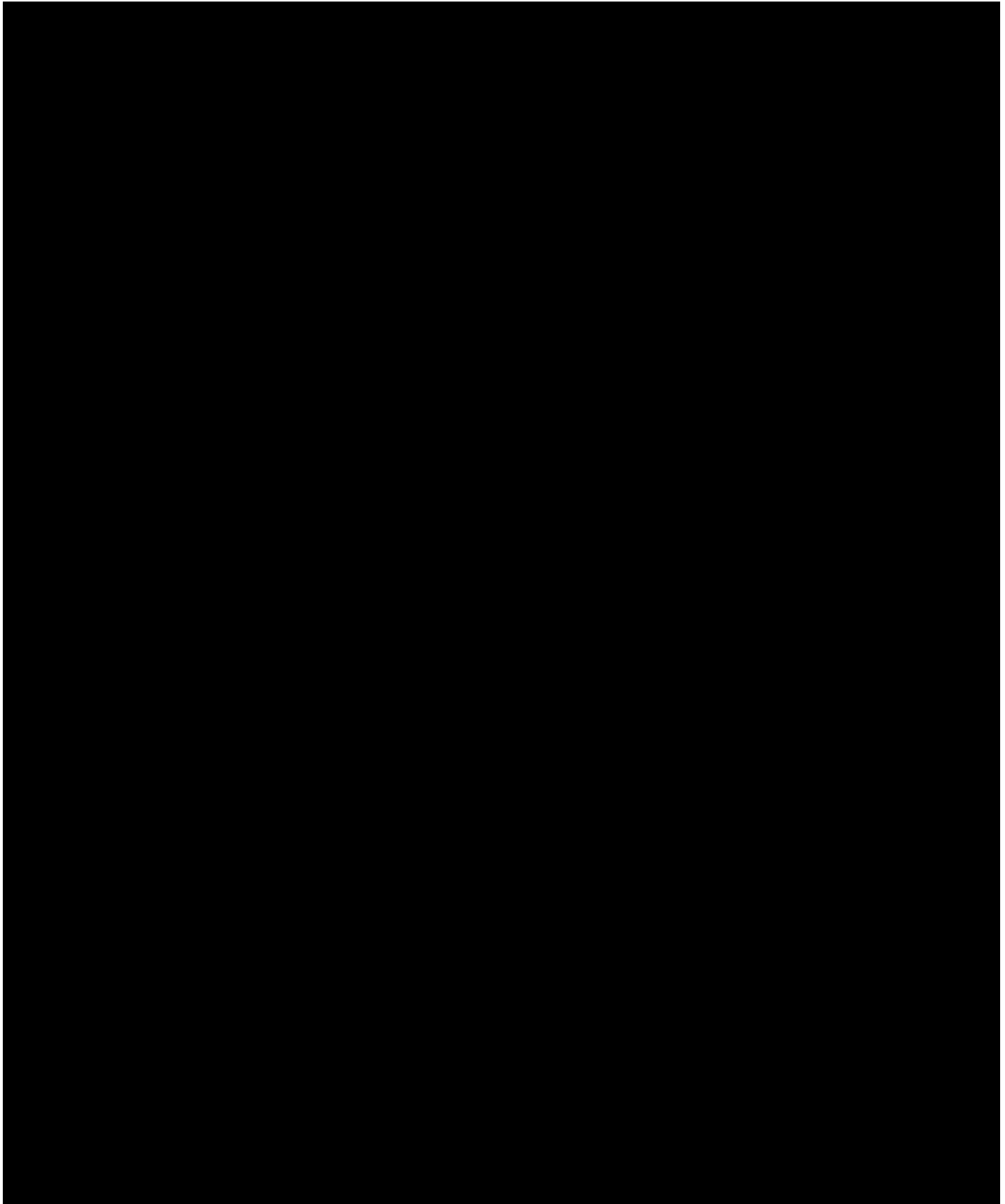
Neustar is incorporated within the United States, in the State of Delaware. See *Attachment 1 Articles of Incorporation* for NeuStar, Inc. ("Neustar").

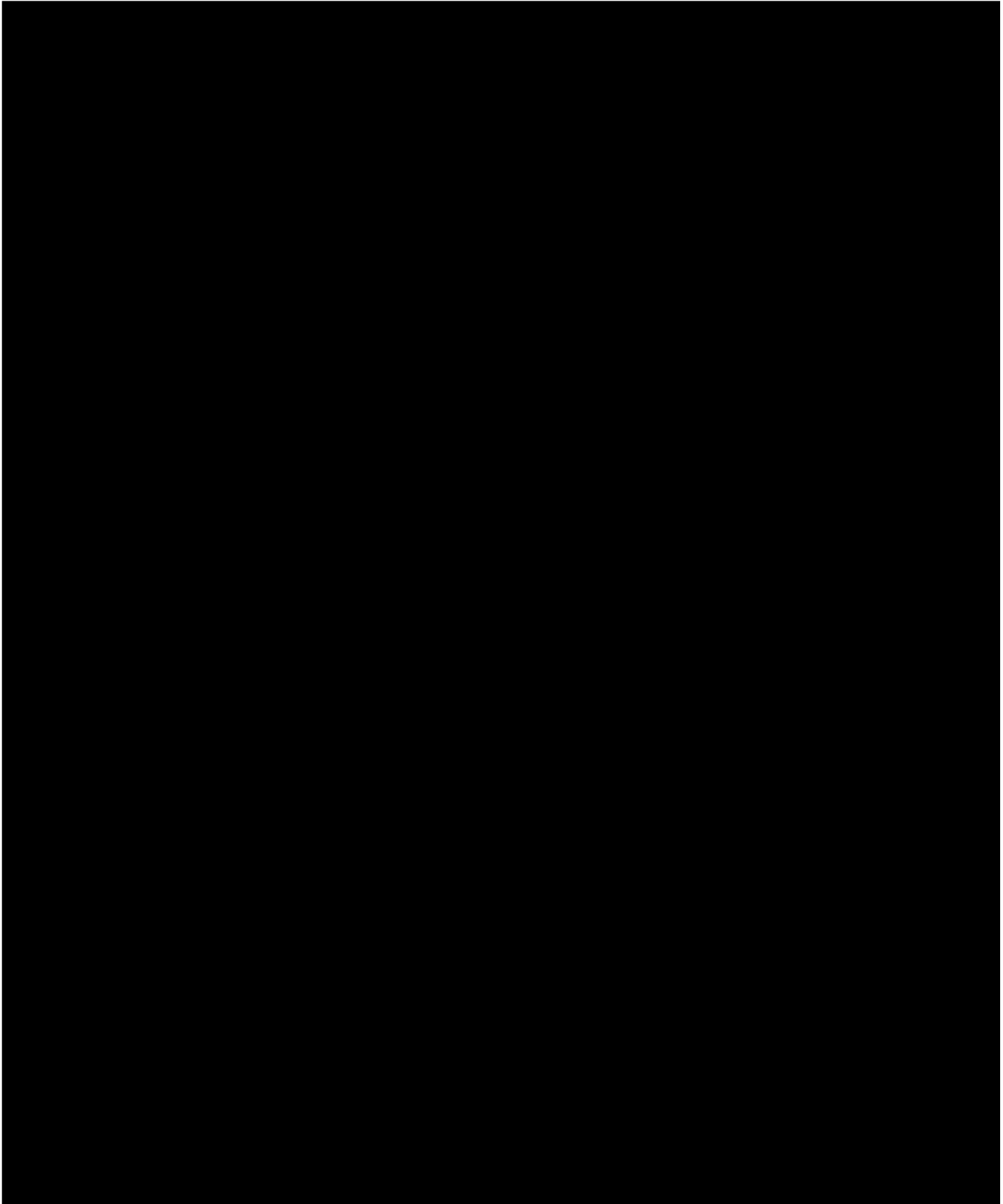
Neustar demonstrates through *Volume 1 Technical Proposal* that all primary registry services and requirements of the Contract will be performed within the United States. Neustar currently possesses and will continue to maintain, throughout the performance of this Contract, a physical address within the United States. Neustar demonstrates and documents that all primary operations and systems will remain within the United States, and identifies the all locations at which primary operations and systems are located.

Appendix A: Billing Policy for Registrars

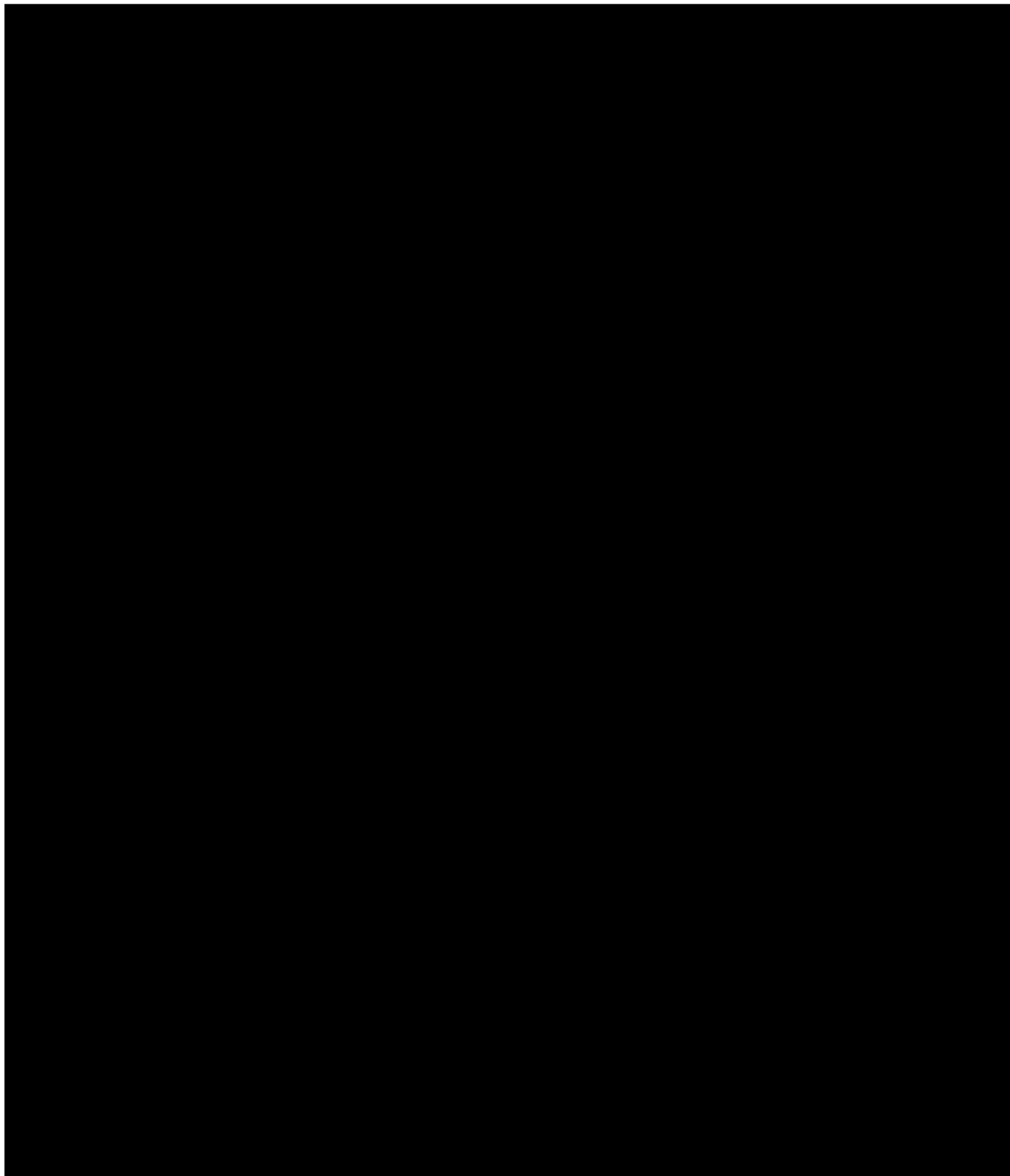


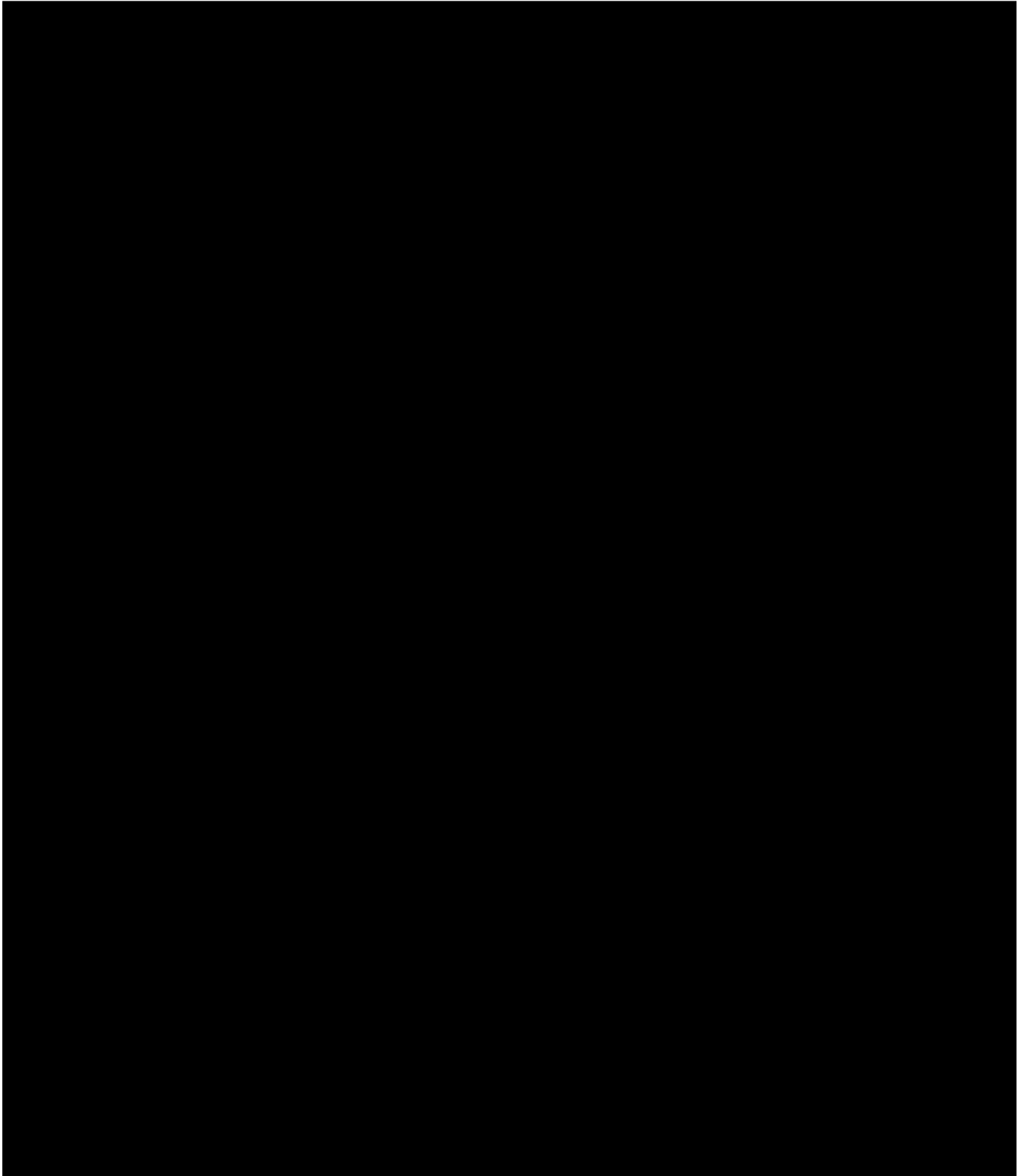


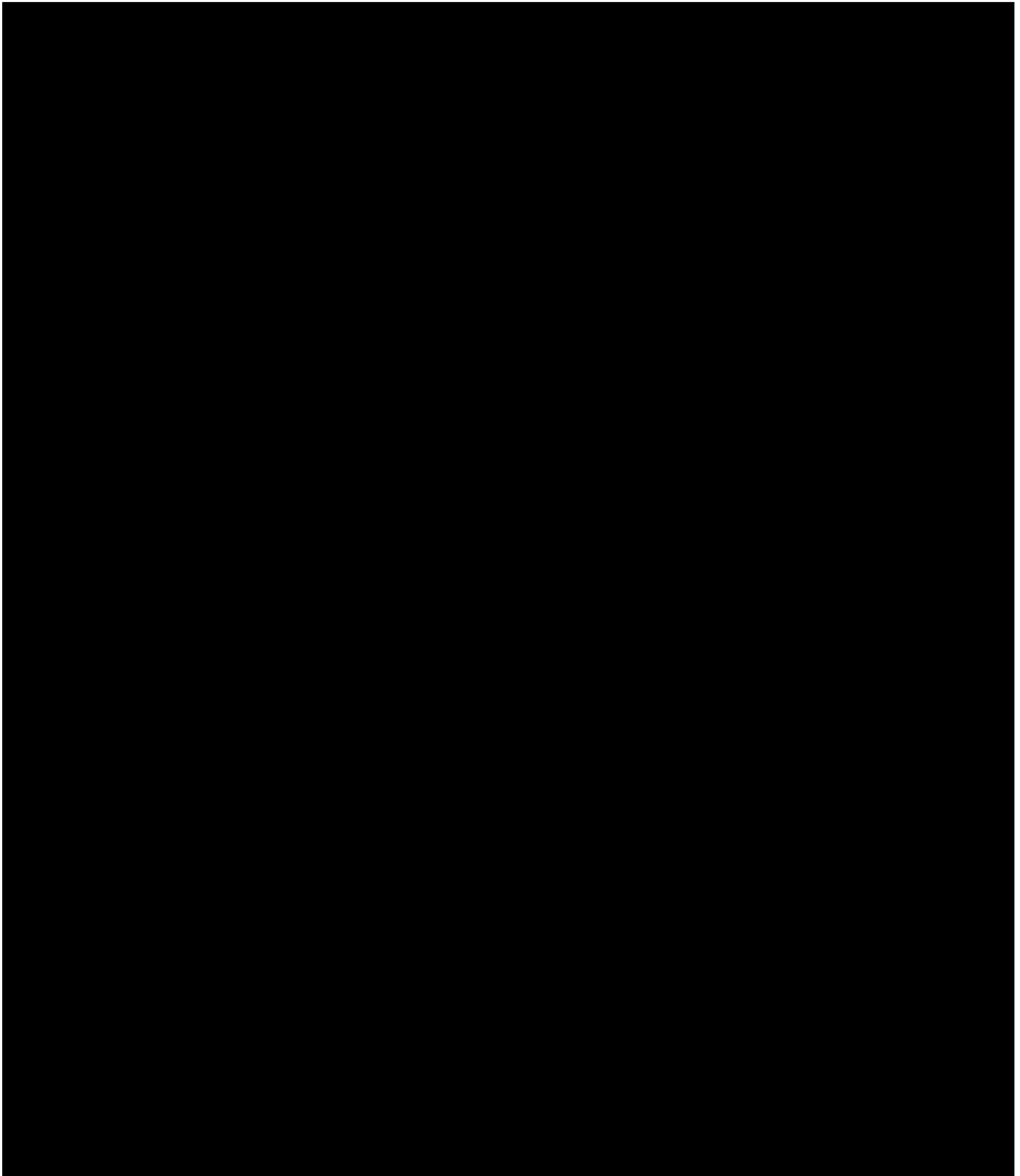


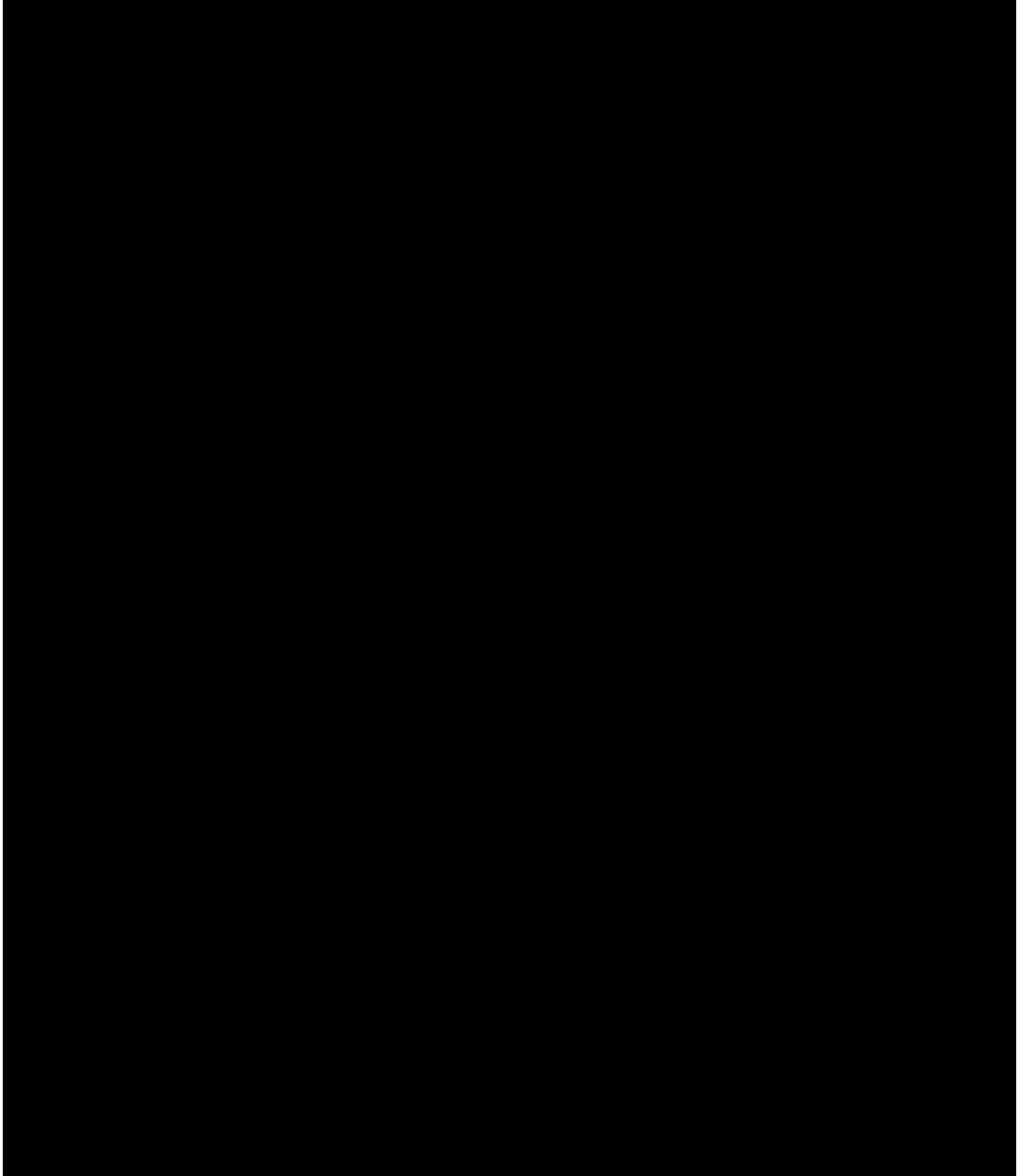


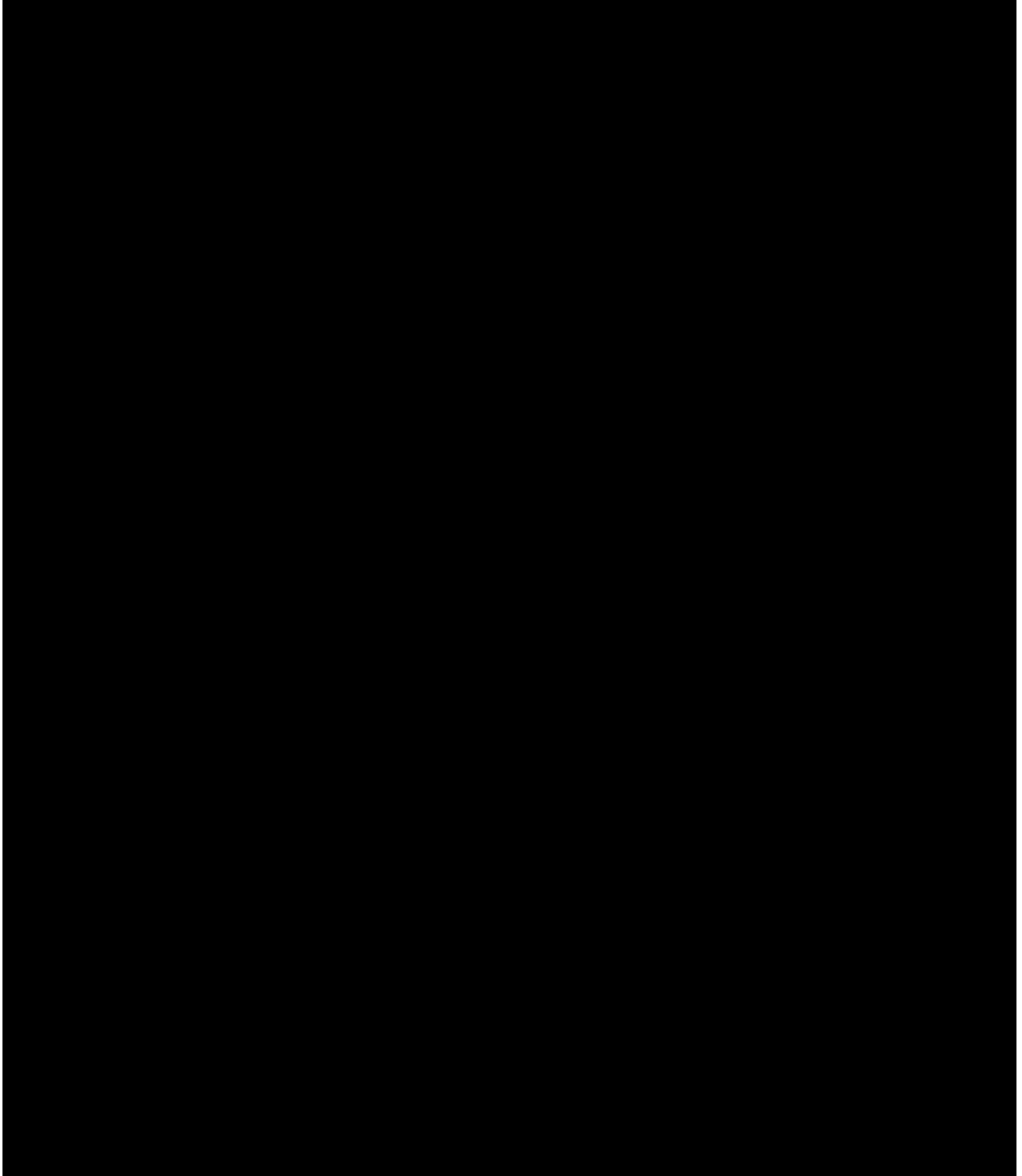
Appendix B: Neustar's Proposed Marketing Plan for the Next Term

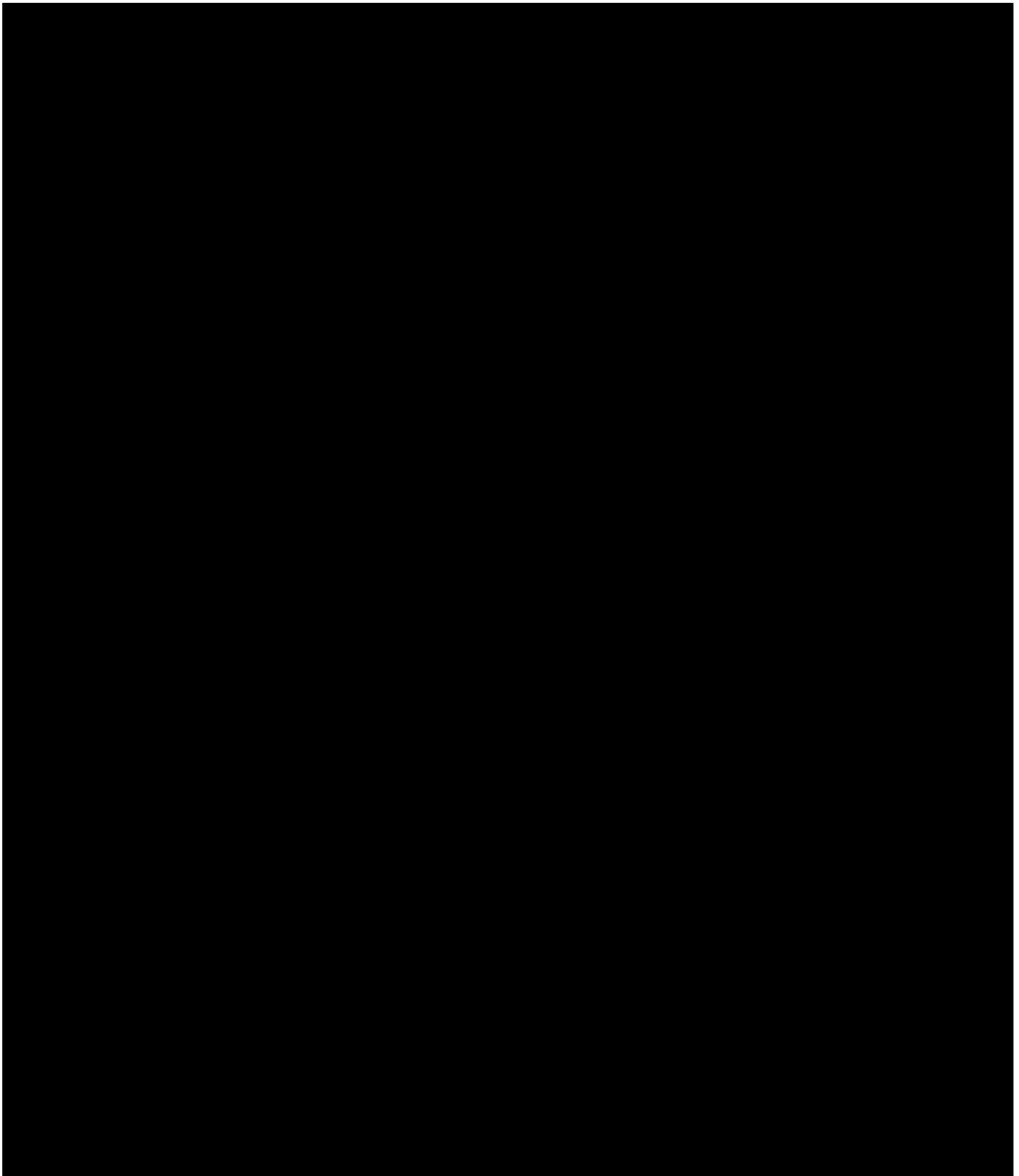


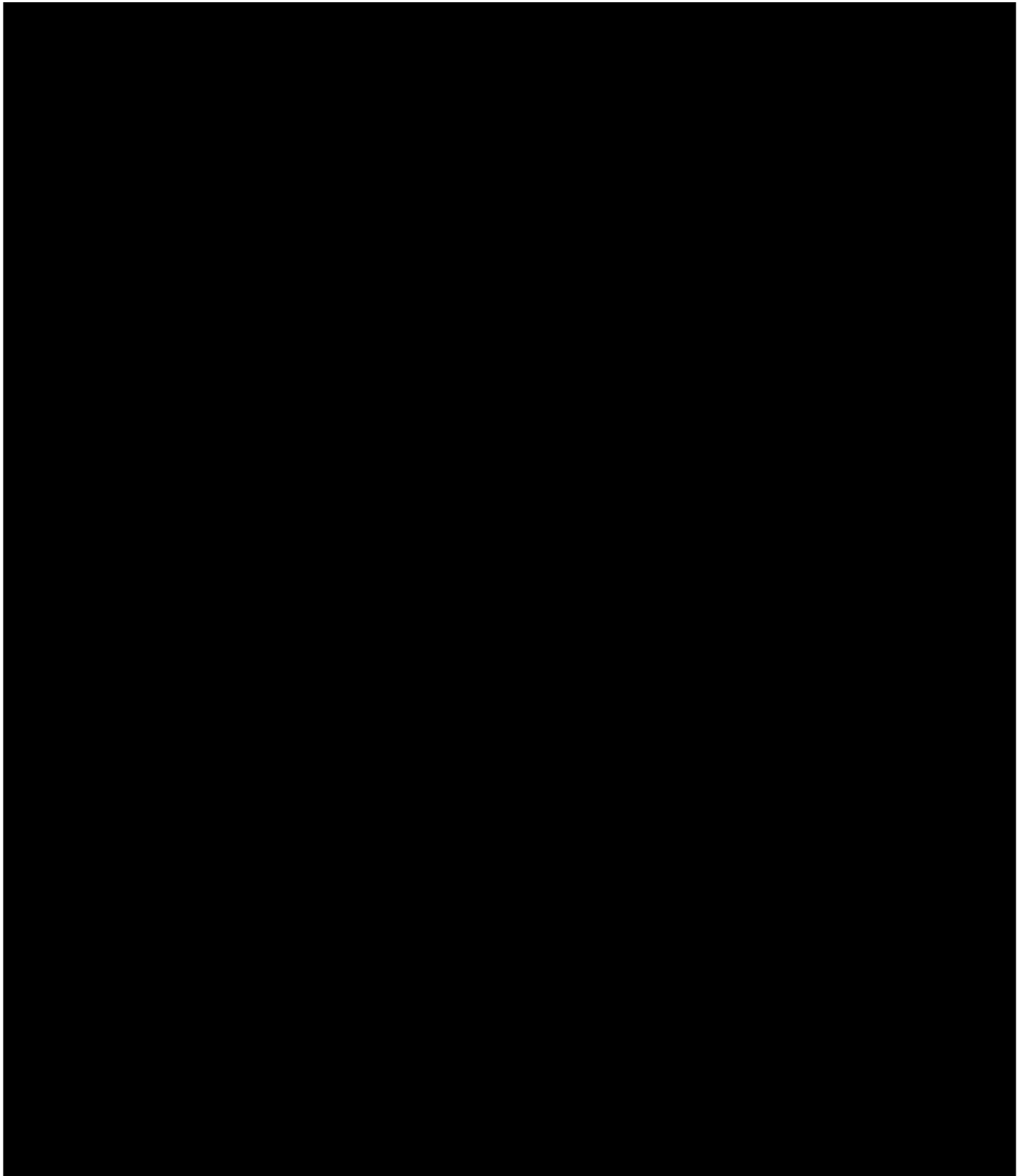


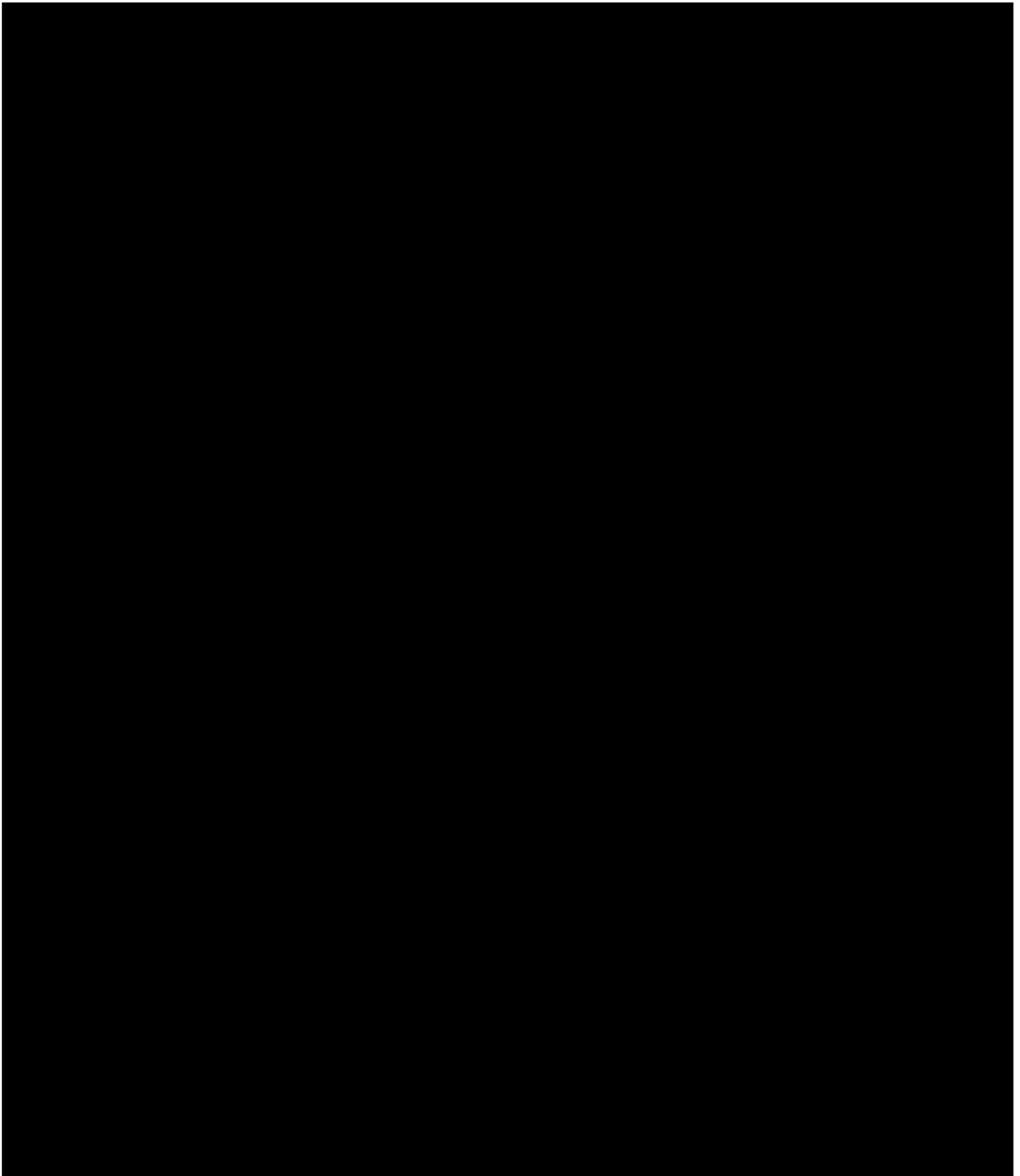


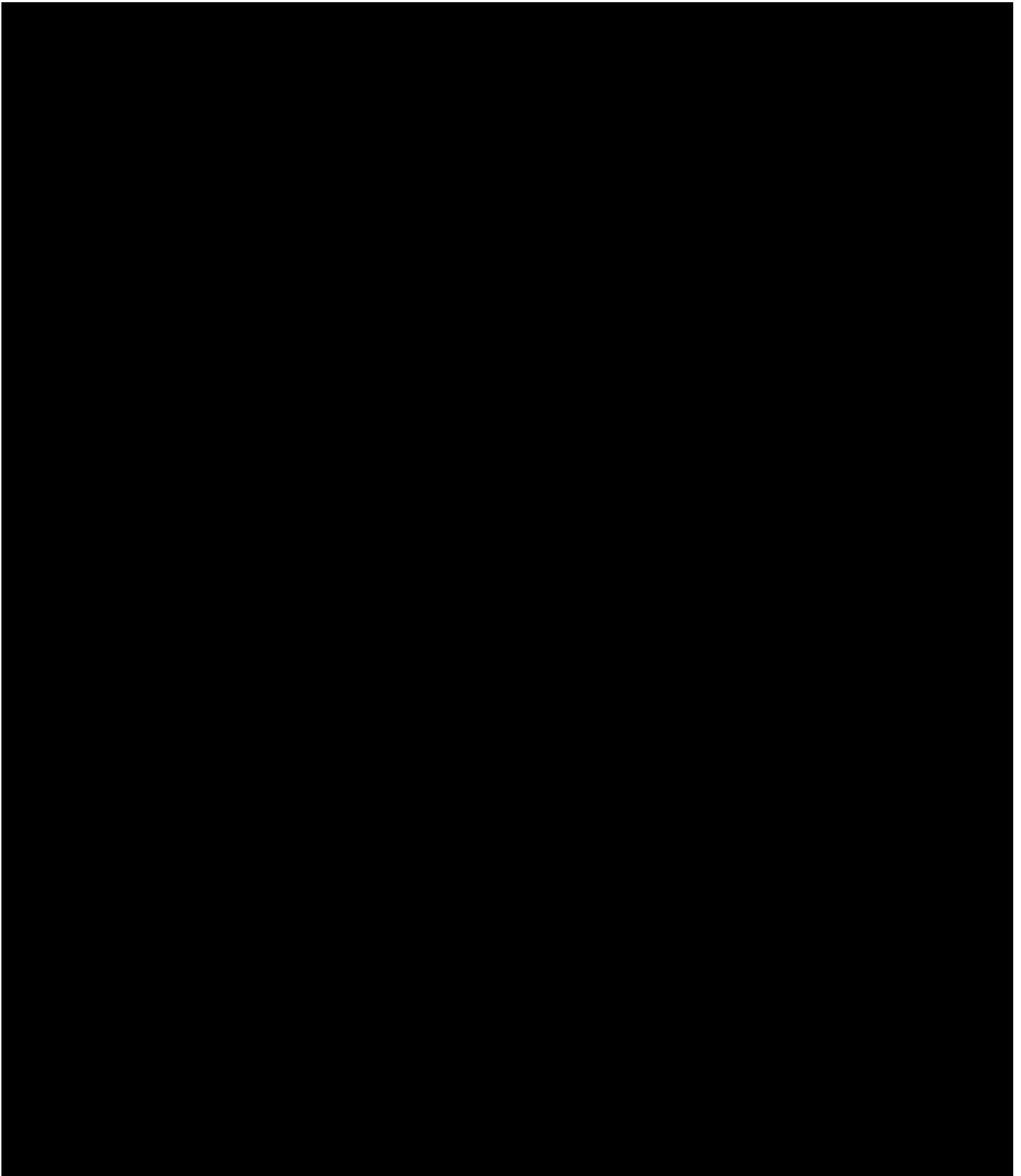


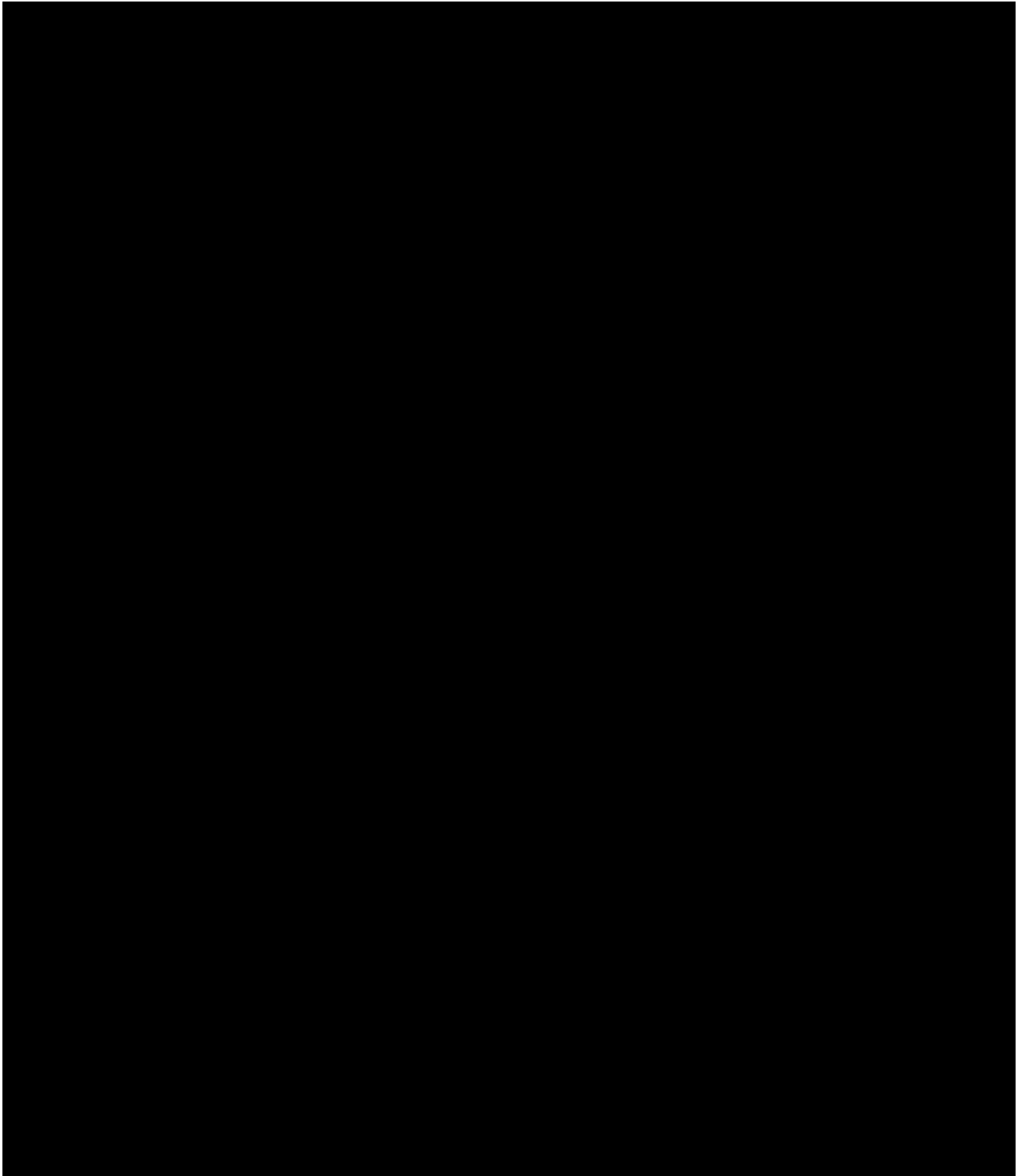


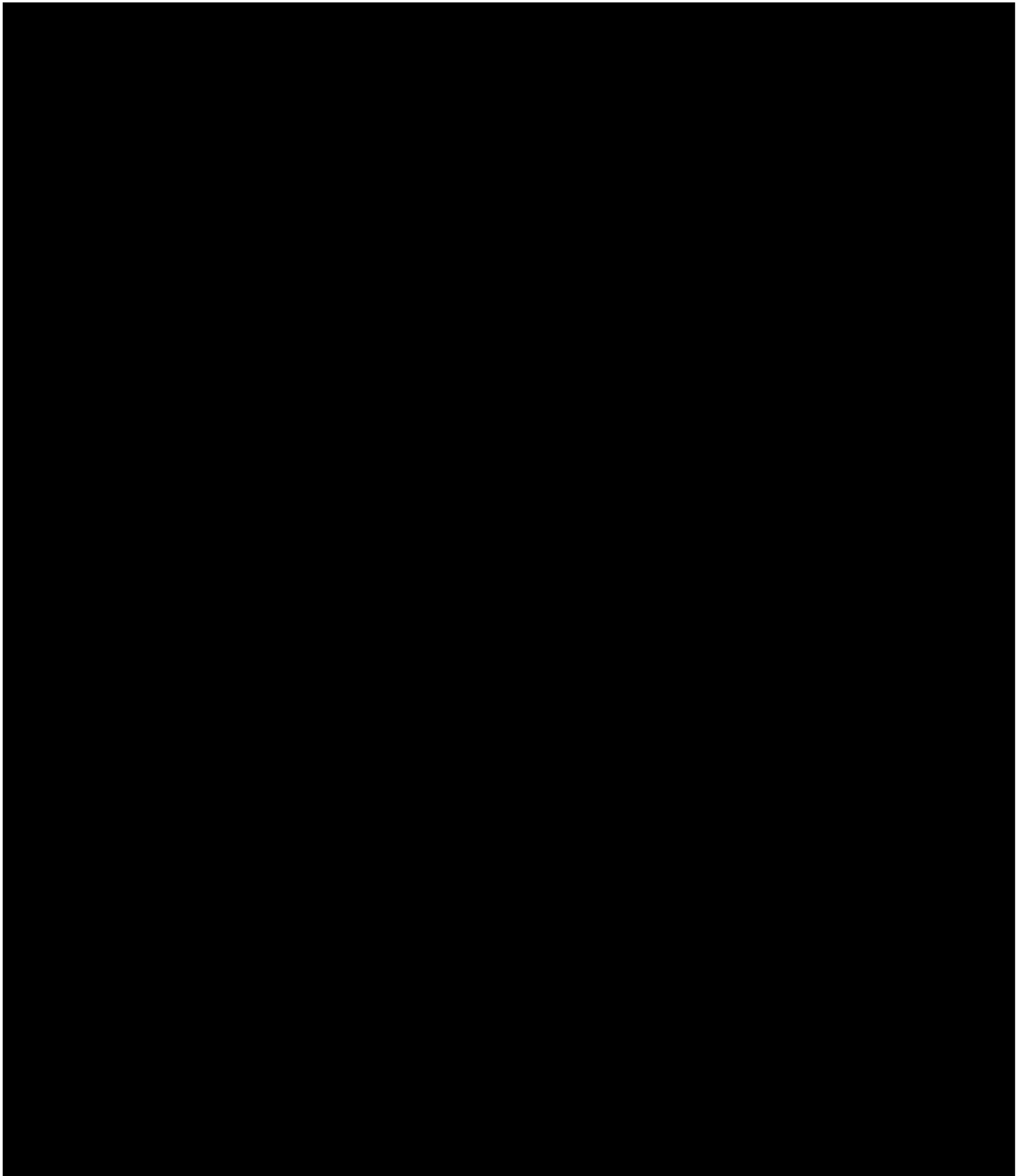


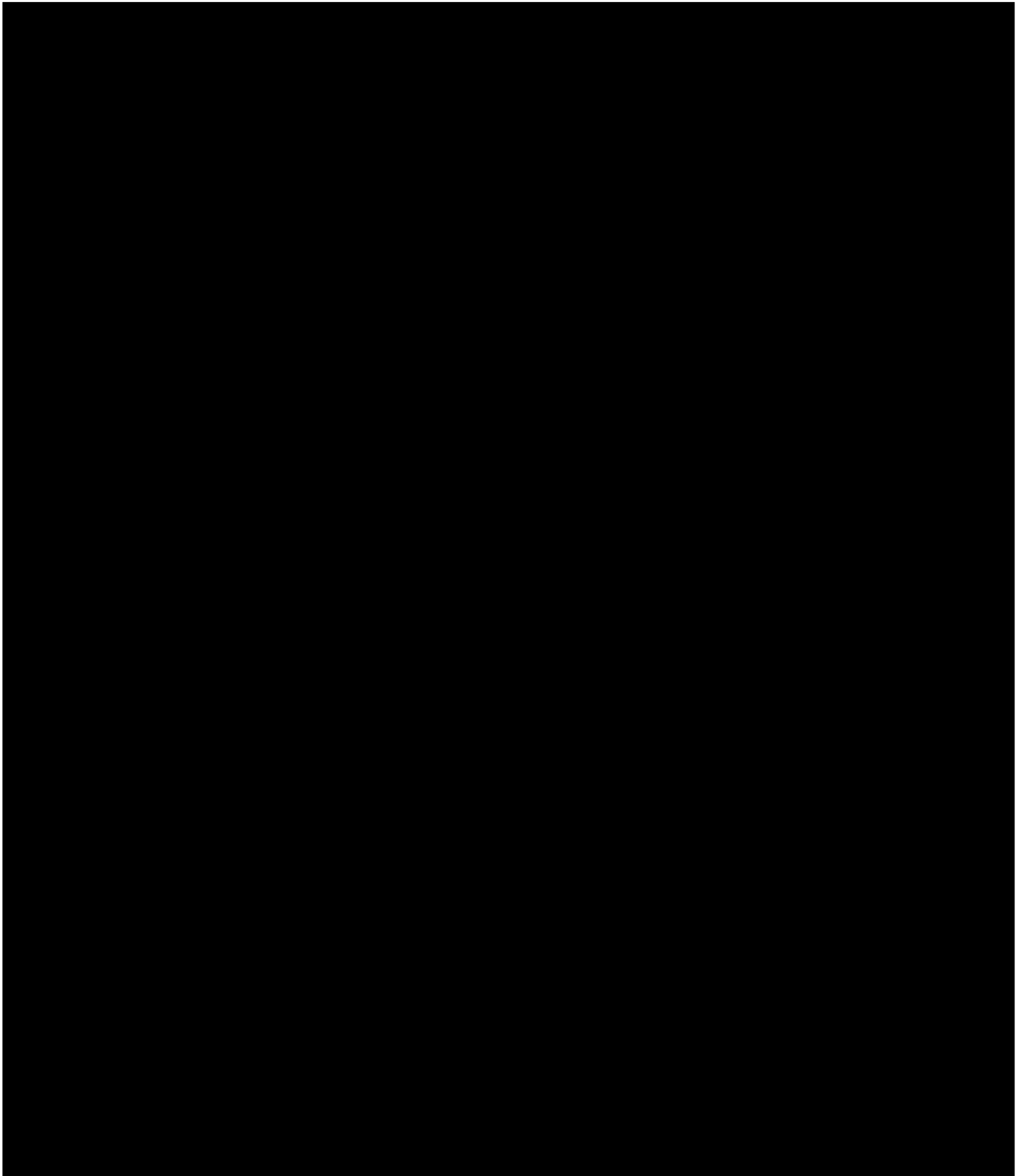


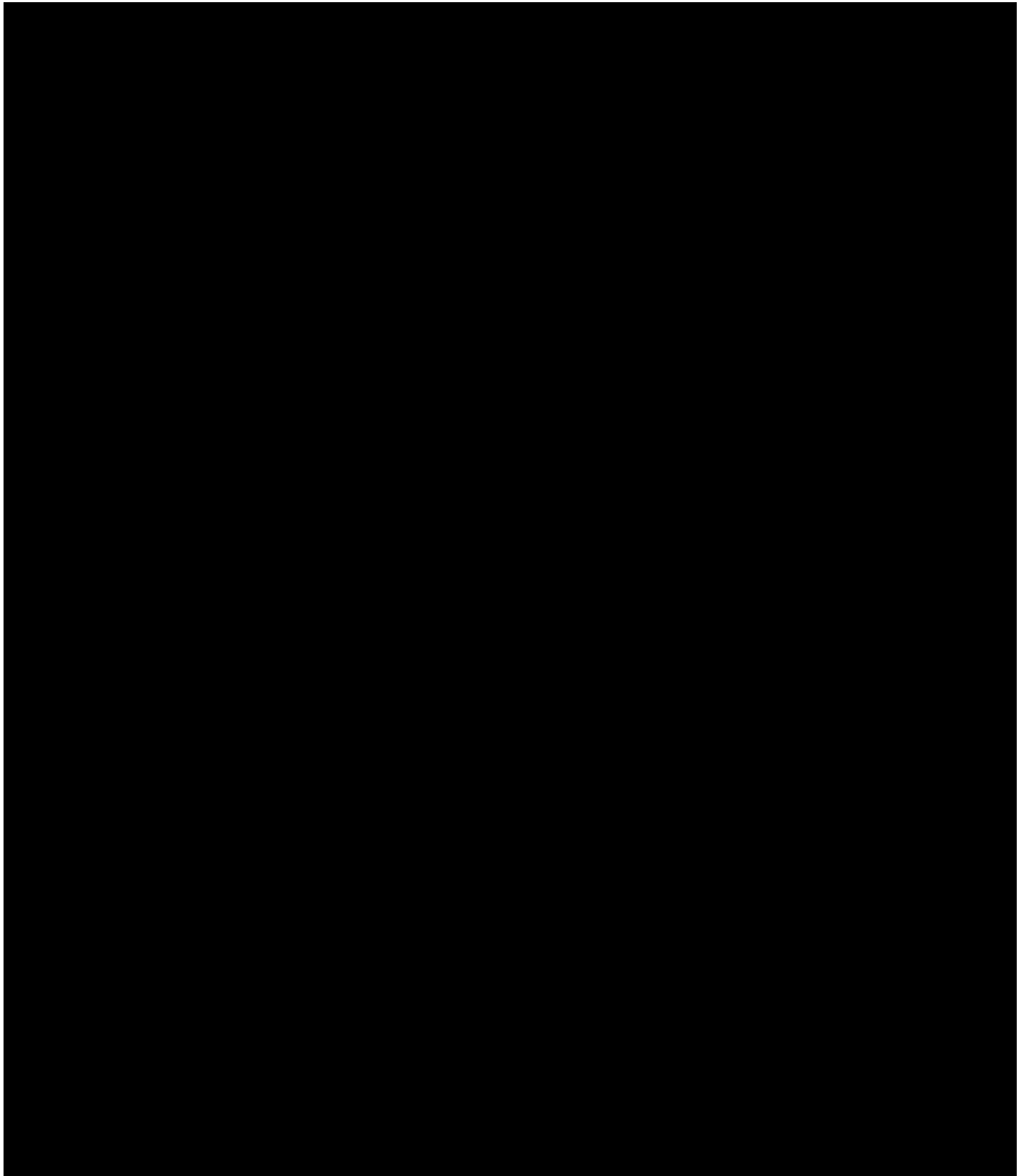


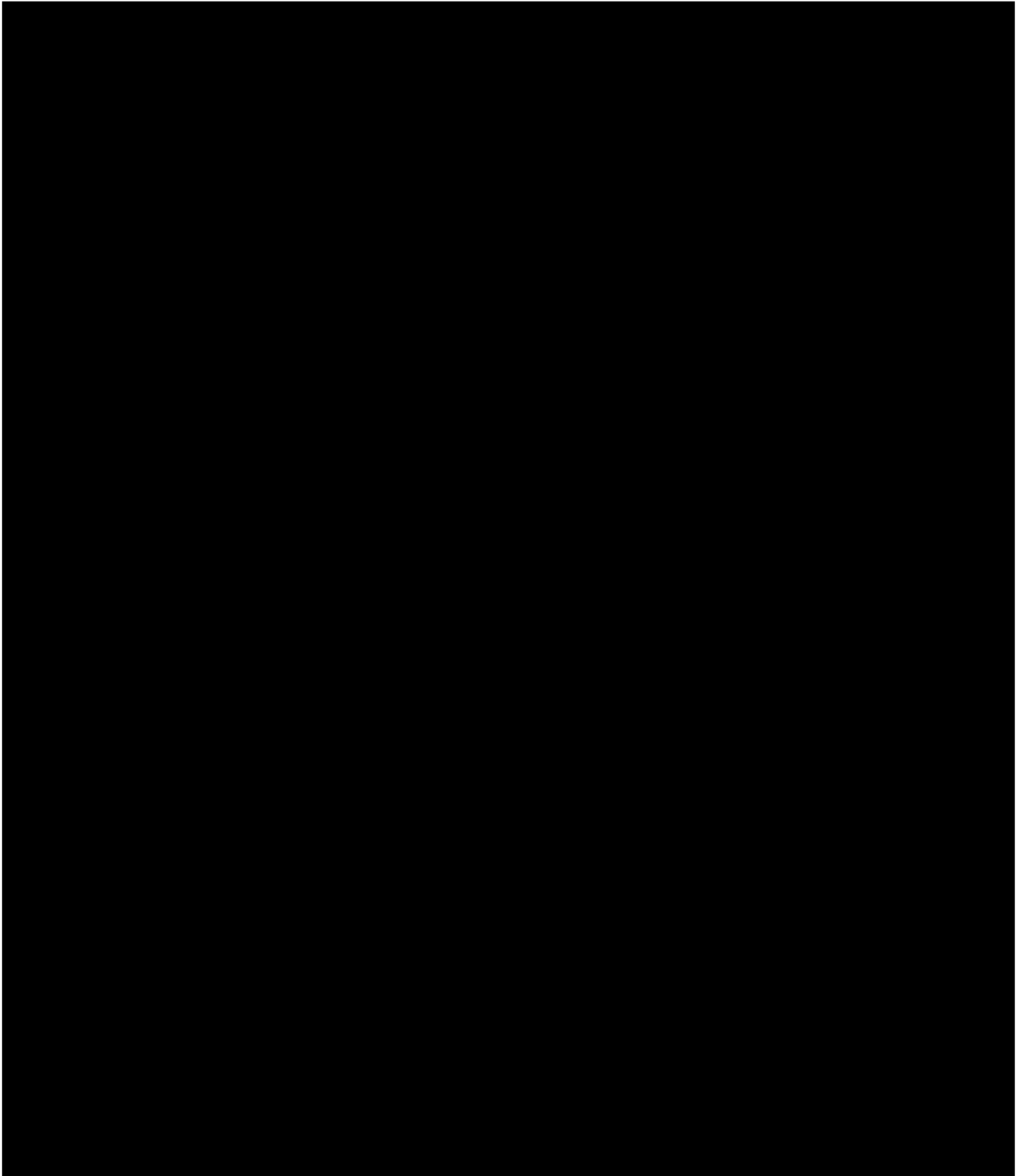


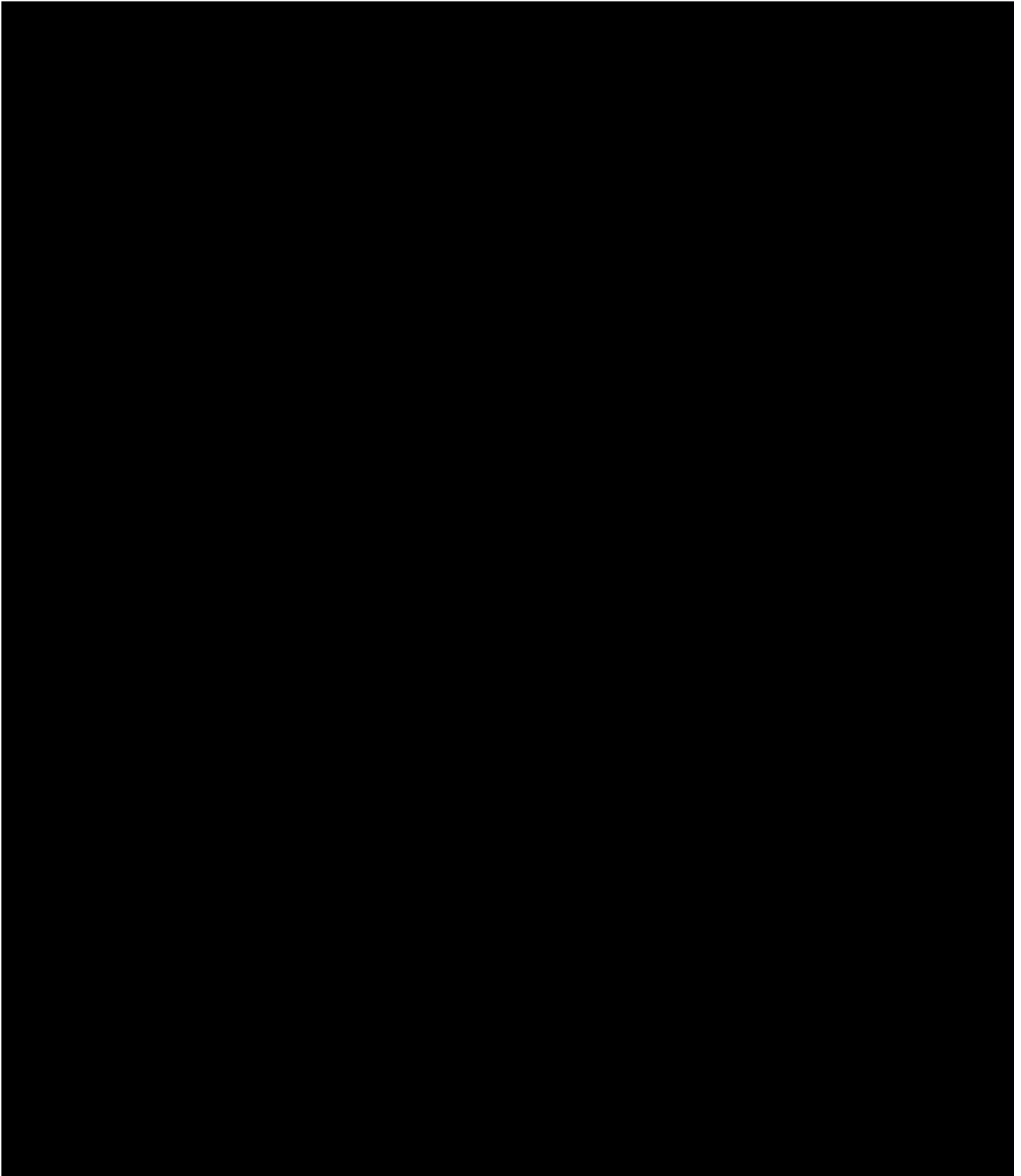


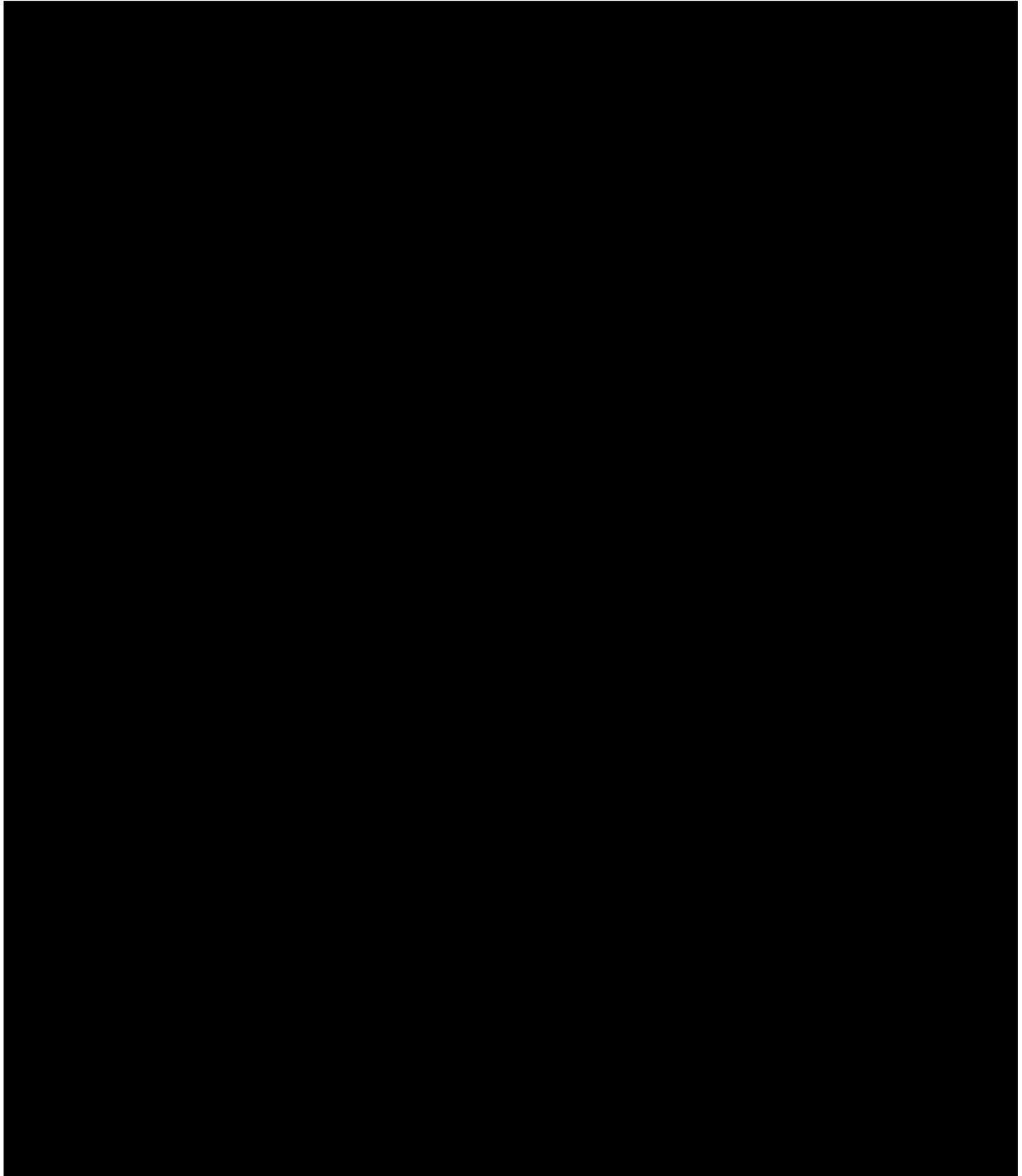


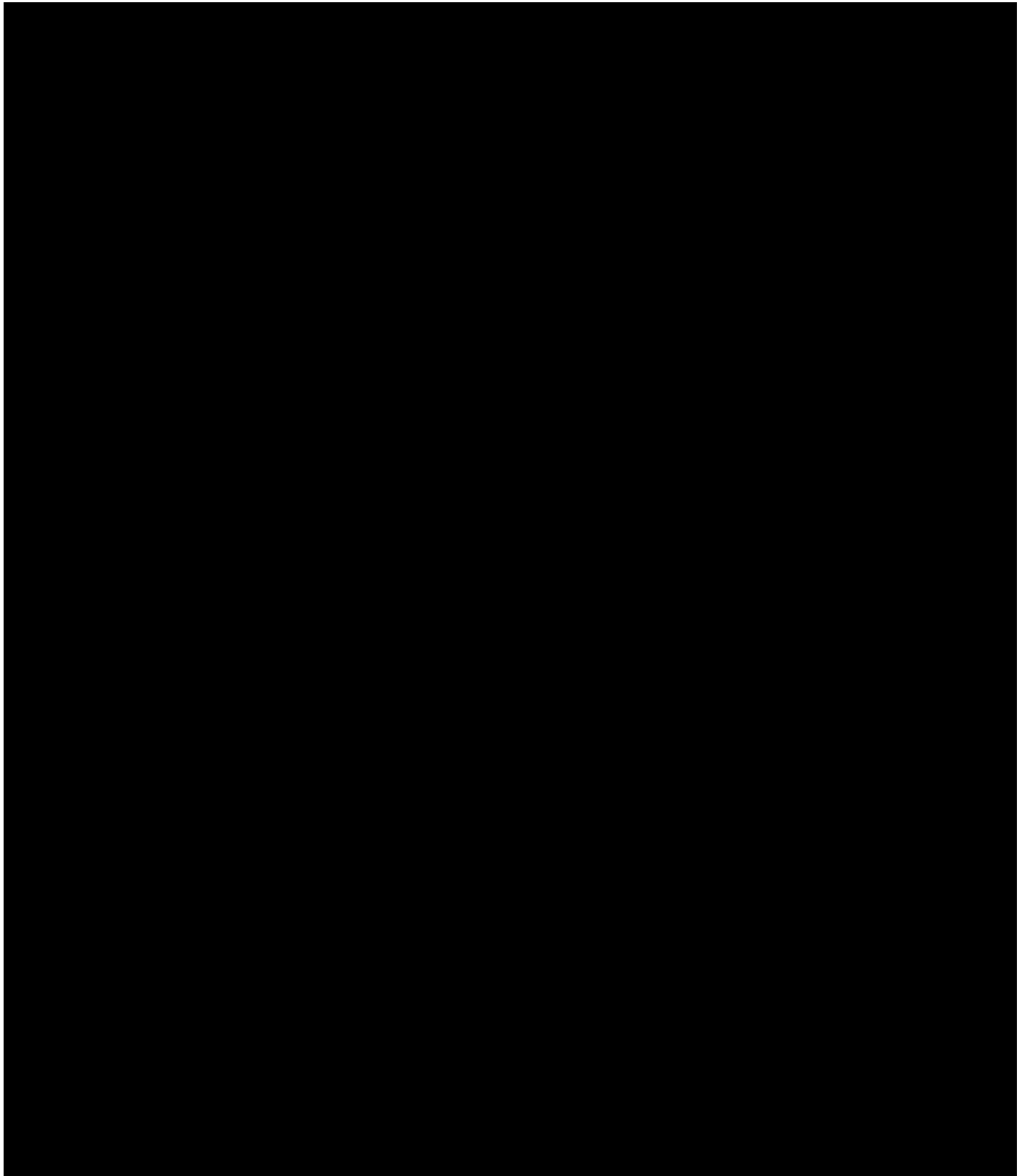




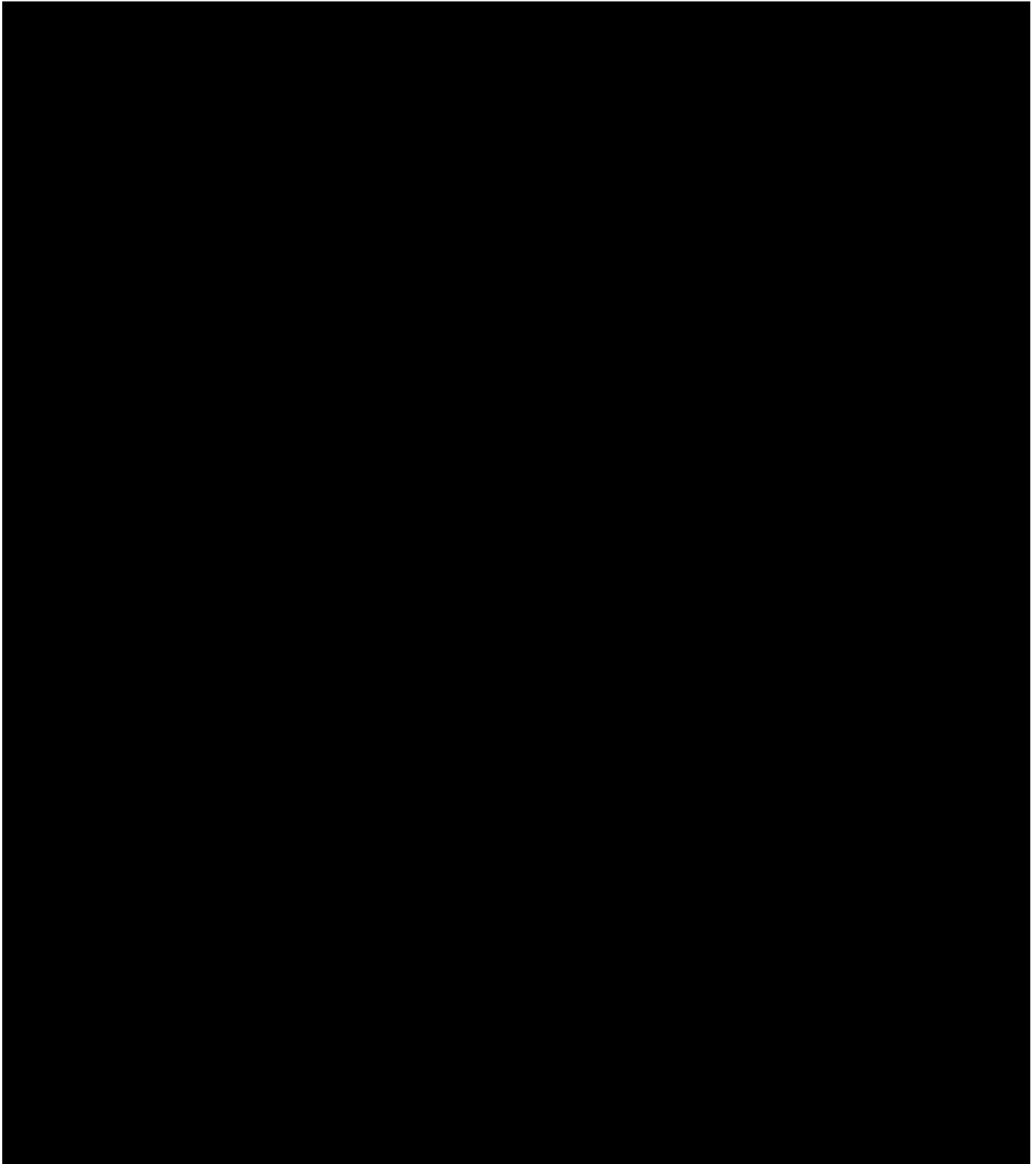


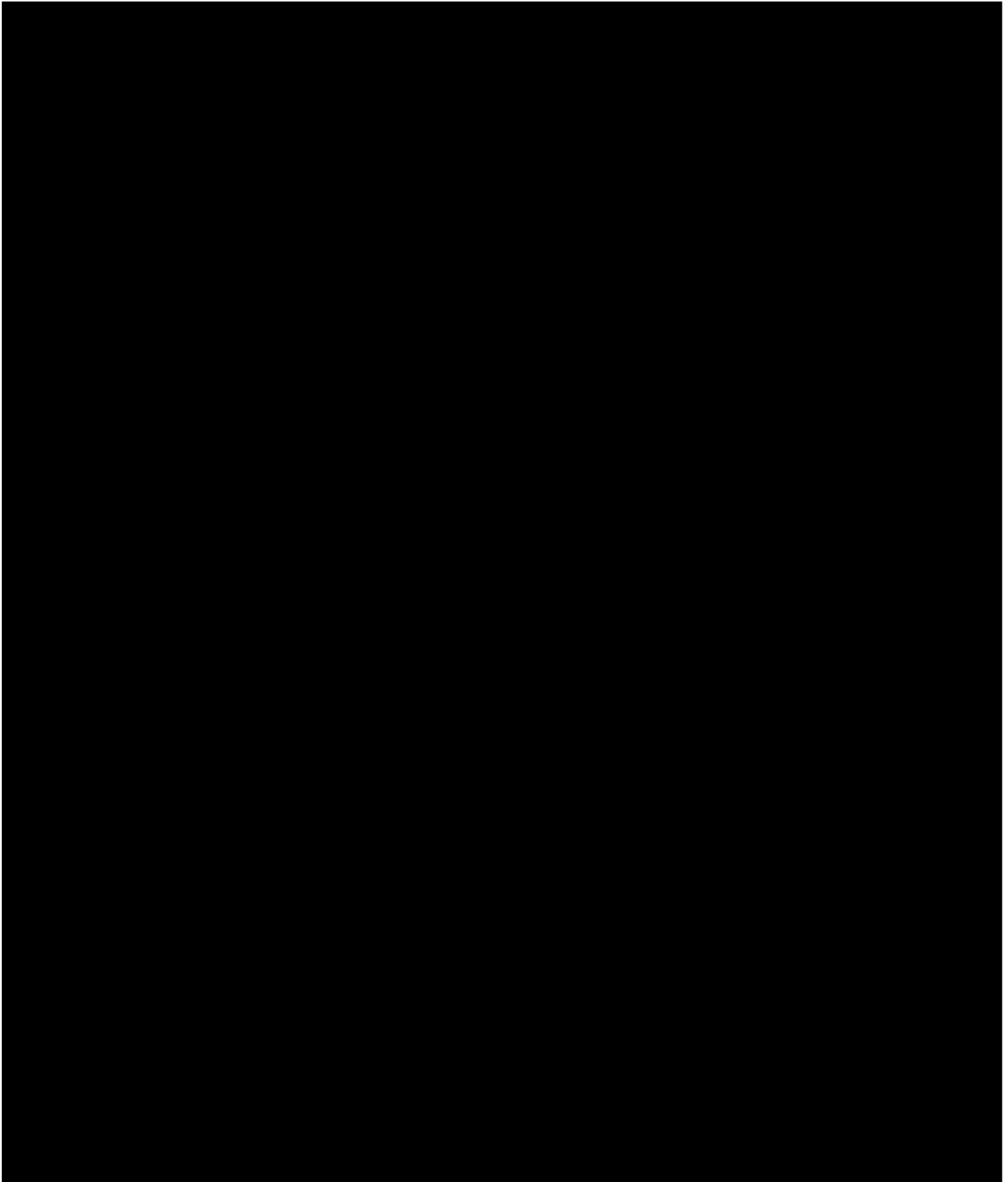


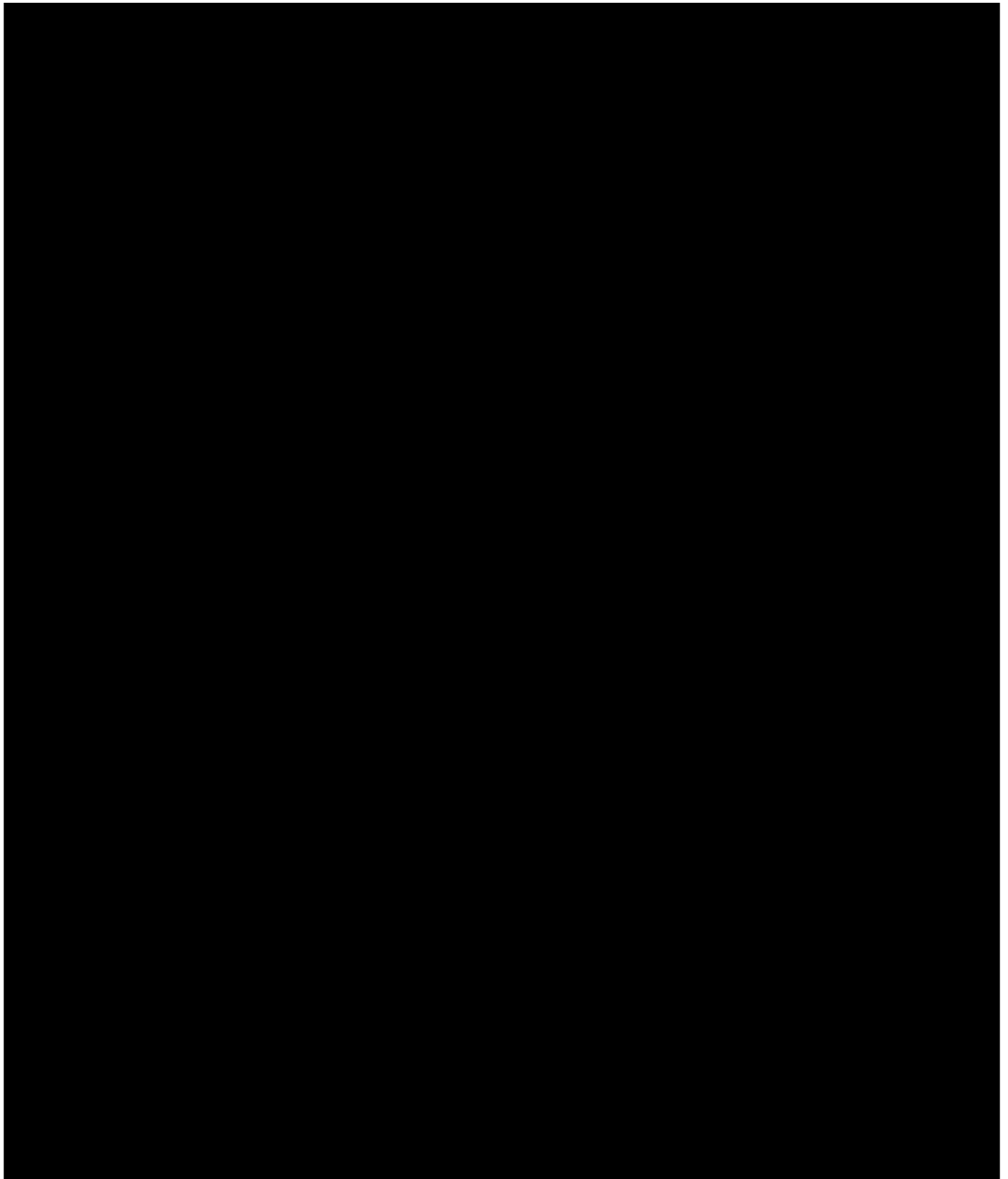


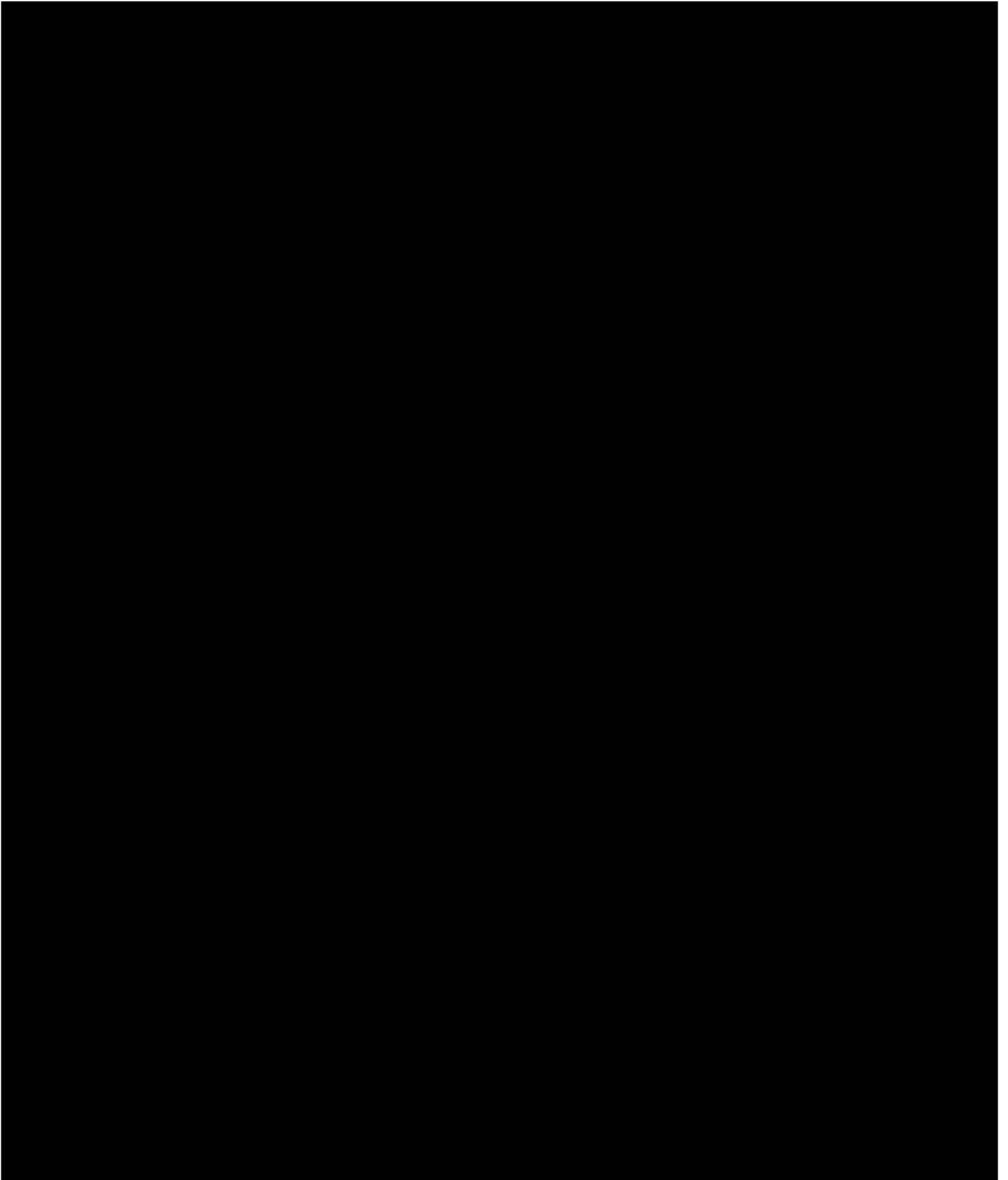


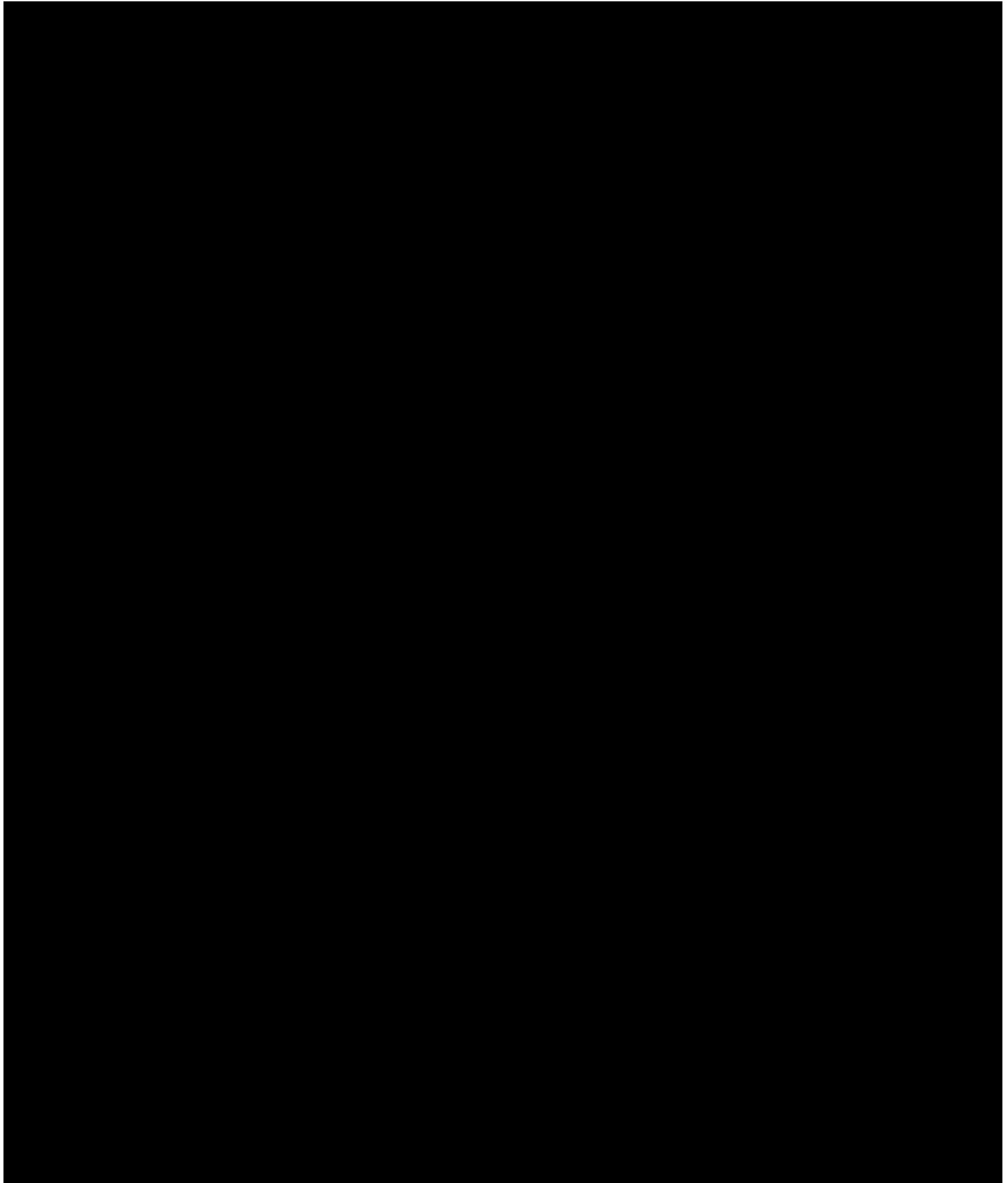
Appendix C: usTLD Security Control Matrix

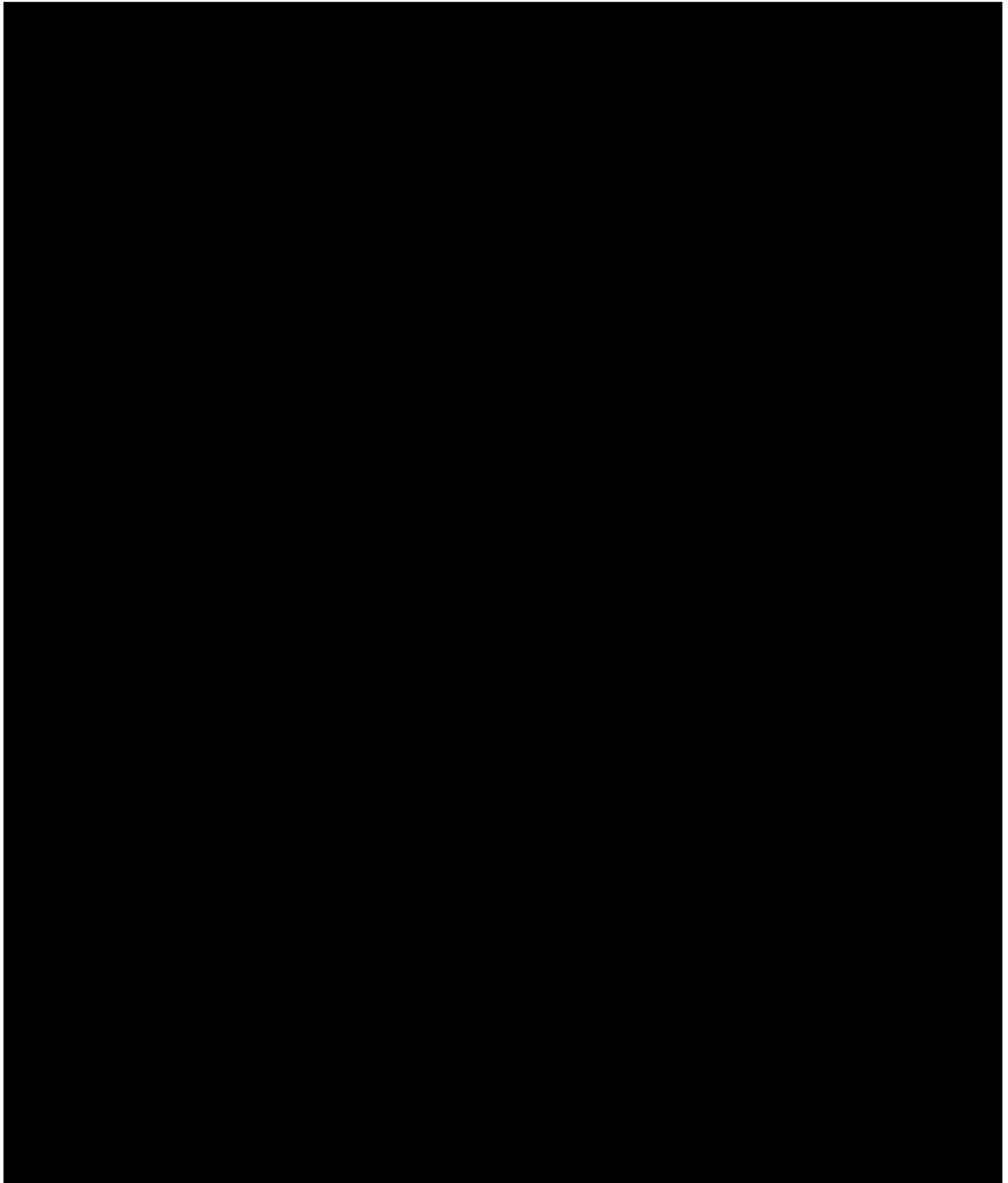


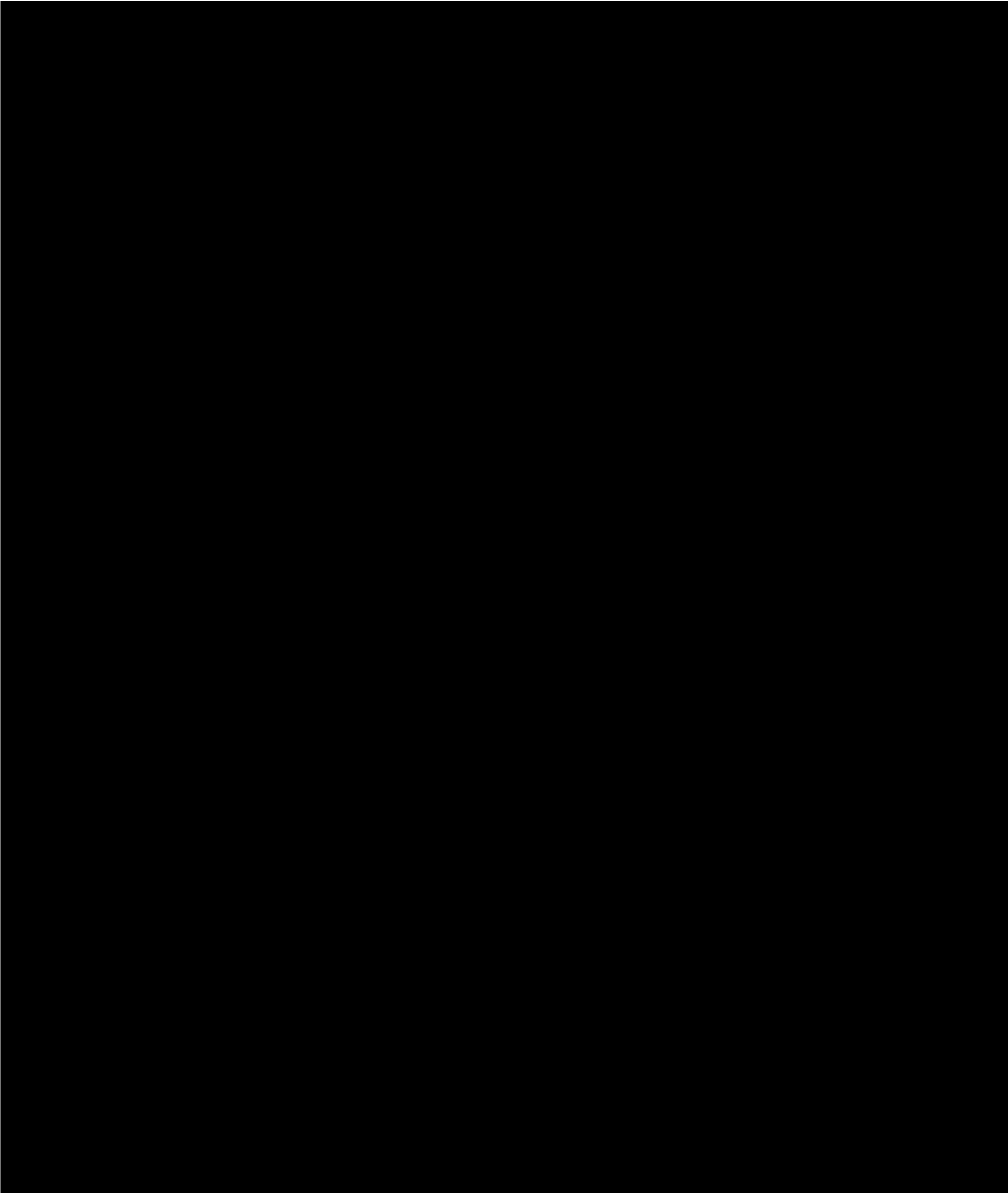


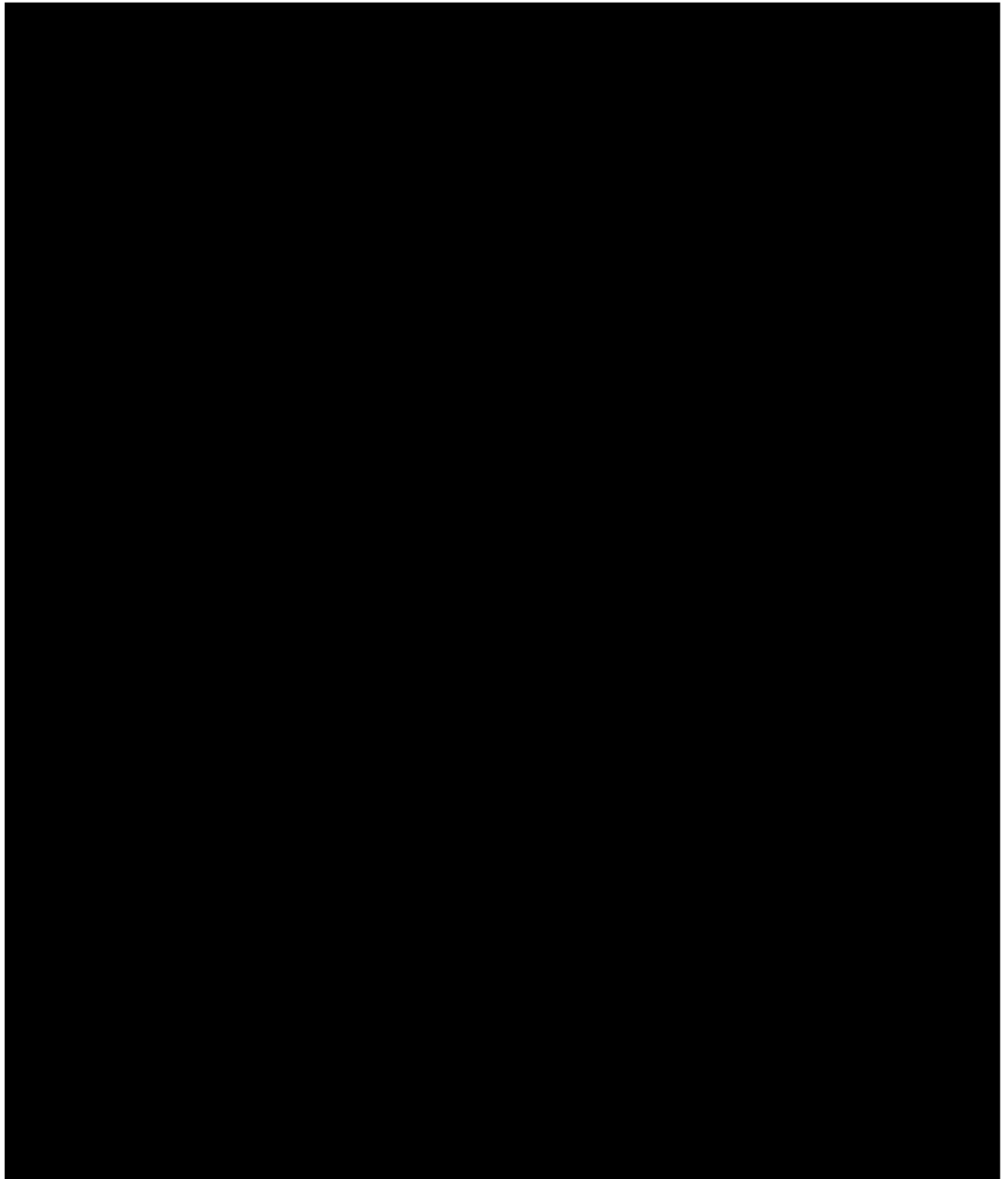


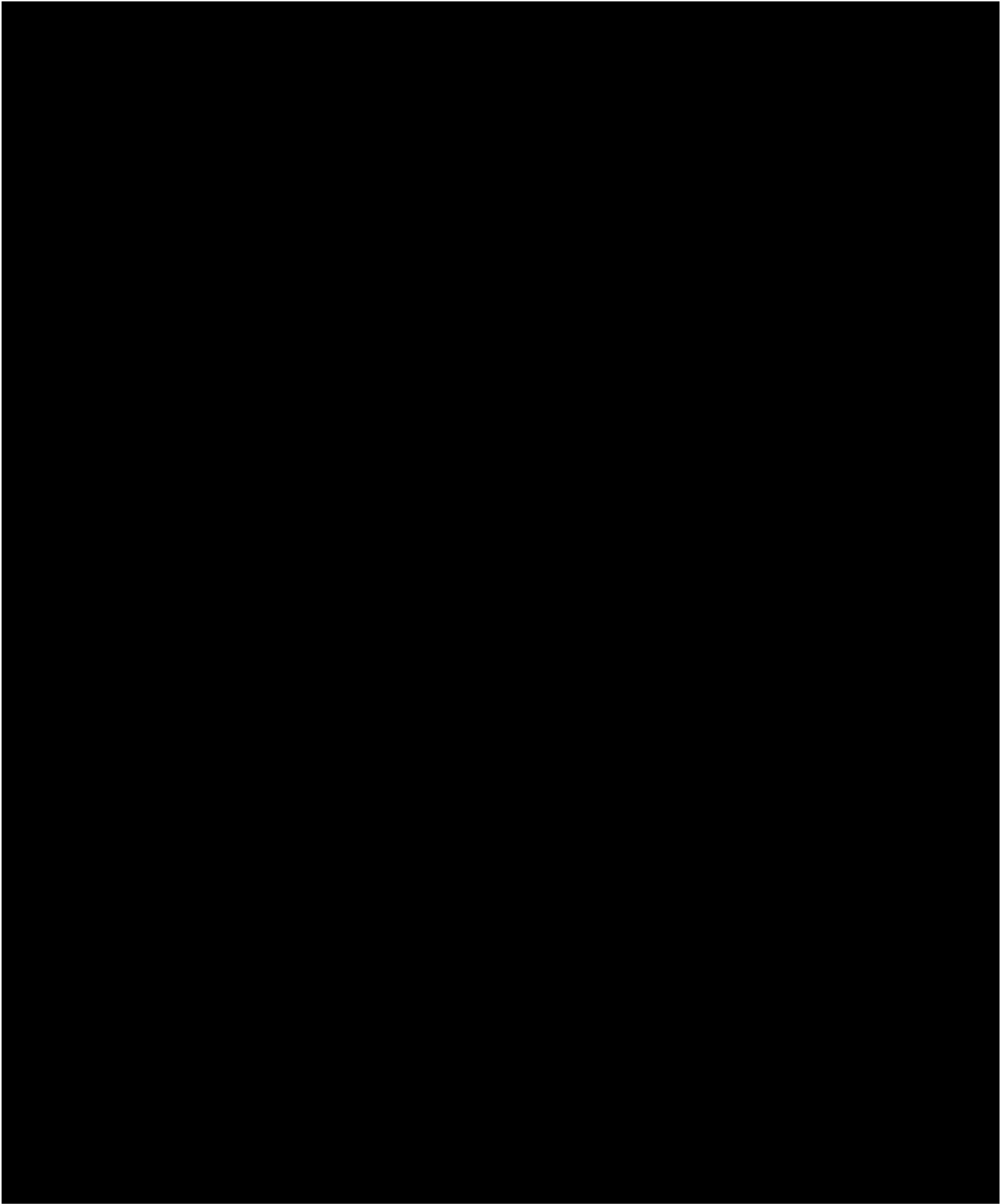


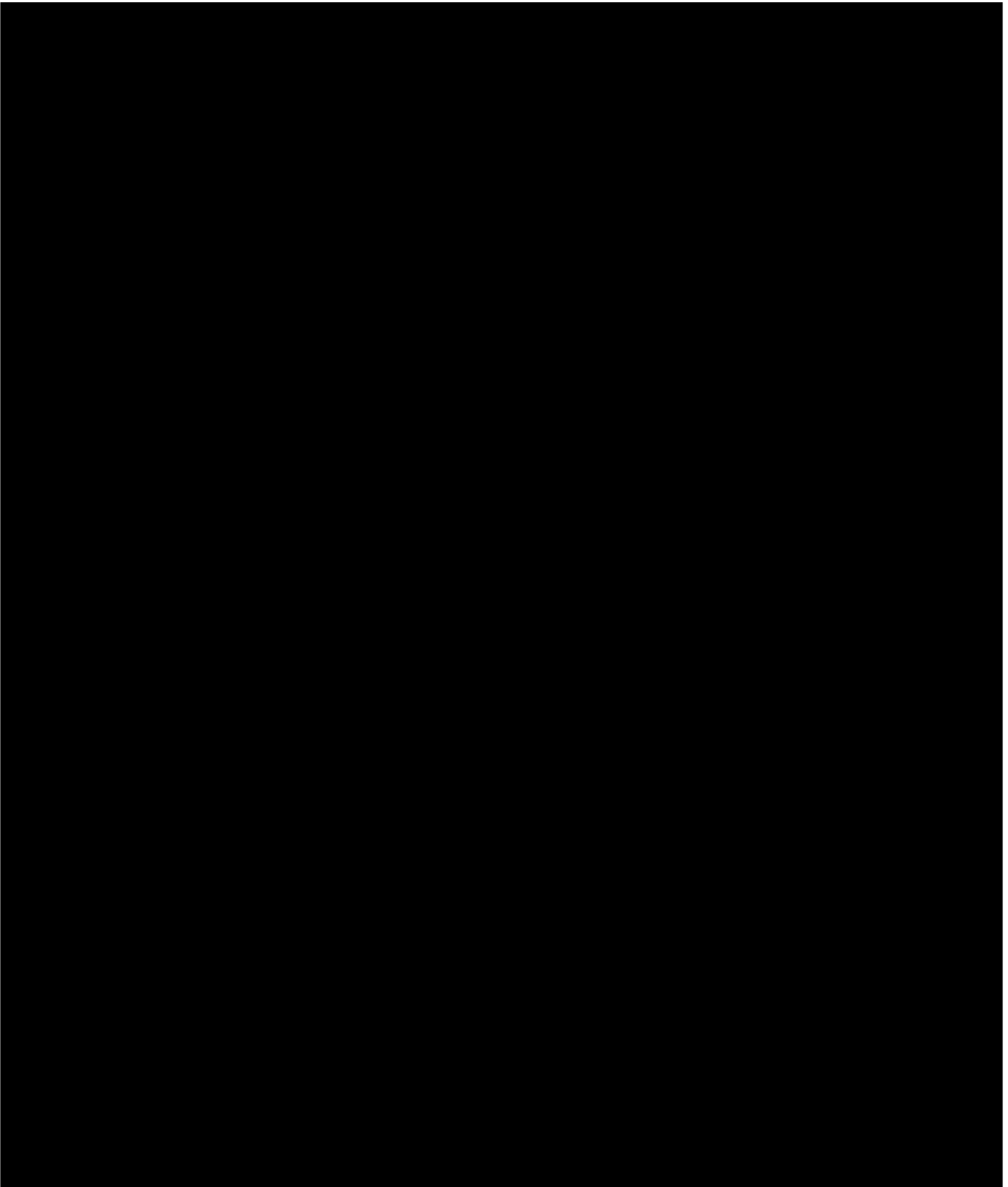


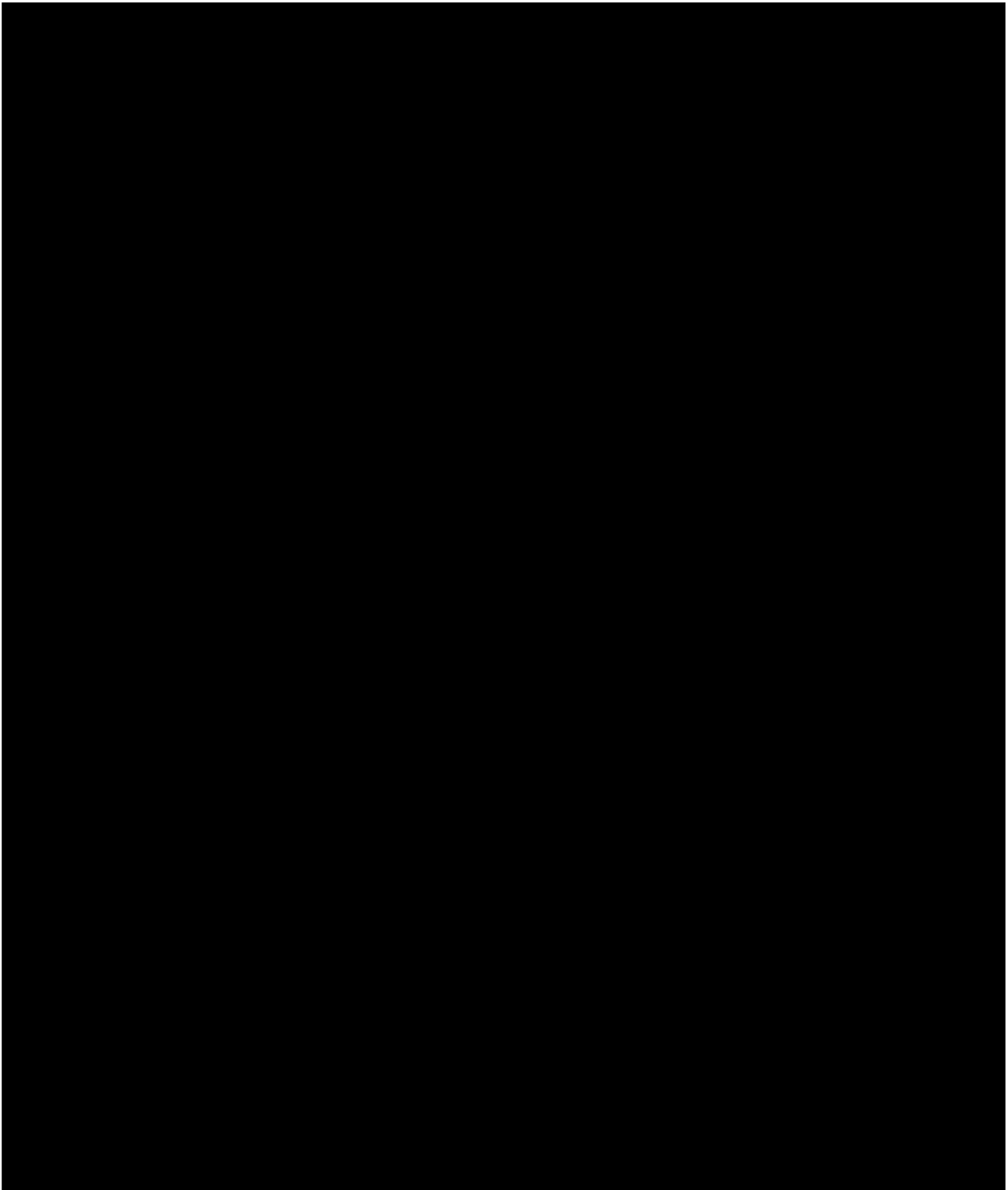


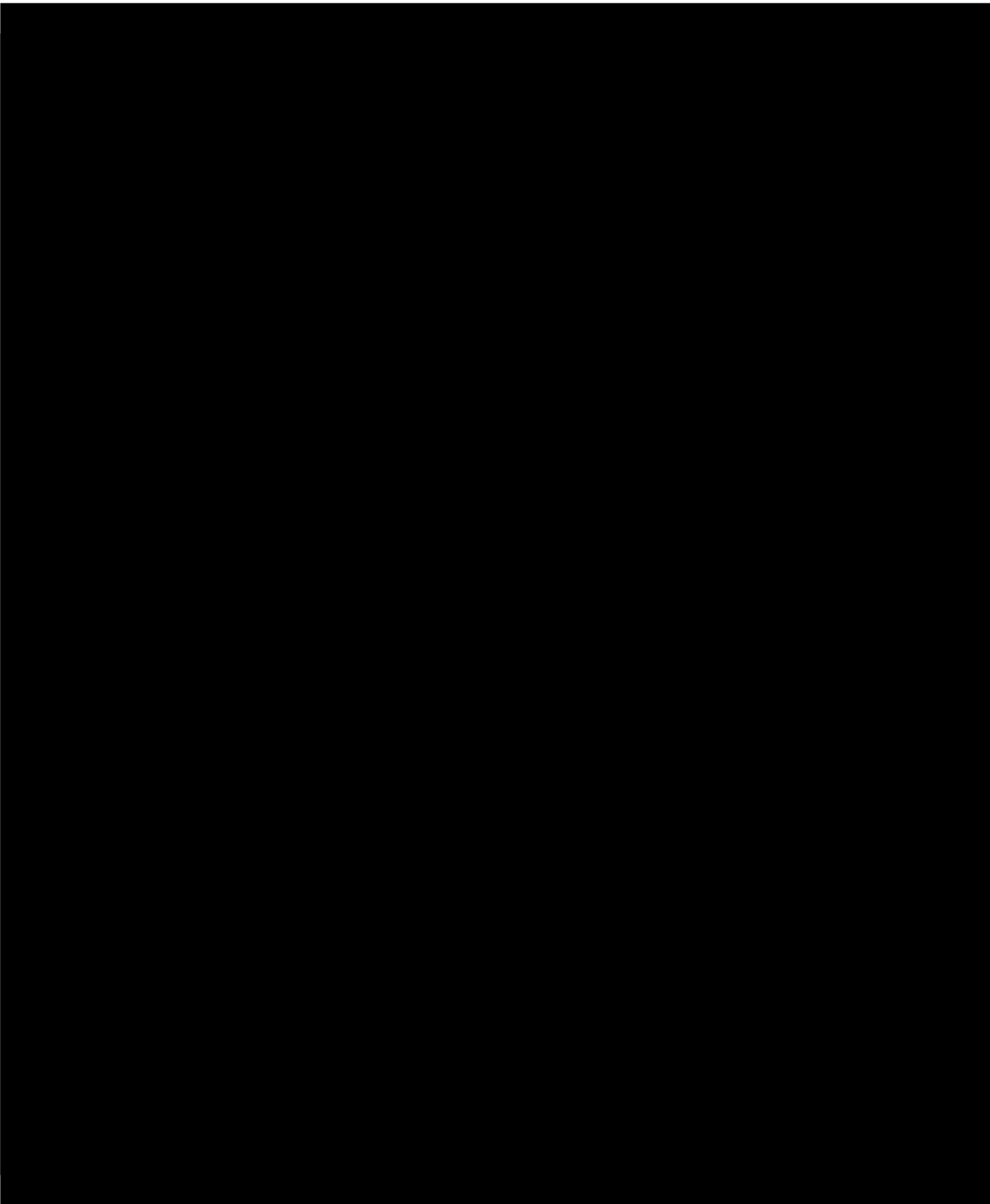


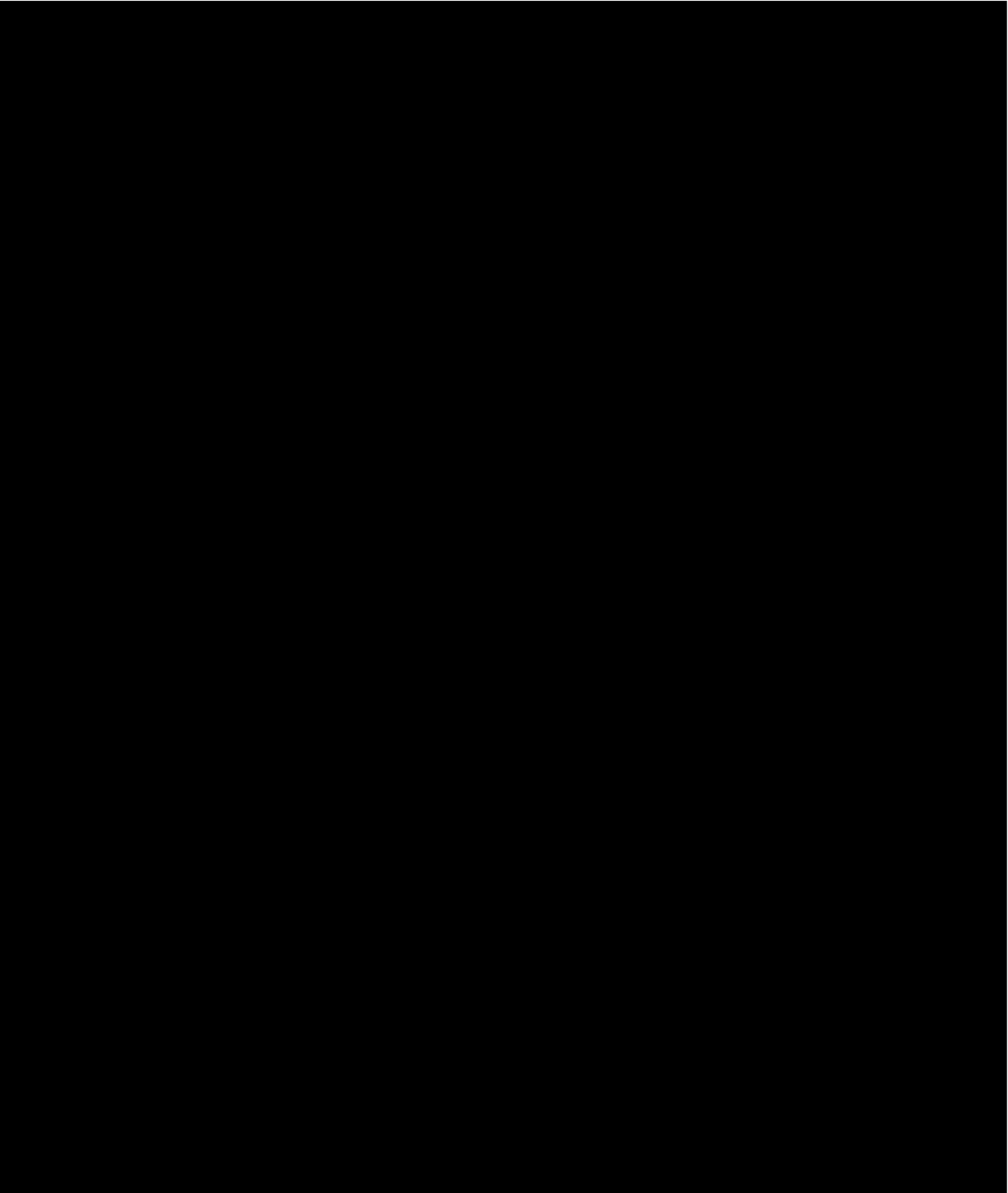


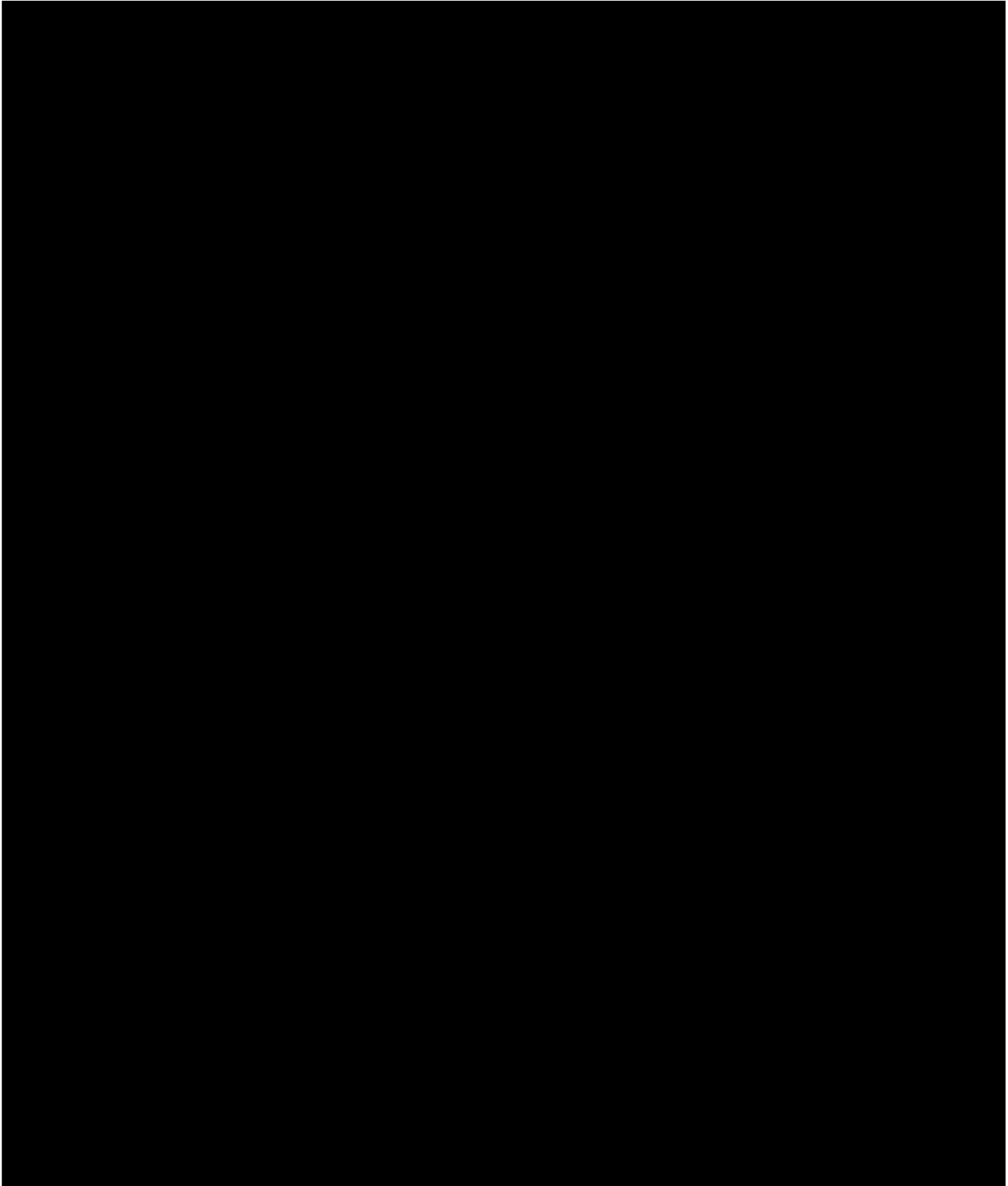


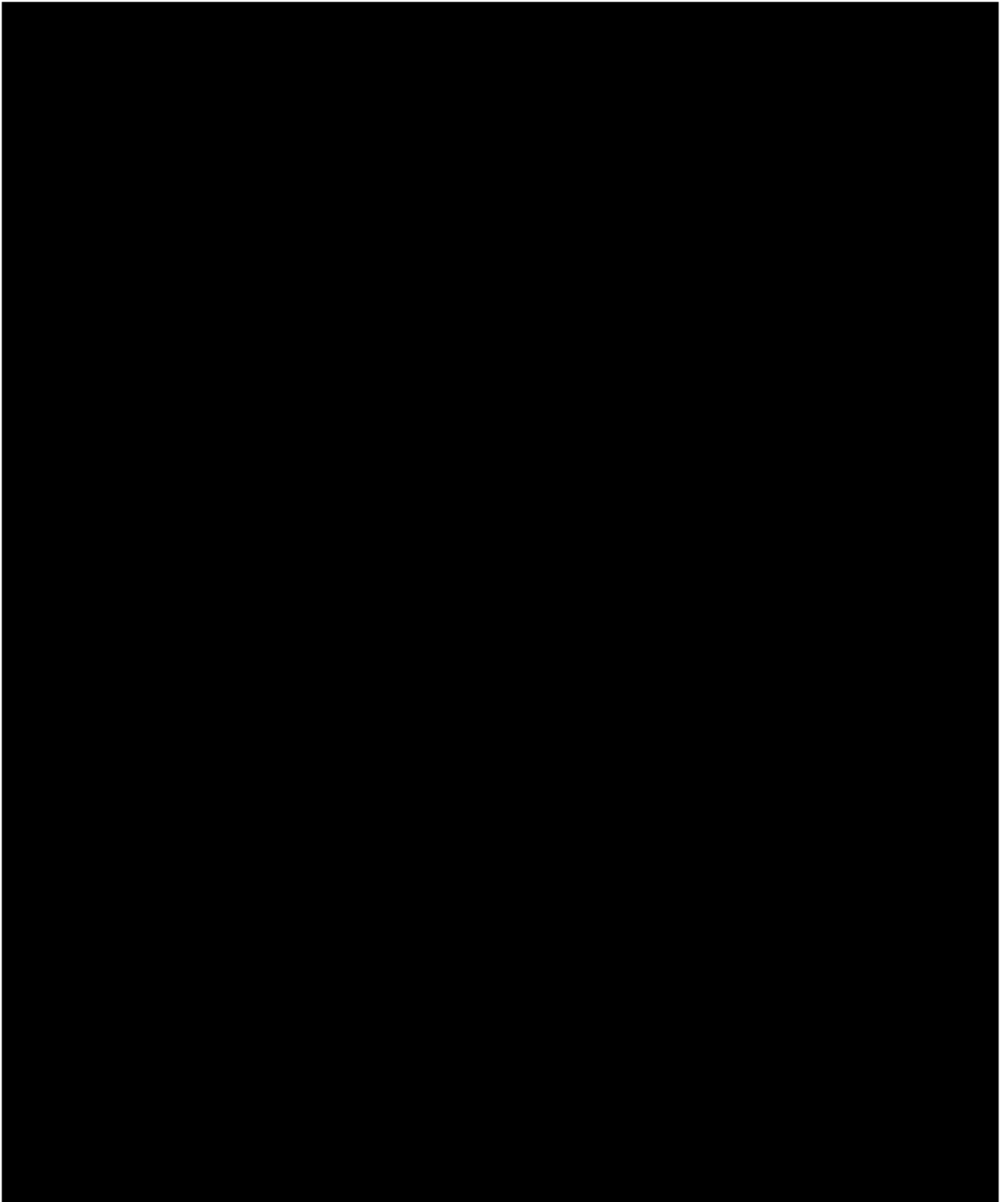




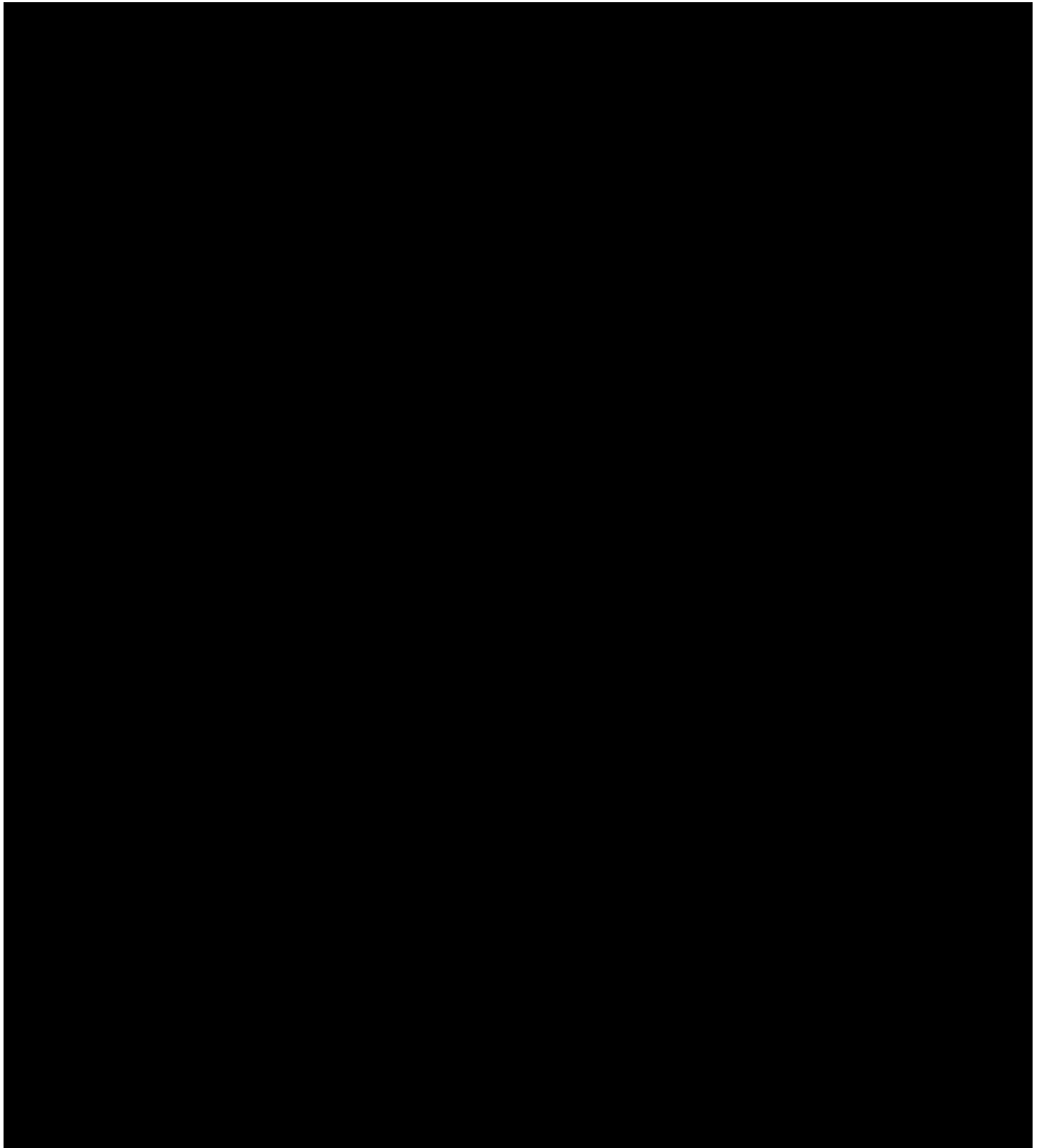


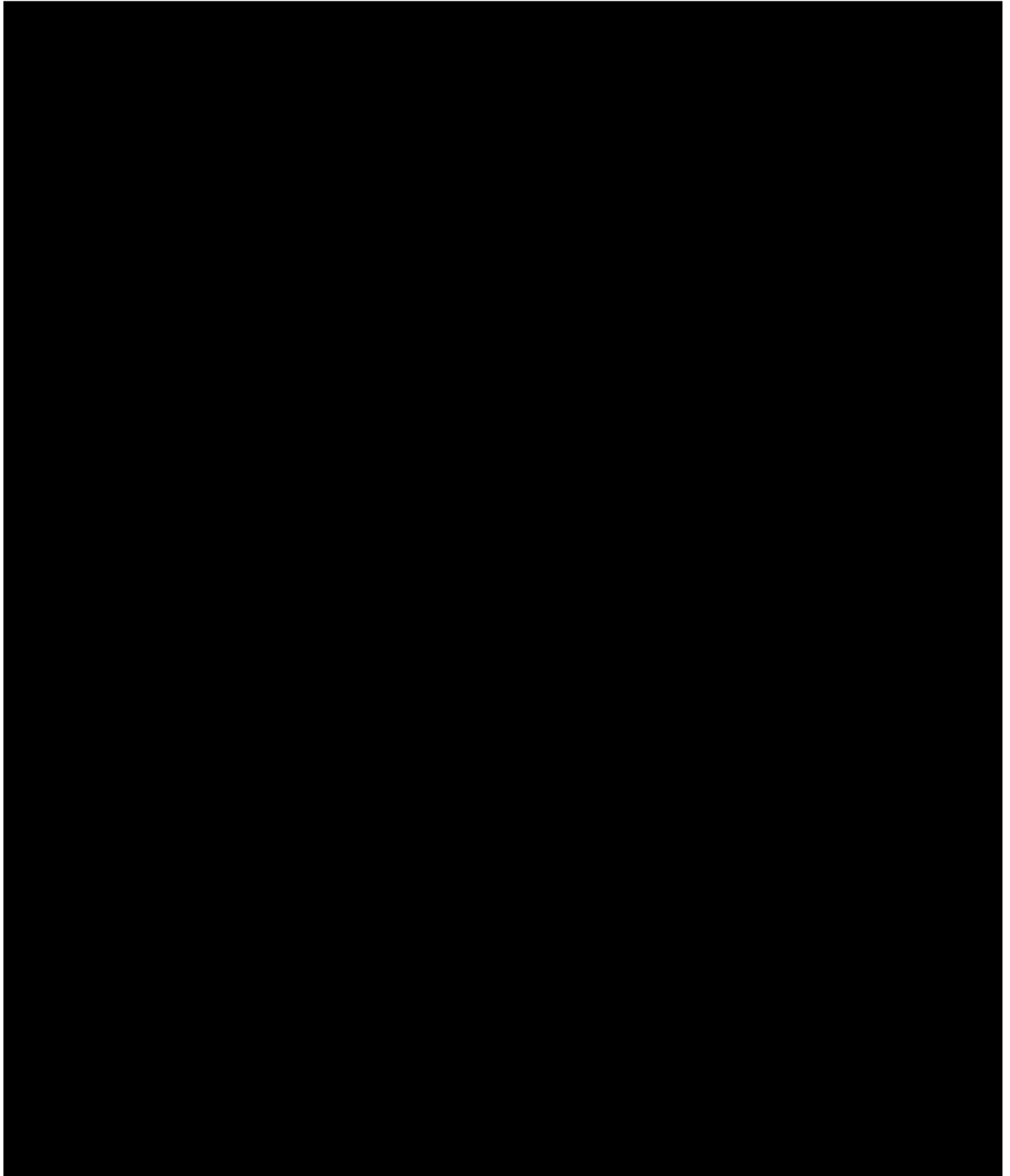


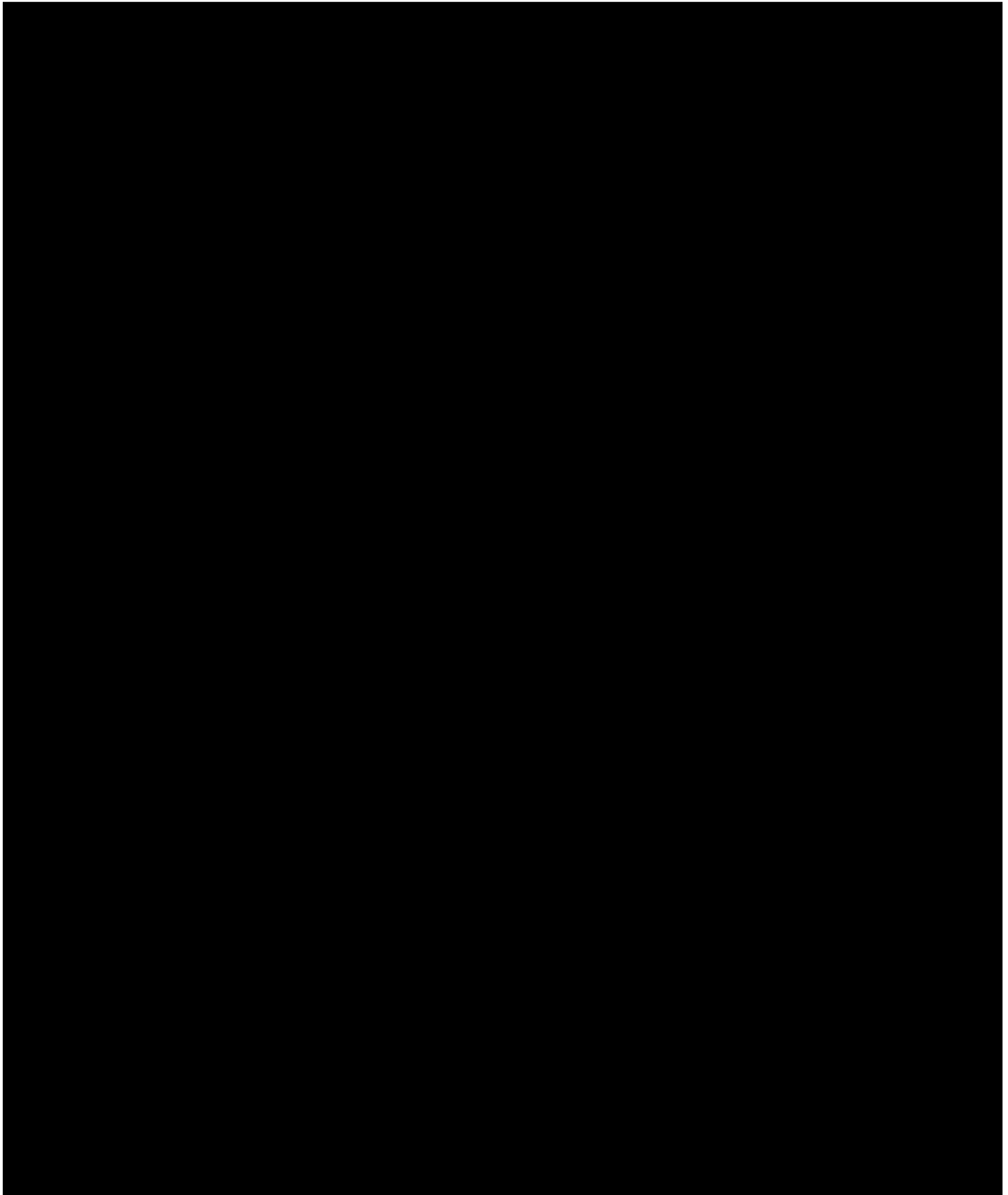


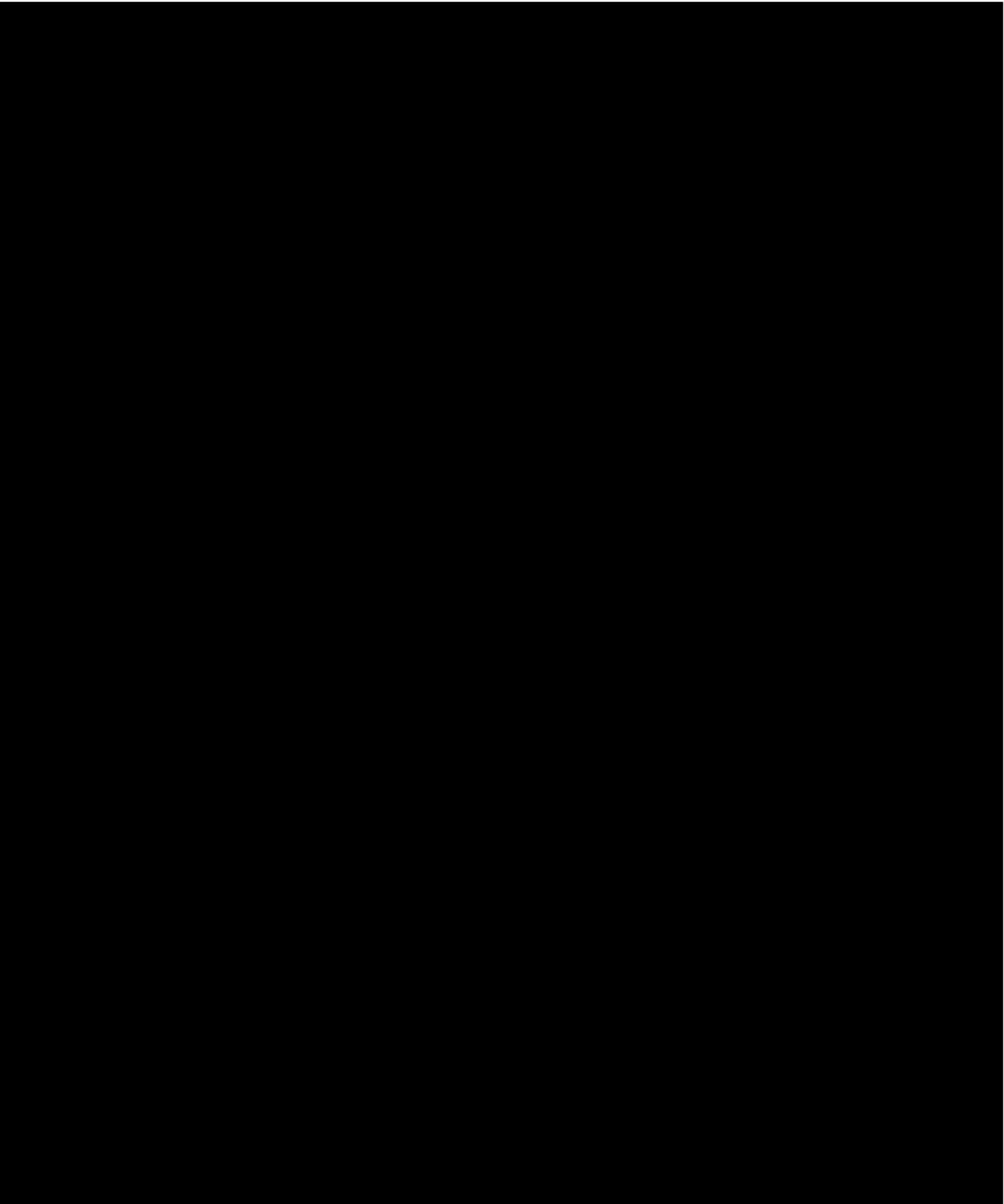


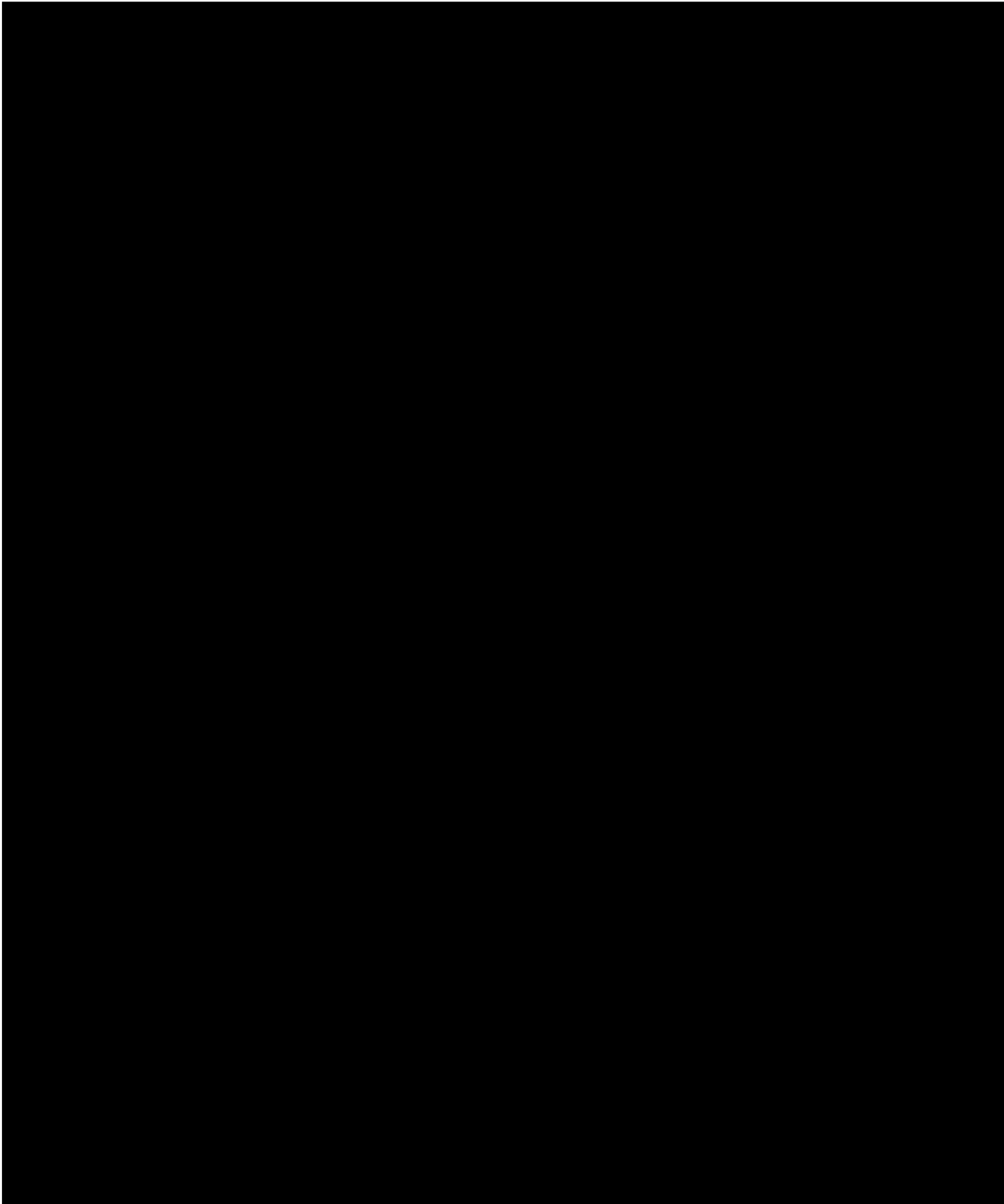
Appendix D: Key Personnel Resumes

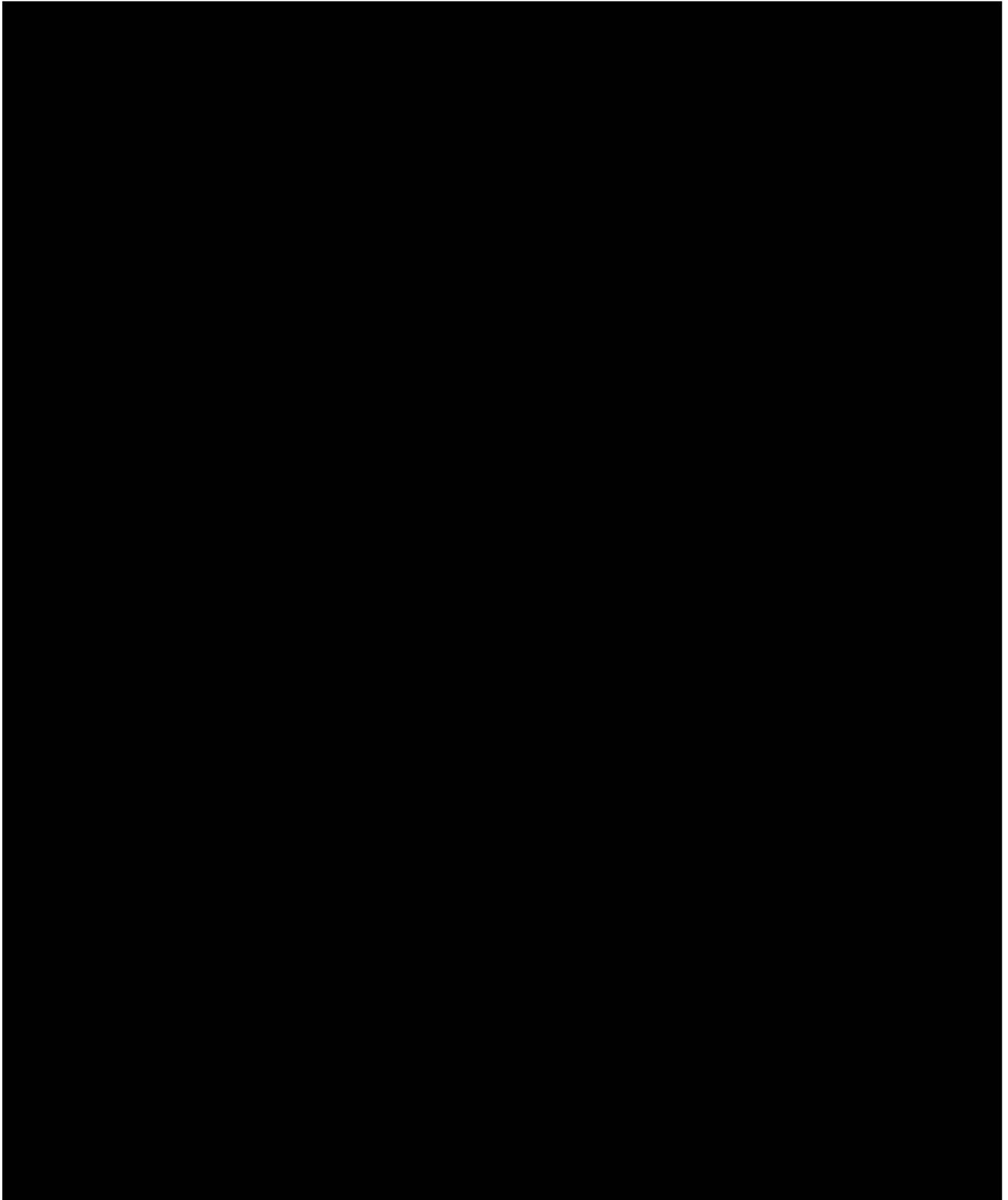


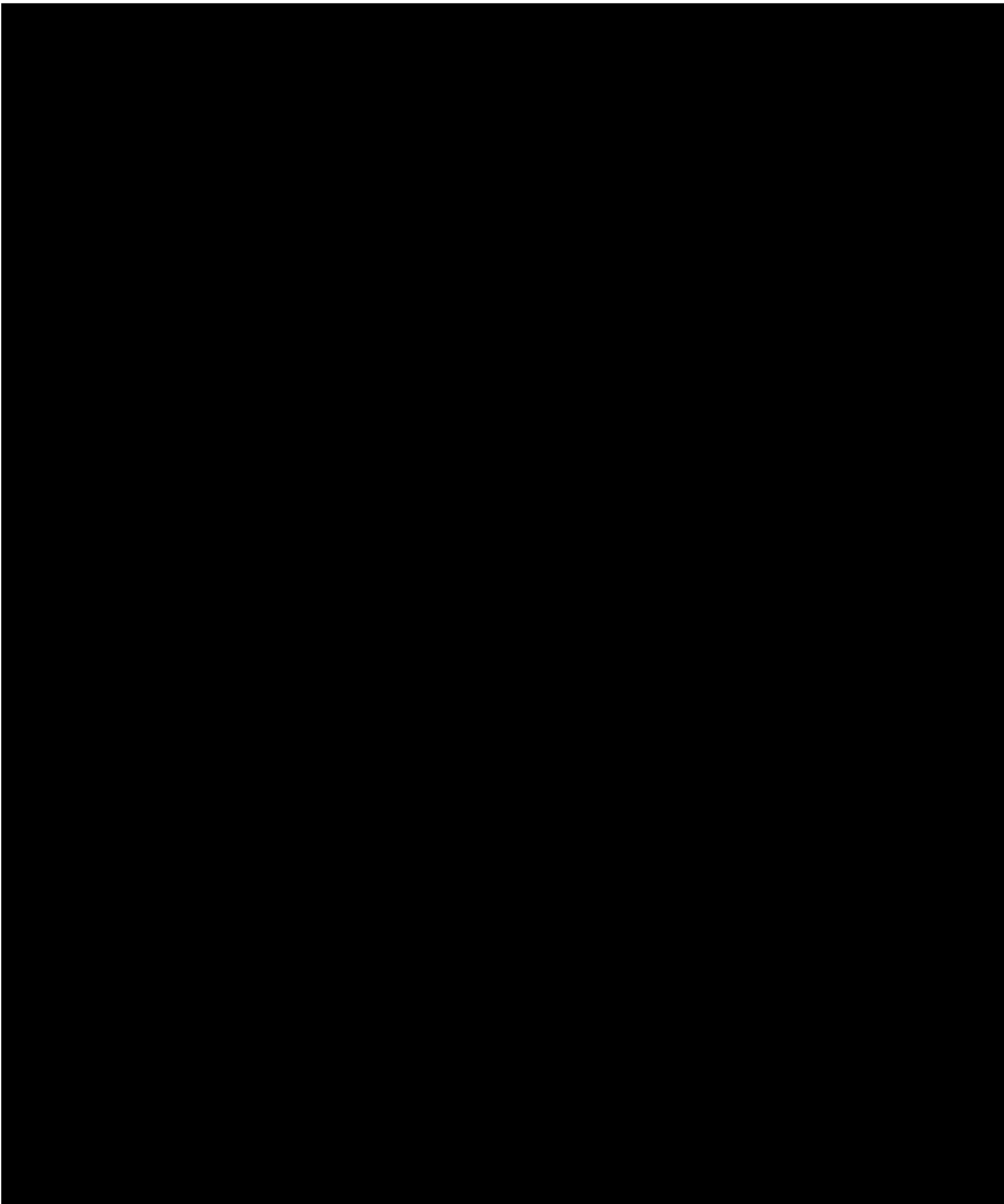


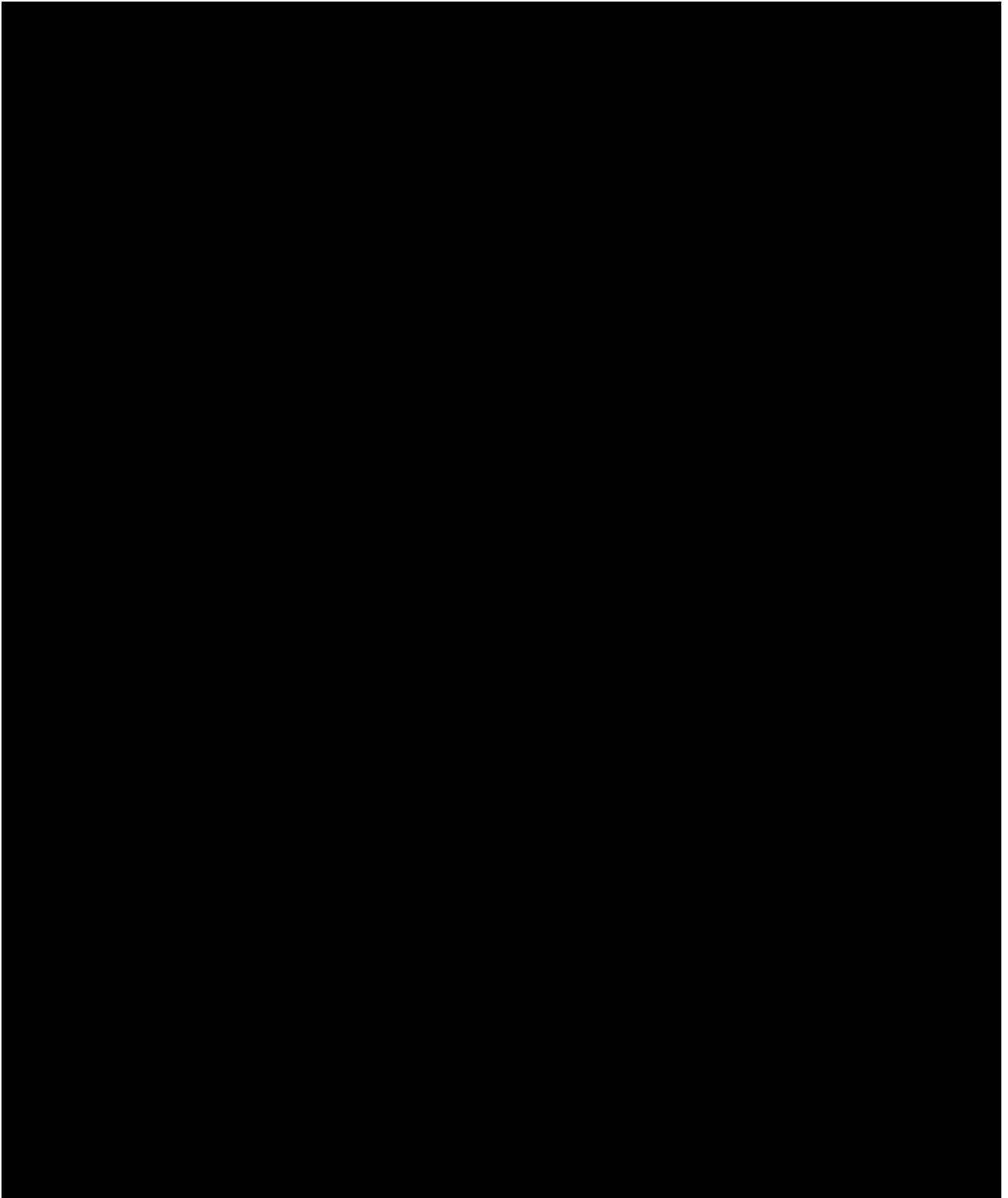


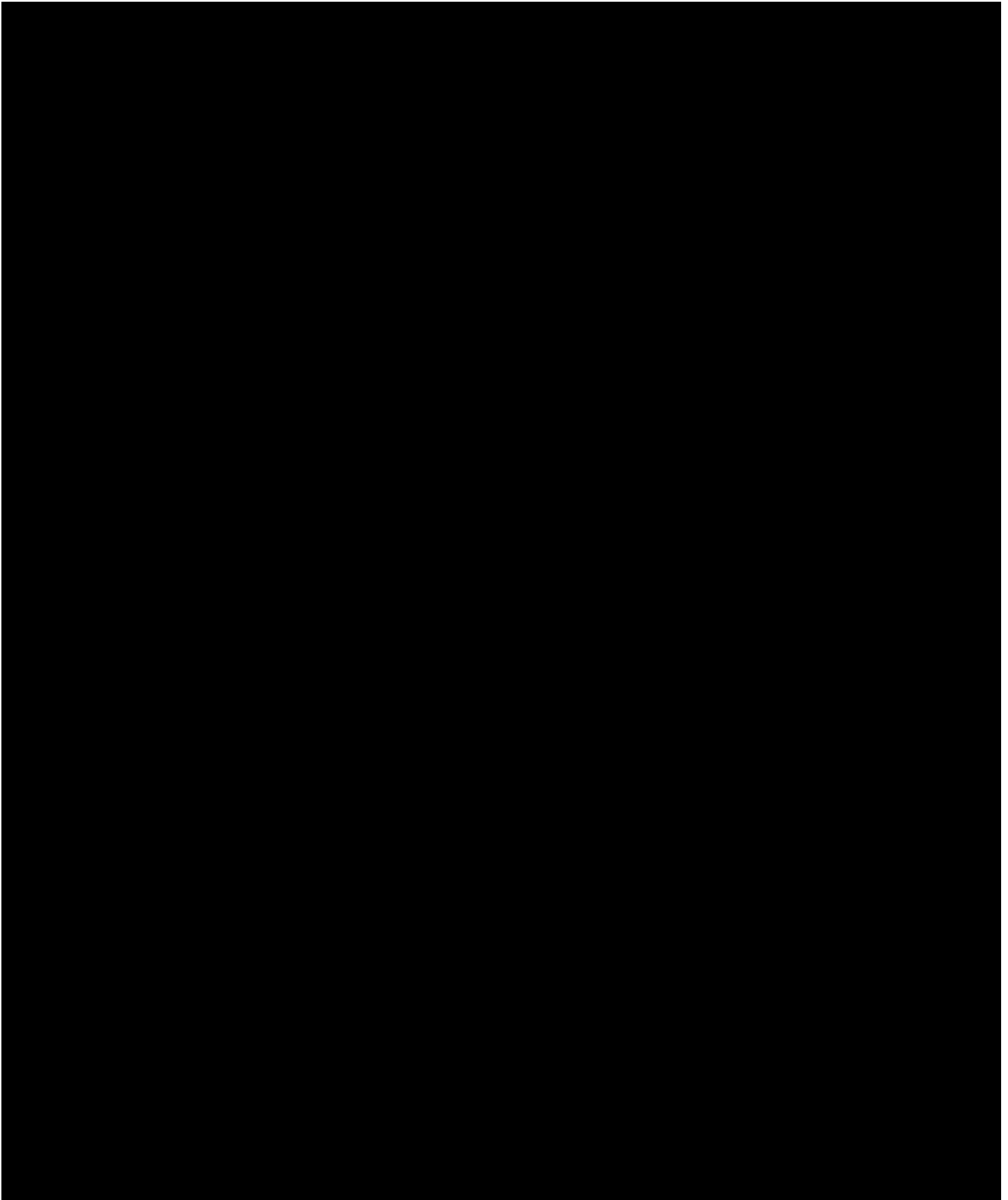


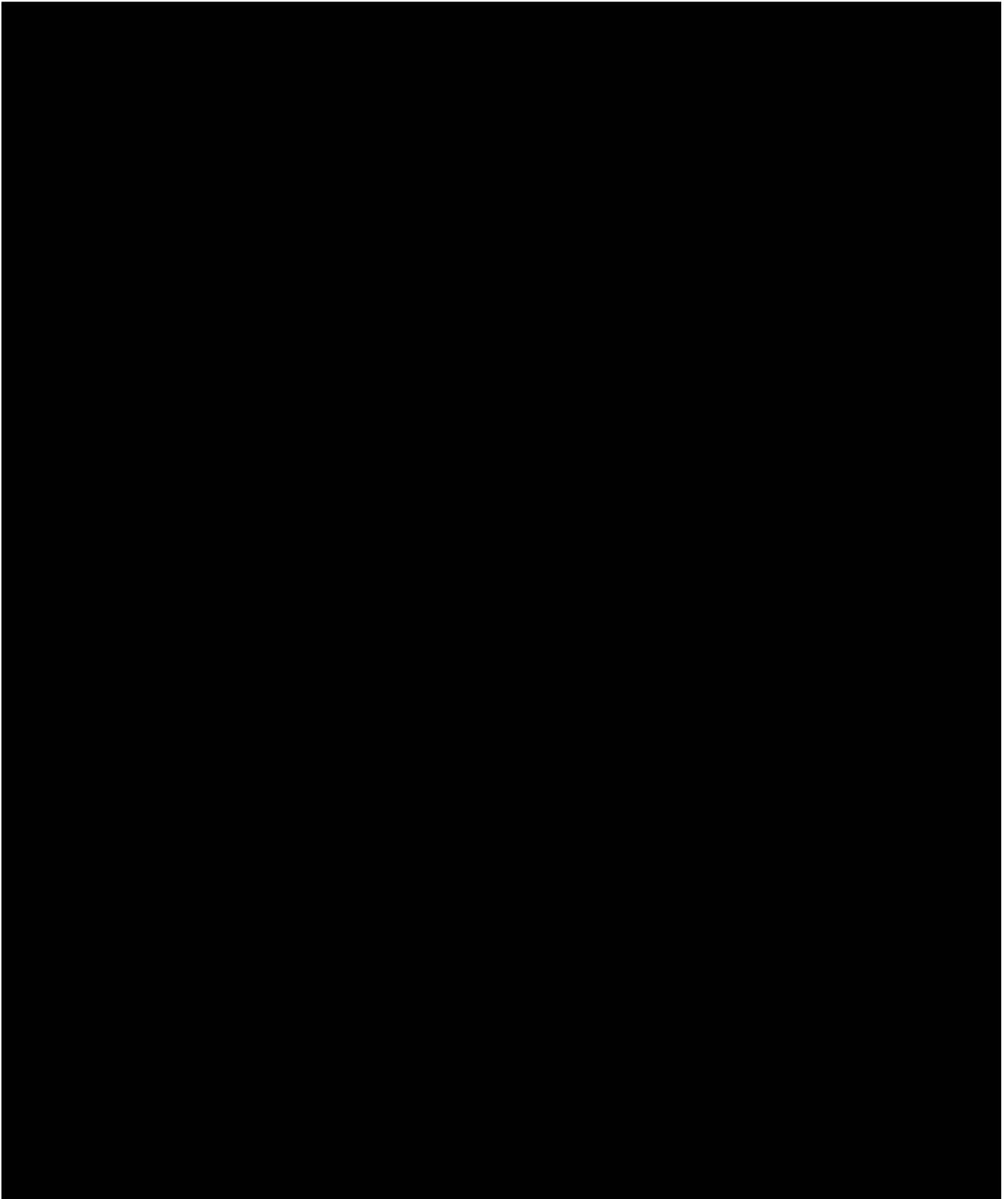


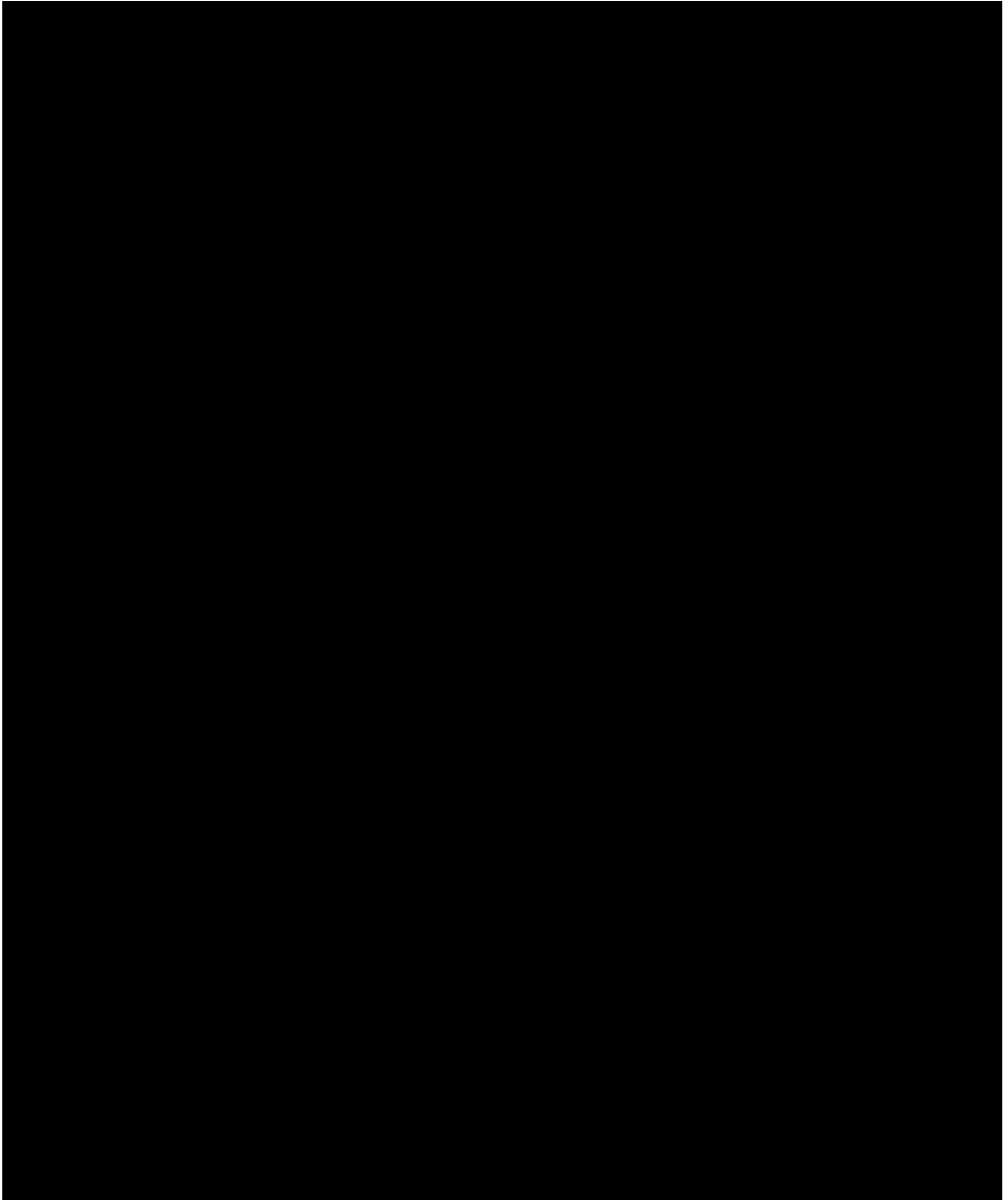


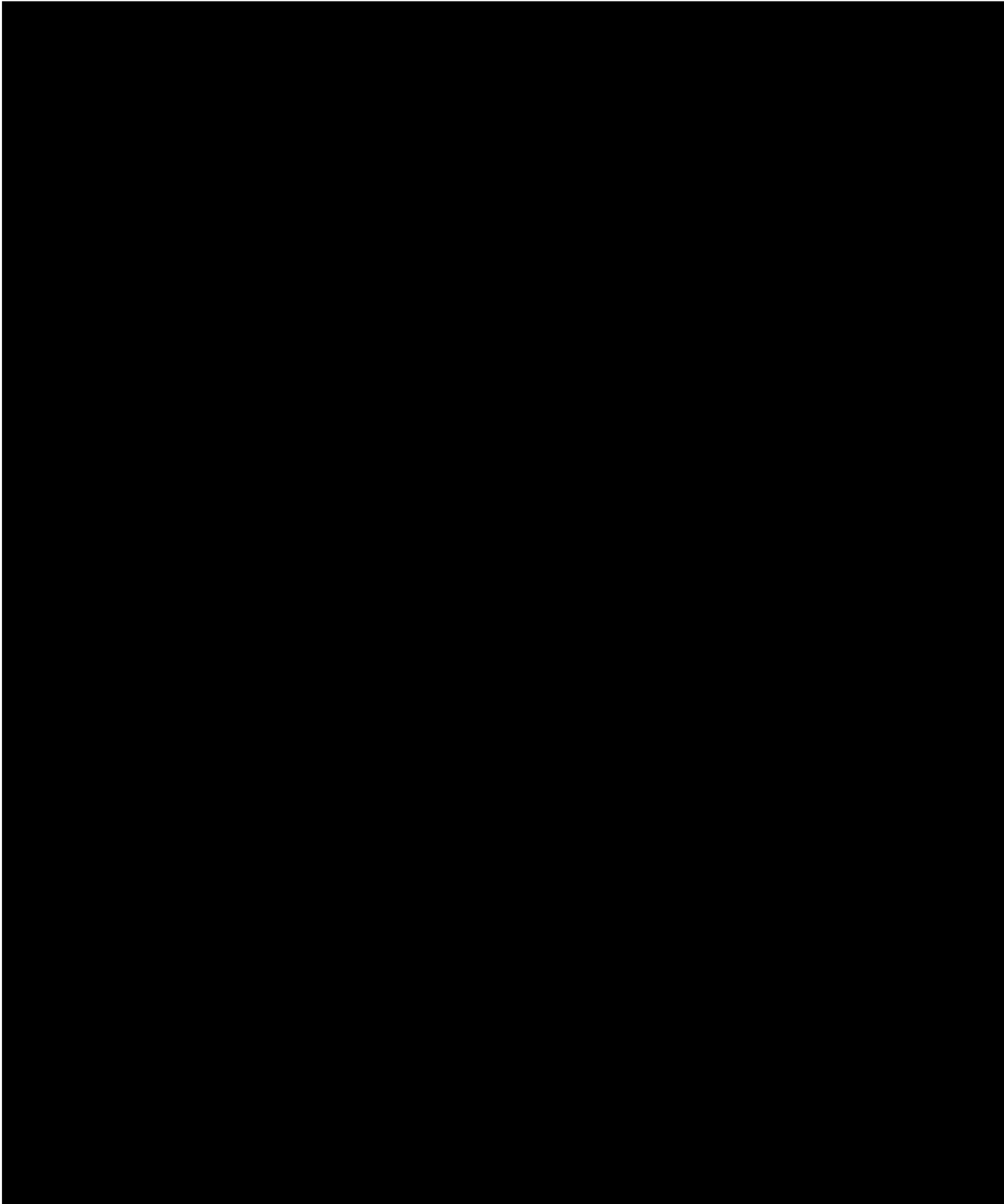


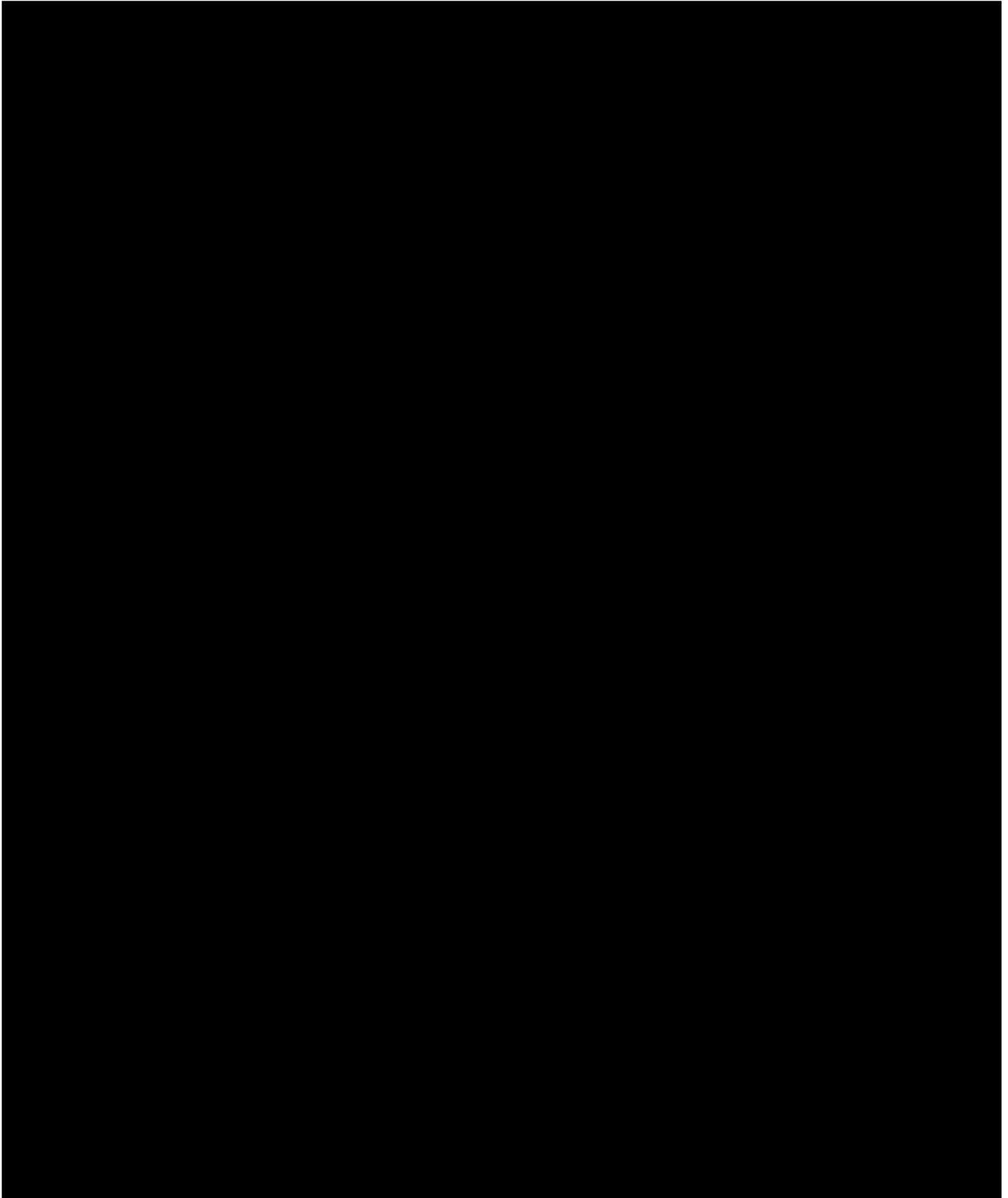


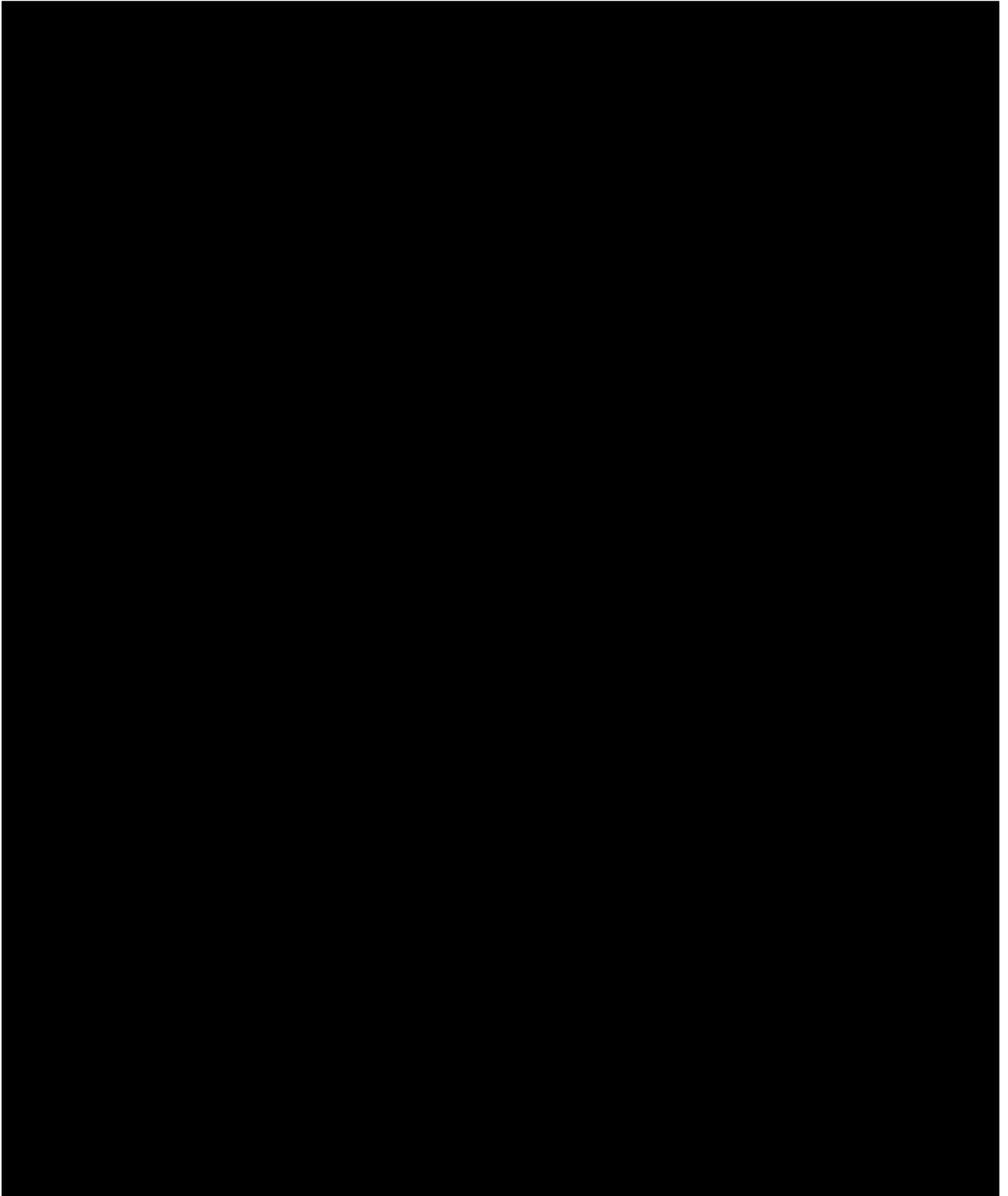


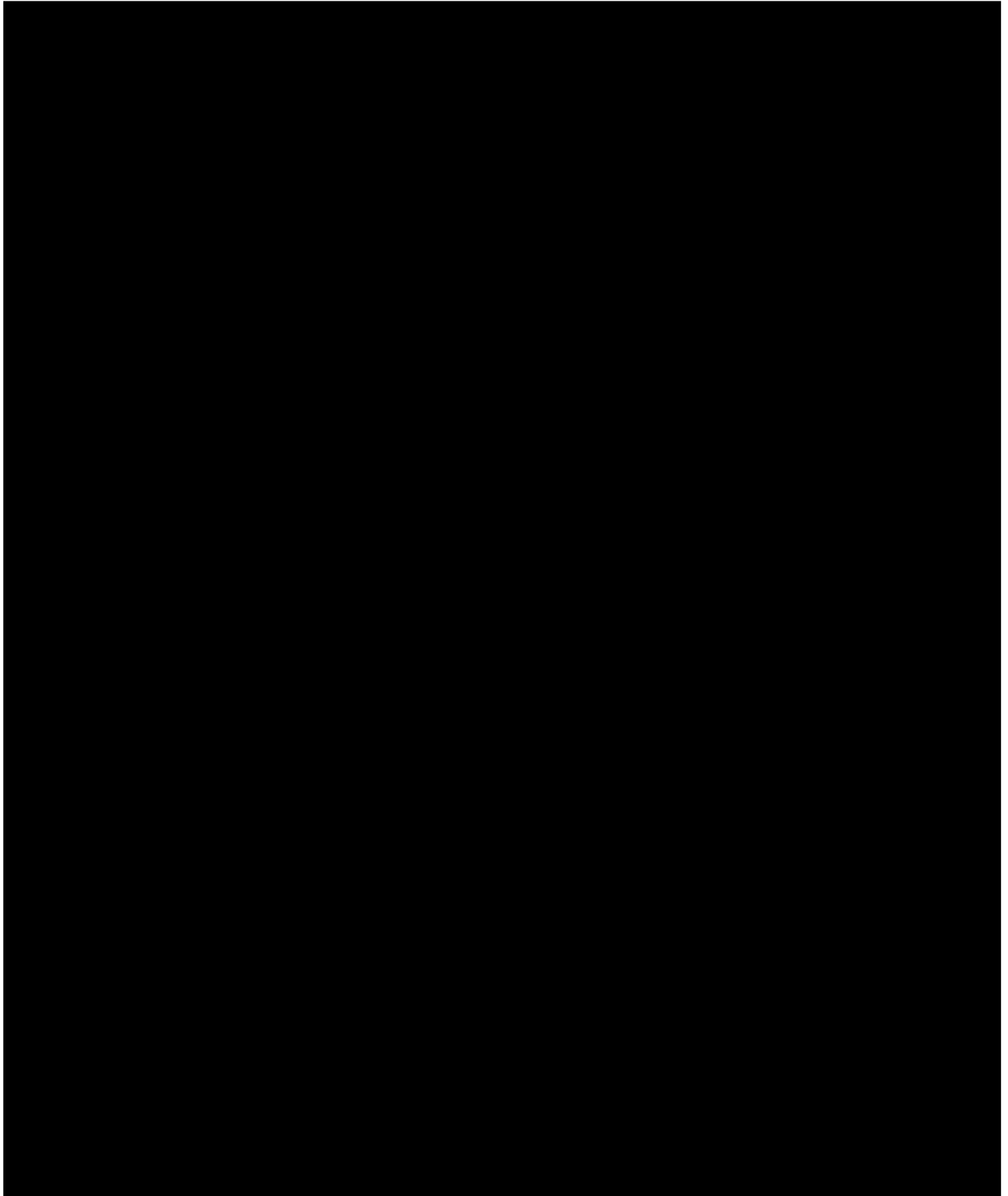


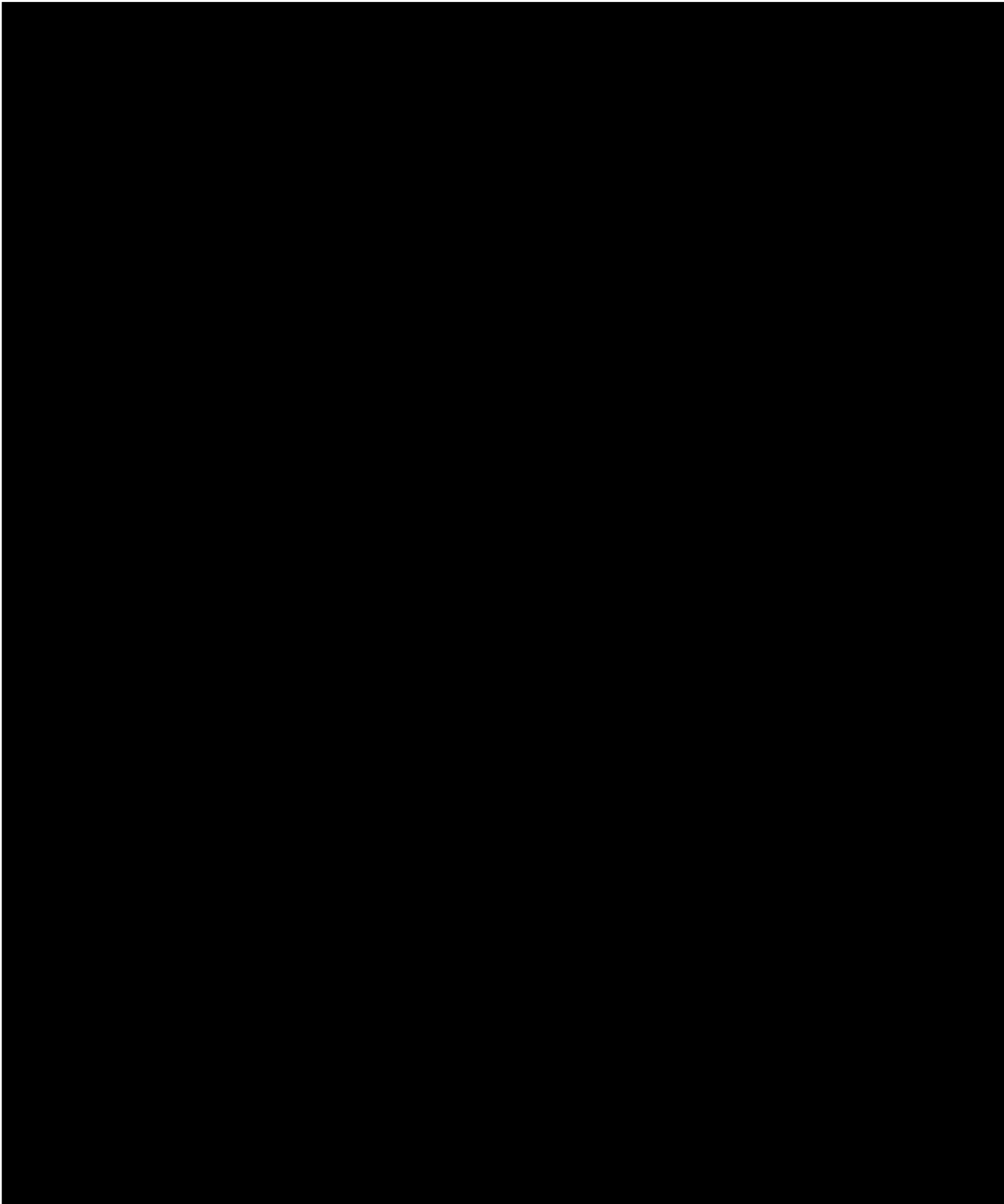


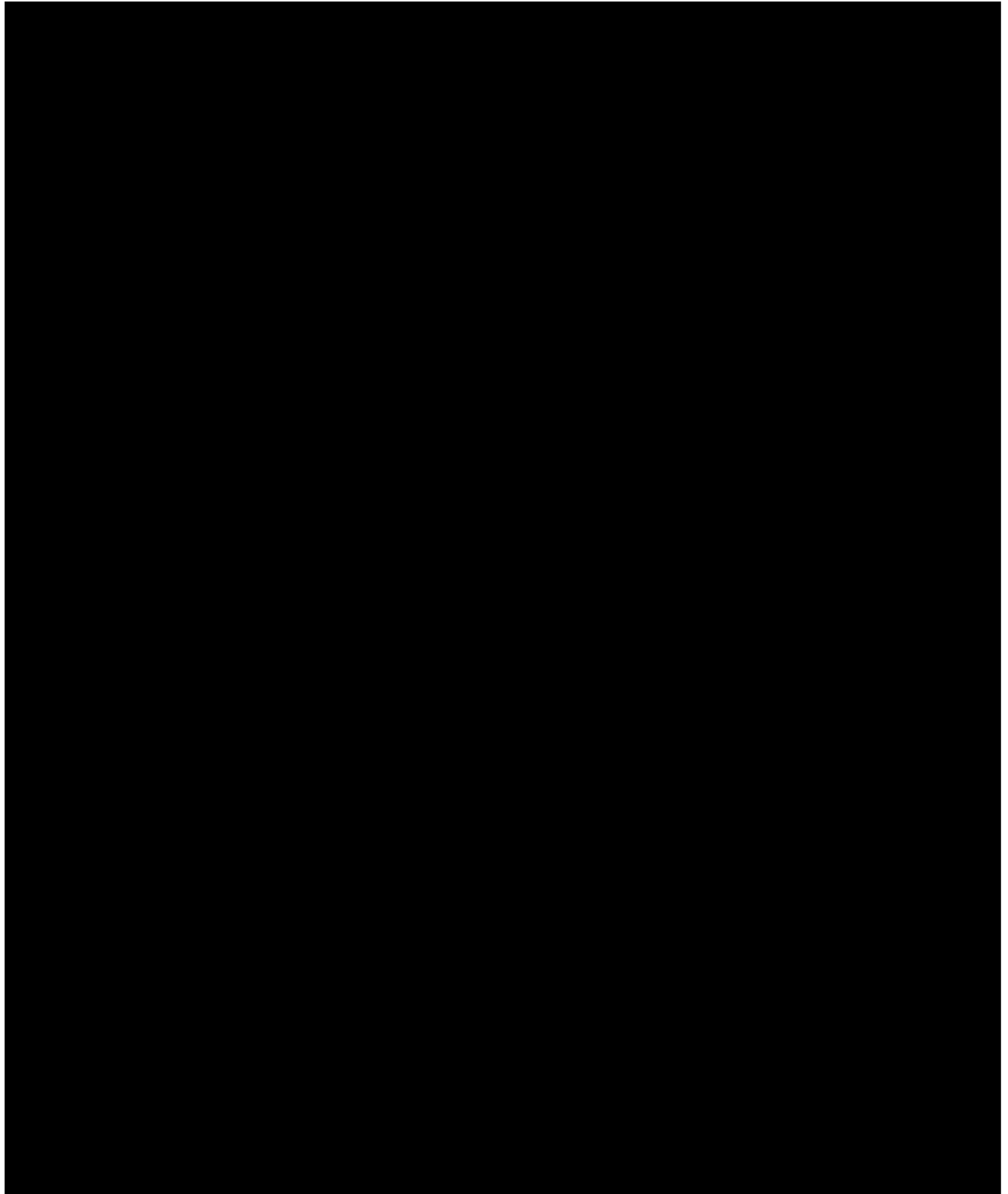


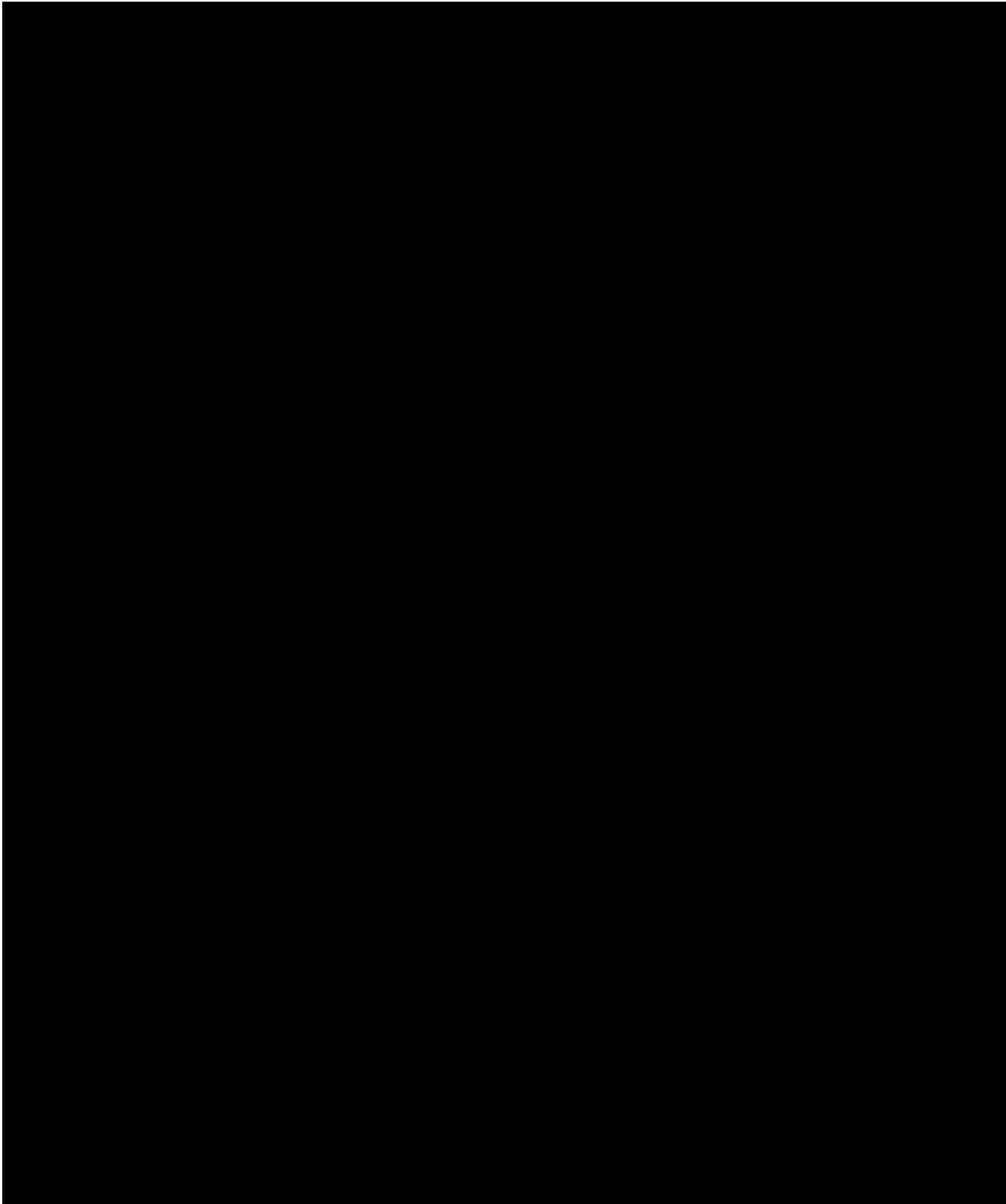


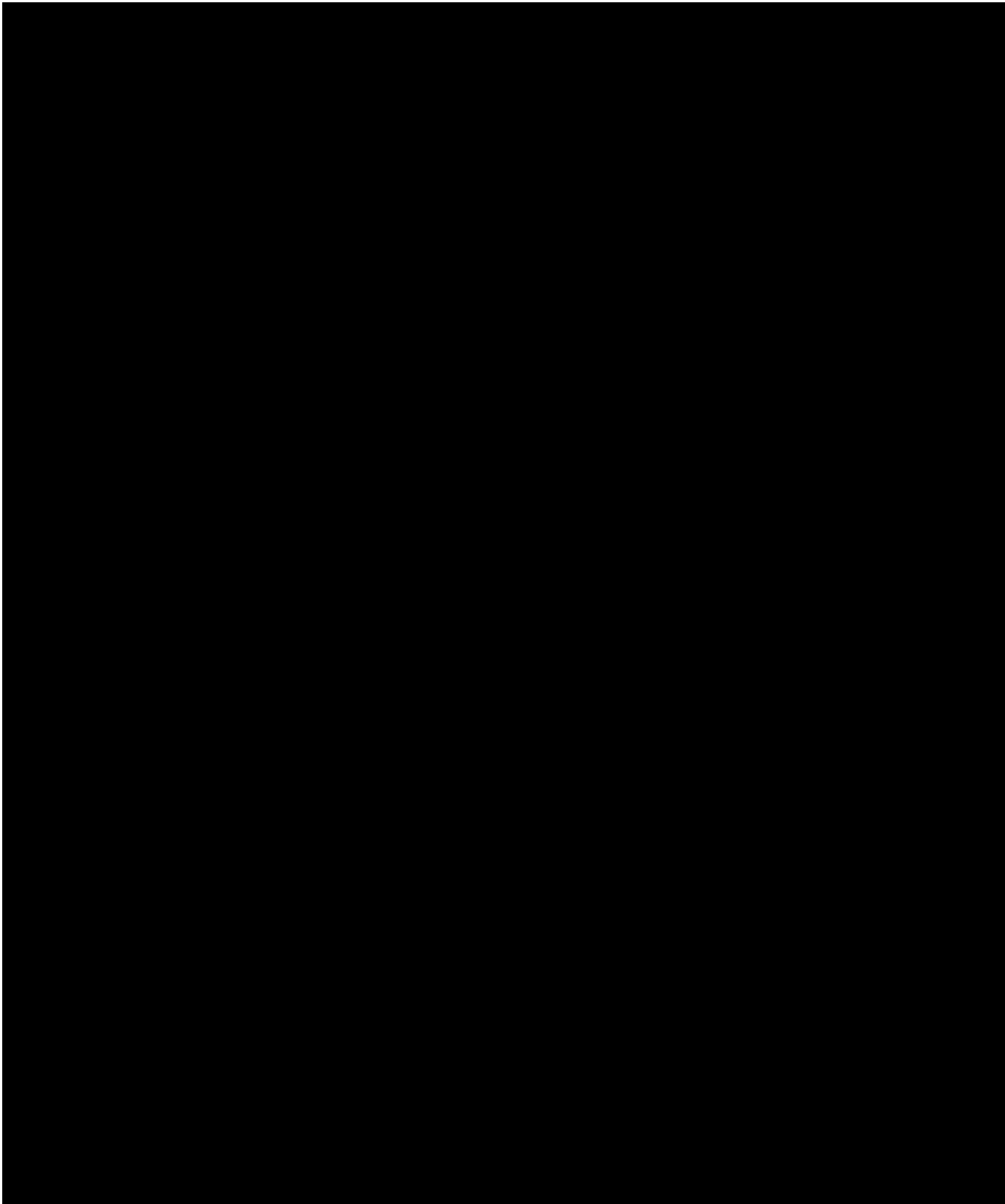


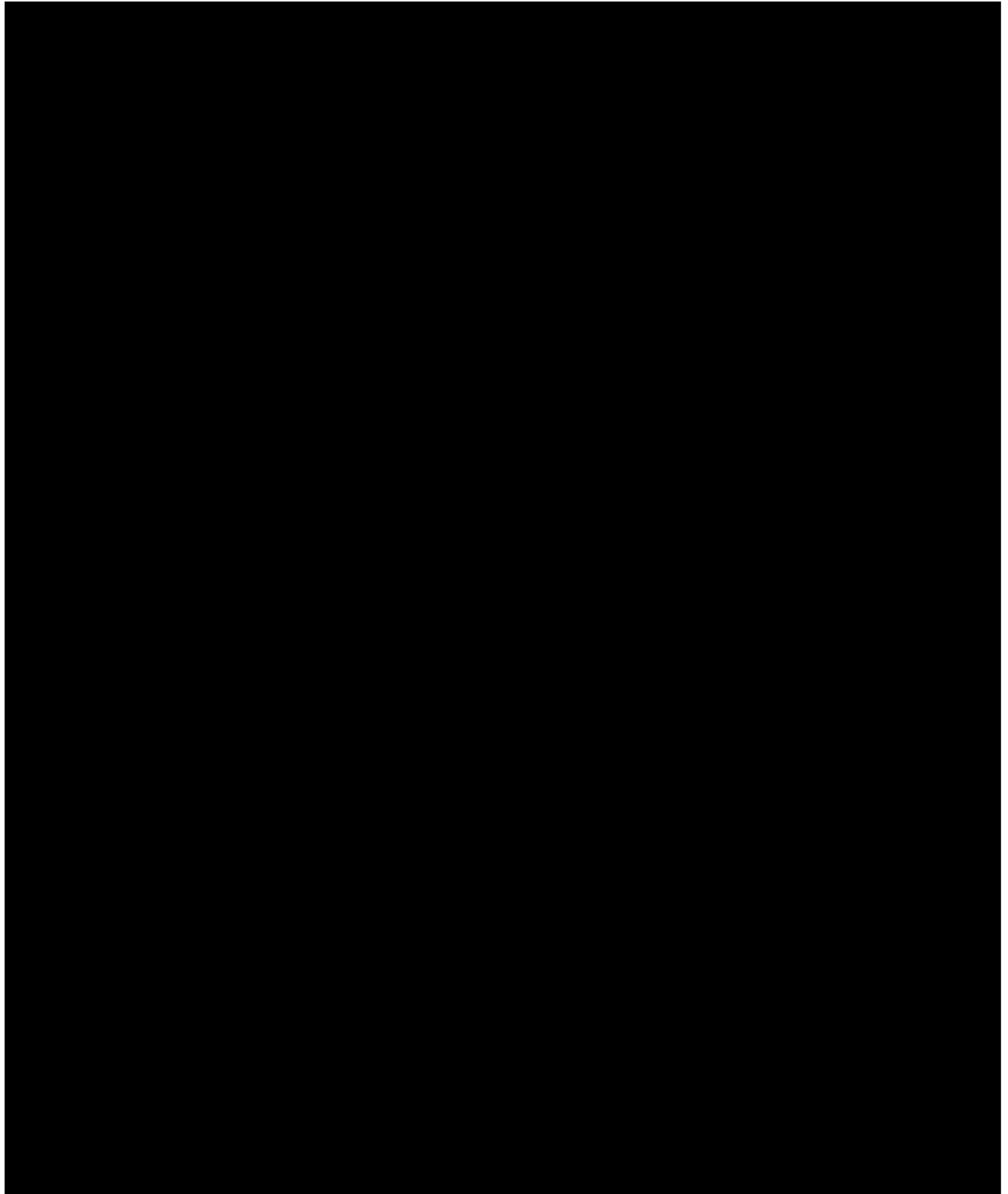


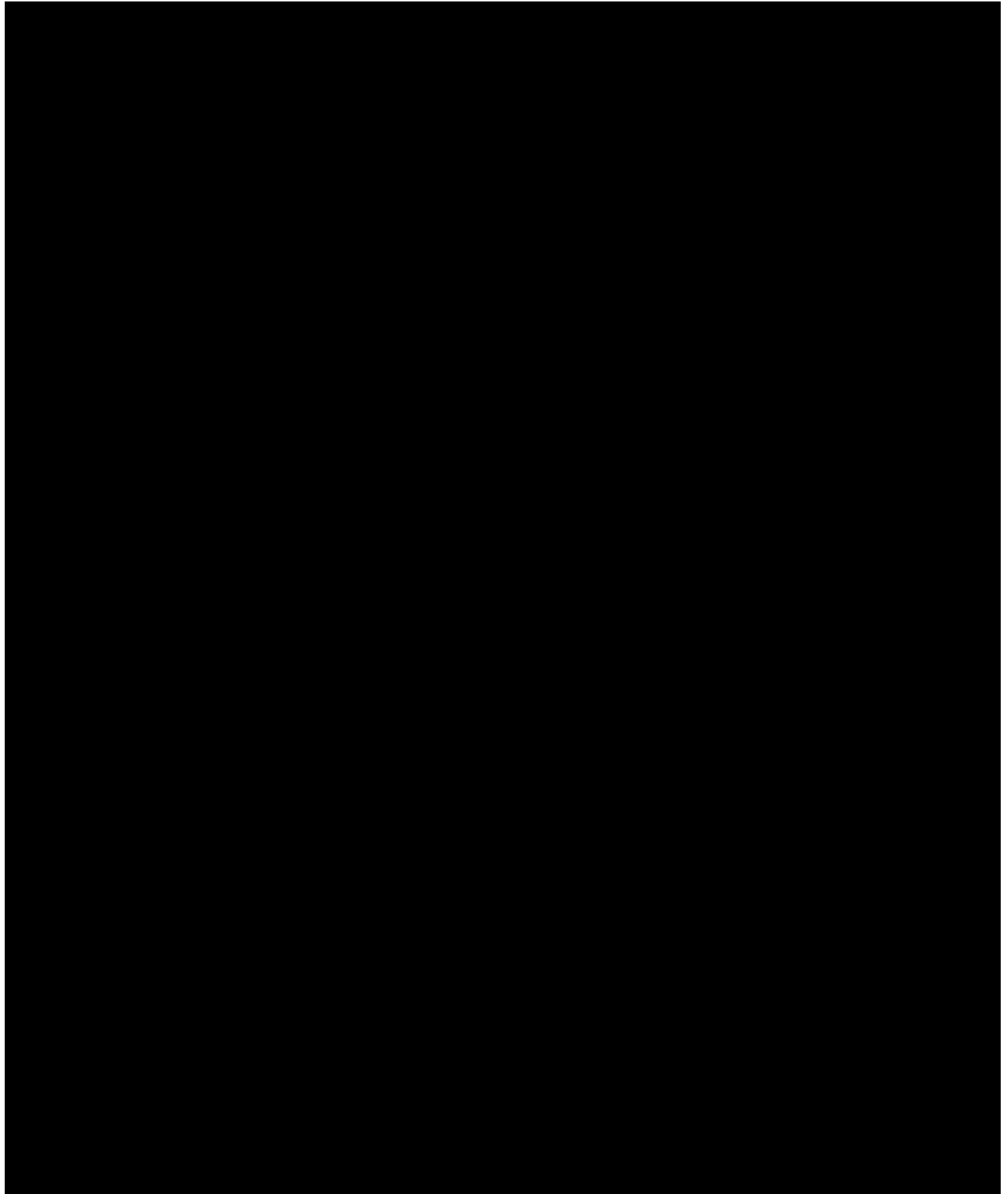


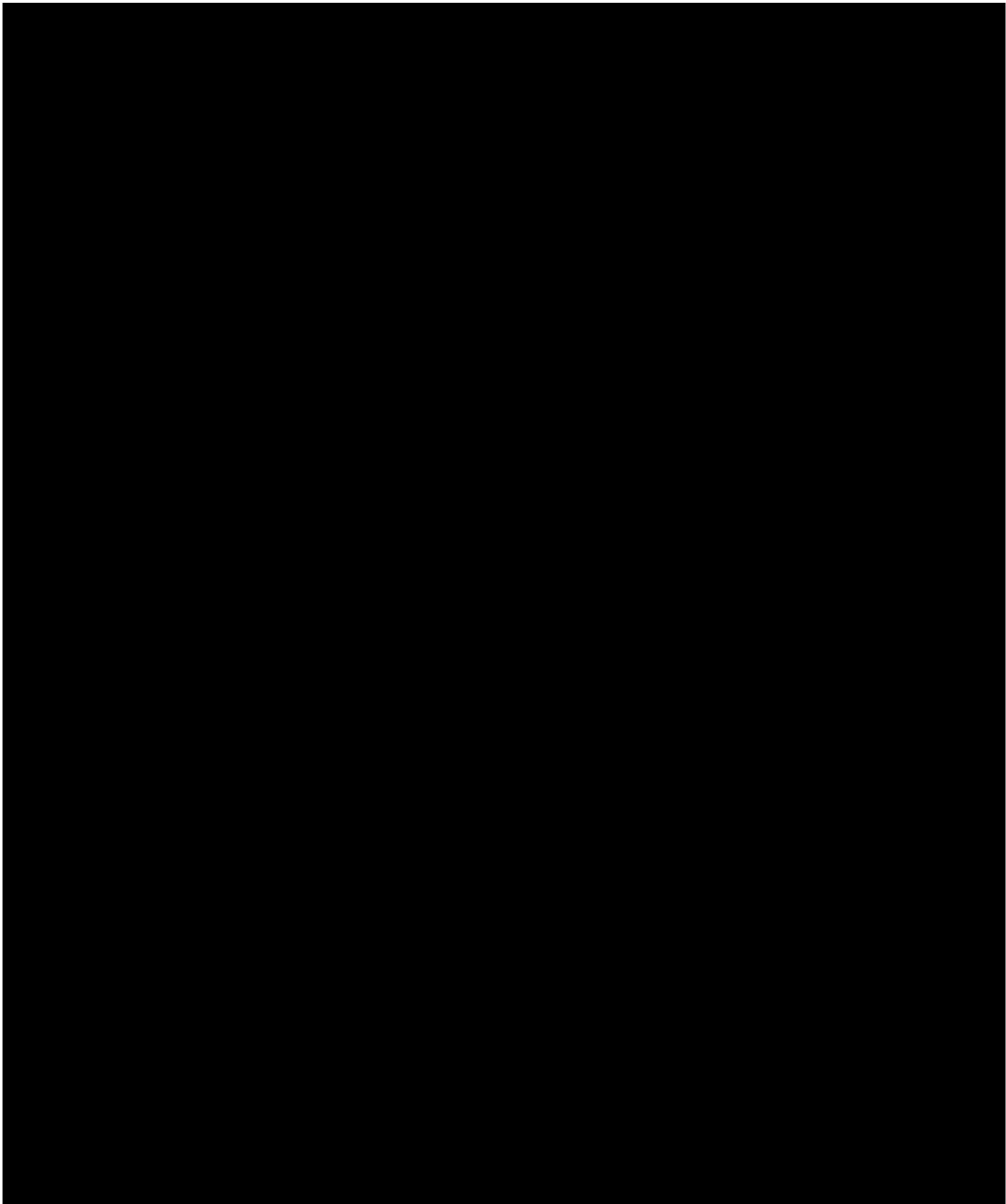


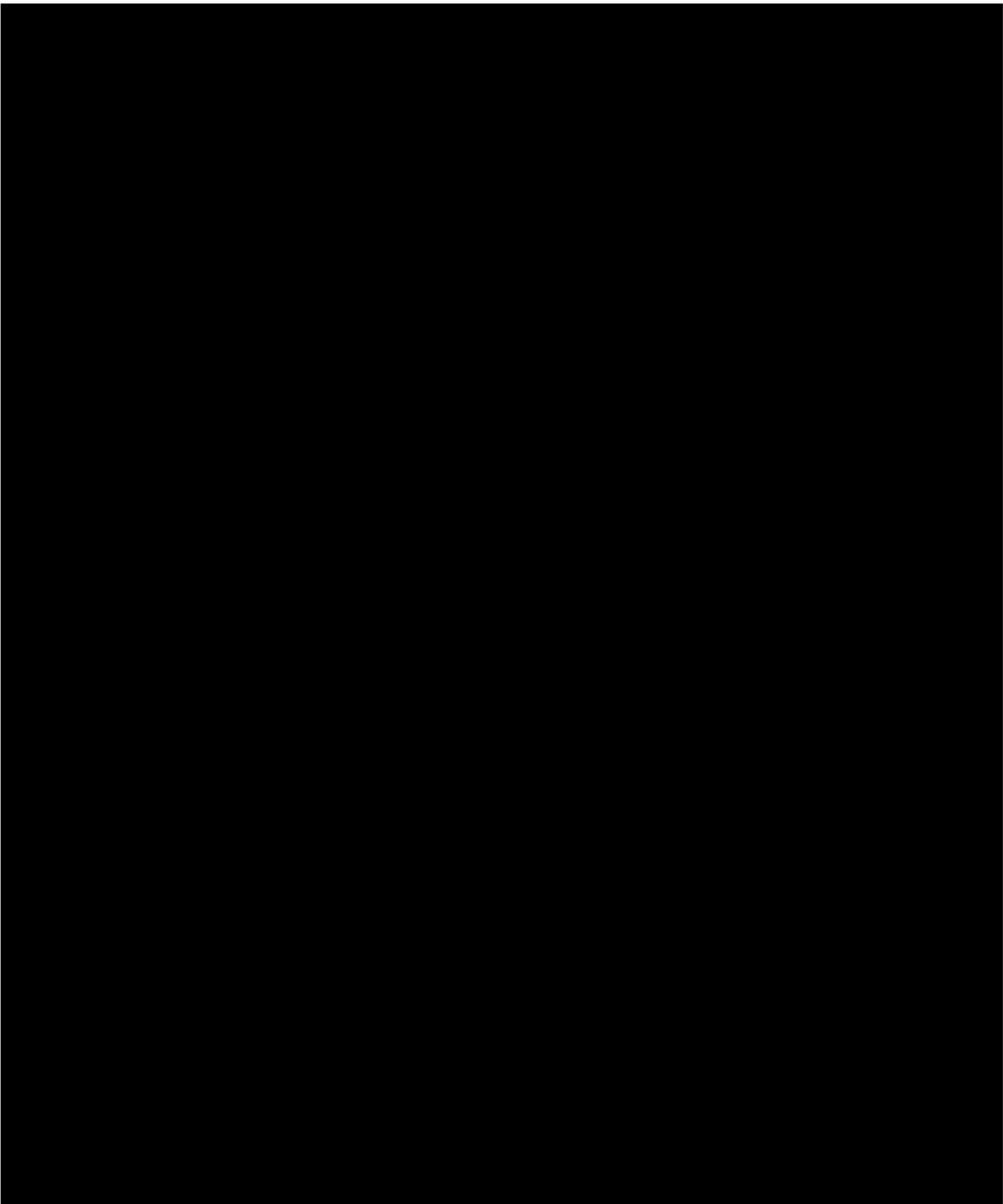


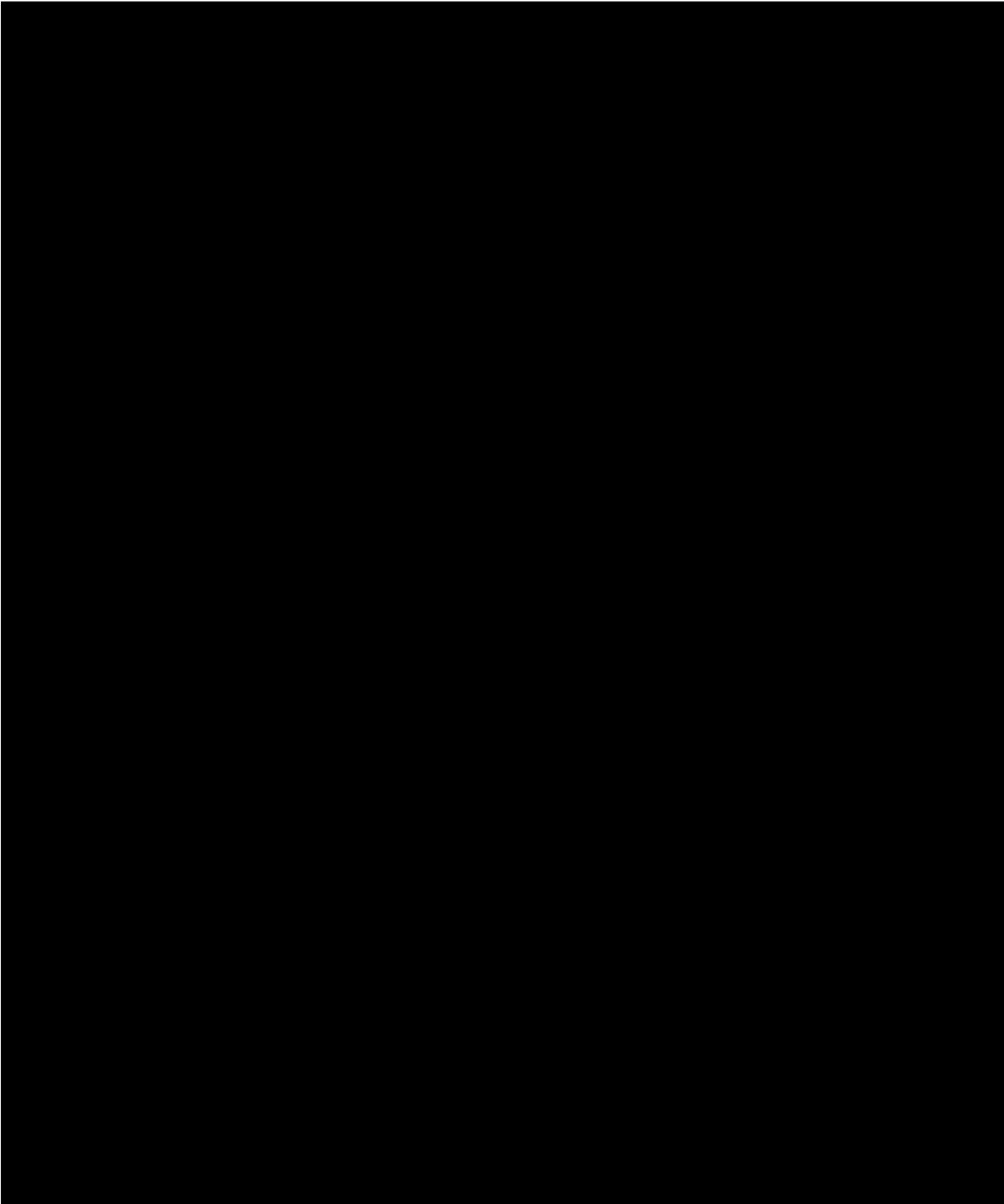












Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS FILED FROM AND INCLUDING THE RESTATED CERTIFICATE OR A MERGER WITH A RESTATED CERTIFICATE ATTACHED OF "NEUSTAR, INC." AS RECEIVED AND FILED IN THIS OFFICE.

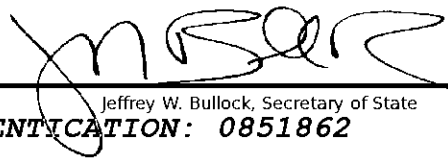
THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

RESTATED CERTIFICATE, FILED THE TWENTY-EIGHTH DAY OF JUNE, A.D. 2005, AT 10:53 O'CLOCK A.M.

2975674 8100X

131247768




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0851862

DATE: 10-29-13

**RESTATED CERTIFICATE OF INCORPORATION
OF
NEUSTAR, INC.
(a Delaware corporation)**

NEUSTAR, INC., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of Delaware, hereby certifies as follows:

1. The name of the corporation is NeuStar, Inc. NeuStar, Inc. was originally incorporated under the name "CIS ACQUISITION CORPORATION," and the original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on December 8, 1998.
2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Restated Certificate of Incorporation of this corporation.
3. The text of the Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as follows:

**ARTICLE I
NAME OF CORPORATION**

The name of this corporation (the "**Corporation**") is:

NeuStar, Inc.

**ARTICLE II
REGISTERED OFFICE**

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

**ARTICLE III
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "**Delaware Code**").

ARTICLE IV AUTHORIZED CAPITAL STOCK

A. General. The total authorized capital stock of the Corporation shall be: four hundred million (400,000,000) shares, consisting of three classes:

1. two hundred million (200,000,000) shares of Class A Common Stock, \$0.001 par value per share (the “**Class A Common Stock**”);
2. one hundred million (100,000,000) shares of Class B Common Stock, \$0.001 par value per share (the “**Class B Common Stock**” and, together with the Class A Common Stock, the “**Common Stock**”); and
3. one hundred million (100,000,000) shares of preferred stock, \$0.001 par value per share, as may be issued from time to time, in one or more series, to be determined by the Board of Directors, each of said series to be distinctly designated (such shares, the “**Preferred Stock**”).

Upon this Certificate becoming effective, each share of common stock that is then outstanding shall be reclassified into 1.40 shares of Class B Common Stock. No certificate or scrip representing fractional shares of Class B Common Stock shall be issued in connection with such reclassification, and such fractional share interests will not entitle the owner thereof to vote or to any rights of a stockholder of the Corporation. Upon delivery of stock certificates in connection with such reclassification, each stockholder who would otherwise have been entitled to receive a fraction of a share of Class B Common Stock (after taking into account all stock certificates delivered by such stockholder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of a share of Class B Common Stock multiplied by the purchase price of a share of Class A Common Stock offered to the public in the Corporation’s initial public offering.

B. Common Stock. The relative powers, preferences and rights of, and the qualifications, limitations and restrictions granted to and imposed upon, the Class A Common Stock and Class B Common Stock are as follows:

1. Dividends. Whenever a dividend is paid to the holders of one class of Common Stock, the Corporation also shall pay an equal dividend to the holders of the other class of Common Stock; *provided, however*, that if a distribution of additional shares of Common Stock is to be paid to holders of Common Stock, such distribution shall be for an equal amount of shares, and holders of Class A Common Stock will be paid additional shares of Class A Common Stock and holders of Class B Common Stock will be paid additional shares of Class B Common Stock. Dividends shall be payable only as and when declared by the Board of Directors.

2. Reclassification. Unless otherwise approved by the holders of a majority of each class of Common Stock voting separately, the Corporation shall not subdivide or combine one class of its Common Stock without subdividing or combining the other class of Common Stock, on an equal per share basis, and shall not reclassify one class of its Common Stock, unless the shares of each class are reclassified into identical securities.

3. Voting. Except as required by law or as otherwise provided in this Restated Certificate of Incorporation, all holders of Common Stock shall vote together as a single class, and each holder of Common Stock shall be entitled to one vote per share of Class A Common Stock and one vote per share of Class B Common Stock; *provided, however*, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock). The number of authorized shares of any class of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation, irrespective of Section 242(b)(2) of the Delaware General Corporation Law, without a separate class vote of the holders of such class.

4. Liquidation and Mergers. Unless otherwise approved by the holders of a majority of each class of Common Stock voting separately, the holders of Class A Common Stock and the holders of Class B Common Stock shall share equally, on a share for share basis, on any distribution of the Corporation's assets upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, and shall have be entitled to receive the same consideration, on a share for share basis, in the event of any merger or consolidation in which shares of Common Stock of the Corporation are converted into cash, securities or other property.

5. Conversion.

a. Voluntary Conversion. Each holder of record of Class B Common Stock may, at any time or from time to time, in such holder's sole discretion and at such holder's option, convert any or all of such holder's shares of Class B Common Stock into fully paid and non-assessable Class A Common Stock at the rate of one share of Class A Common Stock for each share of Class B Common Stock surrendered for conversion. Any such conversion may be effected by any holder of Class B Common Stock surrendering such holder's certificate or certificates for the Class B Common Stock to be converted, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock, together with a written notice to the Corporation at such office that such holder elects to convert all or a specified number of shares of Class B Common Stock to be issued. If so required by the Corporation, any certificate for shares surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or the duly authorized representative of such holder. Promptly thereafter, the Corporation shall issue and deliver to such holder or such holder's nominee or nominees, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled as herein provided. Such conversion shall be deemed to have been made at the close of business on the date of receipt by the Corporation or any such transfer agent of the documentation required to be delivered by the holder of such Class B Common Stock, and the person or persons entitled to receive the Class A Common Stock

issuable on such conversion shall be treated for all purposes as the record holder or holders of such Class A Common Stock on that date.

b. Retirement of Class B Common Stock. No additional shares of Class B Common Stock shall be issued or disposed of by the Corporation after the date hereof, except pursuant to a stock split or stock dividend or pursuant to the terms of any convertible security issued prior to the reclassification of the Corporation's Common Stock into Class B Common Stock pursuant to this Restated Certificate of Incorporation. Upon conversion of Class B Common Stock into Class A Common Stock, the Class B Common Stock so converted shall be retired and shall not be reissued.

c. Restriction on Transfer and Ownership of Shares. The restrictions set forth in Article IV, Section D of the Corporation's Certificate of Incorporation ("Restriction on Transfer and Ownership of Shares") shall apply to all shares of capital stock of the Corporation except that, to the extent that Delaware law would prohibit the enforcement of such restrictions on the shares of Class B Common Stock issued upon reclassification of the Corporation's common stock effected pursuant to this Restated Certificate of Incorporation, such restrictions shall not apply to such shares. The Corporation is hereby authorized to place any required legend or make any other required notations in its books and records to reflect such restrictions.

d. Tax Matters. The issuance of certificates for shares of Class A Common Stock issuable upon the conversion of Class B Common Stock shall be made without charge to the converting holder for any tax imposed on the Corporation in respect of the issue thereof. The Corporation shall not, however, be required to pay any tax which may be payable with respect to any transfer involved in the issue and delivery of any certificate in a name other than that of the holder of the shares being converted, and the Corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issue thereof shall have paid to the Corporation the amount of such tax or has established to the satisfaction of the Corporation that such tax has been paid.

C. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article IV, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers (including voting powers), preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

D. Restriction on Transfer and Ownership of Shares.

1. Definitions. For the purpose of this Article IV, Section D, the following terms shall have the following meanings. Unless explicitly noted otherwise, any cross-reference to a "Section" within any of the sections of this Article IV, Section D shall be deemed to refer to other sections within this Article IV, Section D. The terms used in this Article IV, Section D shall have the meanings set forth below:

“Aggregate Stock Ownership Limit” shall mean the number of shares of Capital Stock that would entitle a stockholder to nine and nine tenths percent (9.9%) of the aggregate voting power with respect to the election of directors or other matters submitted to the stockholders generally for their approval.

“Beneficial Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee). The terms **“Beneficial Owner”** and **“Beneficially Own”** shall have the correlative meanings. A Person shall be deemed the Beneficial Owner of and shall be deemed to Beneficially Own:

a. any securities that such Person beneficially owns, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Rule 13d-3 promulgated under the Exchange Act, in each case as in effect on the date hereof;

b. any securities that such Person has the right to vote, alone or in concert with others, pursuant to any agreement, arrangement or understanding; *provided*, that a Person shall not be deemed the Beneficial Owner of, or to Beneficially Own, any security if the agreement, arrangement or understanding to vote such security (A) arises solely from a revocable proxy given to such Person in response to a public proxy solicitation made pursuant to and in accordance with the applicable rules and regulations promulgated under the Exchange Act, and (B) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report);

c. any securities that are beneficially owned, directly or indirectly, by any other Person with which such Person has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (other than voting pursuant to a revocable proxy as described in the proviso to clause b of this definition of “Beneficial Owner”) or disposing of any securities of the Company.

“Capital Stock” shall mean all classes or series of capital stock of the Corporation, including without limitation Common Stock and Preferred Stock.

“Divestiture Shares” means those shares of Capital Stock (rounded to the nearest whole share) that a Person is required to sell in order to comply with the stock ownership restrictions set forth in Section 3.a; *provided*, that if such Person holds more than one class of Capital Stock, Divestiture Shares must be of the same class as those shares acquired by such Person in the Transfer that triggered Section 3.b.

“Excepted Holder” shall mean any stockholder of the Corporation for whom, to the extent consistent with the FCC Neutrality Requirements, an Excepted Holder Limit is created by the Corporation’s Certificate of Incorporation, as amended from time to time, or by the Board of Directors pursuant to Section 3.h.

“Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Board of Directors pursuant to Section 3.h and subject to adjustment pursuant to Section 3.k, the stock ownership limit applicable to such Excepted Holder as established by the Board of

Directors pursuant to Section 3.h, which shall be consistent with the FCC Neutrality Requirements.

“Excess Shares” means the number of shares Beneficially Owned by a Person in excess of the Aggregate Stock Ownership Limit.

“FCC” means the Federal Communications Commission.

“FCC Neutrality Requirements” means the neutrality requirements to which the Corporation is subject under the applicable laws, regulations, rules and orders of the FCC.

“Initial Date” shall mean the closing date of the Initial Public Offering.

“Initial Public Offering” shall mean the initial public offering of shares of the Corporation’s Capital Stock pursuant to an effective registration statement under the Securities Act (other than a Form S-8 or successor form) covering the offer and sale of such shares, including an offering comprised of shares held solely by the Corporation’s stockholders.

“Market Price” on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the NASDAQ or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors of the Corporation or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors of the Corporation.

“NASDAQ” means the National Association of Securities Dealers, Inc. Automated Quotation System.

“NYSE” shall mean the New York Stock Exchange.

“Person” shall mean an individual, corporation, partnership, estate, trust, association, joint stock company or other entity and also includes a “group” as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934.

“Post-IPO TSP Stock Ownership Limit” shall mean the number of shares of Capital Stock that would entitle a stockholder to five percent (5.0%) of the aggregate voting power with respect to the election of directors or other matters submitted to the stockholders generally for their approval.

“Prohibited Owner” shall mean any Person who Beneficially Owns or purports to Beneficially Own shares of Capital Stock which results or would result in a violation of the provisions of Section 3.a; *provided, however*, that no party to the Voting Trust Agreement or the Stockholders Agreement will be considered to be a “Prohibited Owner” as a result of being a party to either or both of the Voting Trust Agreement and the Stockholders Agreement. For purposes of this Article IV, Section D, the Corporation may enforce the provisions set forth herein directly against (a) the record owner of the shares of Capital Stock that are held on behalf of a Person whose Beneficial Ownership or purported Beneficial Ownership results or would result in a violation of the provisions of Section 3.a, (b) any other holder with dispositive power over such shares, including any bank, broker or other securities intermediary who holds such shares on behalf of such Person; or (c) if applicable, any Person who holds or purports to hold the right to vote the shares of Capital Stock, whether by virtue of a proxy, voting agreement or otherwise.

“Restriction Termination Date” shall mean the first day after the Initial Date on which the Board of Directors determines that compliance with the restrictions and limitations on Beneficial Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to comply with the FCC Neutrality Requirements.

“Status Change” shall mean, with respect to any Person, any event, occurrence, transaction or other circumstance which results in such Person becoming a TSP or TSP Affiliate (whether due to an action taken by such Person or otherwise).

“Stockholders Agreement” shall mean the Stockholders Agreement between the Corporation and certain of its stockholders, of even date herewith, as amended from time to time, including any successor agreement, if applicable.

“Transfer” shall mean any issuance, acquisition, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire or increase its percentage Beneficial Ownership of Capital Stock, including (i) any acquisition or disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right, including an acquisition of such securities by the Corporation (ii) transfers of interests in other entities that result in changes in Beneficial Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record or Beneficially Owned, and whether by operation of law or otherwise, and (iii) entering into a voting agreement or voting trust (other than the Voting Trust or the Stockholders Agreement). The terms **“Transferring”** and **“Transferred”** shall have the correlative meanings.

“**TSP**” or “**TSP Affiliate**” means any of the following: (i) a telecommunications service provider, as that term is defined in 47 C.F.R. § 52.12(a)(1)(i) or successor regulations; (ii) an affiliate of a telecommunications service provider, as defined in 47 C.F.R. § 52.12(a)(1)(i) or successor regulations; and (iii) any Person deemed to be a TSP or TSP Affiliate by virtue of Section 3.e.

“**Voting Trust**” shall mean the voting trust governed by the Amended and Restated Trust Agreement, dated September 24, 2004 (as amended from time to time, including any successor agreement if applicable, the “**Voting Trust Agreement**”).

“**Voting Trustee**” shall mean, collectively, the trustees for the Voting Trust appointed in accordance with its terms (including, if applicable, any successor trustees), and if the context requires, each such trustee individually.

2. Private Company Restrictions. From the effective date of this provision until the earlier of (i) the Initial Date, and (ii) the Restriction Termination Date, the following restrictions on ownership and transfer of Capital Stock shall apply:

a. No Issuance to TSPs or TSP Affiliates: The Corporation shall not issue shares of Capital Stock to any Person who is a TSP or TSP Affiliate without the written approval or consent of the FCC; *provided, however*, that in determining whether a Person is a TSP or TSP Affiliate, the Corporation shall be entitled to rely on representations, warranties, covenants and undertakings from such Person.

b. Basic Restriction. No Person may Beneficially Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit (whether by virtue of a Transfer of shares of Capital Stock or otherwise), unless such Person's Excess Shares are Transferred to the Voting Trust.

c. Transfer in Voting Trust. If any Transfer of shares of Capital Stock occurs which, if effective, would result in any Person Beneficially Owning shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, then:

- (i) such Person's Excess Shares shall be automatically Transferred to the Voting Trust in exchange for voting trust certificates; and
- (ii) such Person shall submit such number of shares of Capital Stock to the Voting Trust for registration in the name of the Voting Trust.

d. Notice. Any Person who acquires or intends to acquire Beneficial Ownership of shares of Capital Stock that will cause such Person's Beneficial Ownership to exceed the Aggregate Stock Ownership Limit shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation.

e. Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Section 2.

f. Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

g. Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 2, or any definition contained in Section 1, the Board of Directors shall have the power to determine the application of the provisions of this Section 2 or any such definition with respect to any situation based on the facts reasonably believed in good faith by it. In the event Section 2 requires an action by the Board of Directors and the Restated Certificate of Incorporation fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 1, 2 or 3.

h. Legend. Each certificate for shares of Capital Stock shall bear a legend that states that there are certain restrictions on transfer of the Corporation's stock, about which the Corporation will furnish a full statement to any stockholder on request and without charge.

i. Status of Shares Held by the Voting Trustee.

- (i) Shares of Capital Stock held by the Voting Trustee shall continue to be issued and outstanding shares of Capital Stock of the Corporation. The Beneficial Owner shall have the power to dispose of the Excess Shares, and the rights to any dividends or other distributions in respect of the Excess Shares.
- (ii) The Voting Trustee shall have all voting rights with respect to shares of Capital Stock held in the Voting Trust, subject to the terms and conditions set forth in the Voting Trust Agreement. Any dividend or other distribution paid to a Voting Trustee shall be paid with respect to such shares of Capital Stock held by the Voting Trustee to the applicable Beneficial Owner promptly following receipt by the Voting Trustee. Subject to Delaware law, effective as of the date that the shares of Capital Stock have been transferred to the Voting Trustee, the Voting Trustee shall have the authority: (A) to rescind as void any vote cast by a Beneficial Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Voting Trustee; and (B) to recast such vote in accordance with the terms and conditions of the Voting Trust Agreement; *provided, however*, that if the Corporation has already taken irreversible corporate action, then

the Voting Trustee shall not have the authority to rescind and recast such vote.

j. Severability. If any term or provision specified in this Section 2 is held by a court of competent jurisdiction to be in violation of any applicable law or public policy, and if such court should declare such term or provision to be illegal, invalid, unlawful, void, voidable or unenforceable as written, then such provision shall be given full force and effect to the fullest possible extent that it is legal, valid and enforceable, and the remainder of the terms and provisions herein shall be construed as if such illegal, invalid, unlawful, void, voidable or unenforceable term or provision were not contained herein.

3. Public Company Restrictions. From the Initial Date until the Restriction Termination Date, the following restrictions on ownership and transfer of Capital Stock shall apply:

a. Basic Restrictions. (i) No Person who is a TSP or TSP Affiliate, other than an Excepted Holder, shall Beneficially Own shares of Capital Stock equal to, or in excess of, the Post-IPO TSP Stock Ownership Limit, and (ii) no Excepted Holder shall Beneficially Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

b. Required Divestiture.

(i) If (A) any Person experiences a Status Change that results in a violation of Section 3.a; or (B) any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of the NASDAQ, NYSE or any other national securities exchange or automated inter-dealer quotation system) occurs which, if effective, would result in any Person becoming a Prohibited Owner, then (I) within five (5) business days after the Corporation has delivered written notice to such Person that it is a Prohibited Owner, such Person shall sell his, her or its Divestiture Shares; *provided*, that if the Corporation's notice indicates that the Corporation exercises its right under Section 3.b(ii) hereof, such Person shall sell such shares to the Corporation or its designee in accordance with the terms and conditions of Section 3(b)(ii); *provided, further*, that if the Corporation does not exercise its right under Section 3.b(ii), such Person shall only sell such Divestiture Shares to a third party whose ownership of the shares will not violate the ownership limitations set forth in Section 3.a; and (II) within five (5) business days after the sale discussed in Section 3.b(i) is consummated, such Person shall deliver written notice of such sale to the Corporation.

- (ii) Upon the occurrence of the Status Change or the consummation of the Transfer that results in a violation of the ownership limitations set forth in Section 3.a, as the case may be, the Prohibited Owner shall be deemed to have offered his, her or its Divestiture Shares (free of any liens, or any voting restrictions or proxies) for sale to the Corporation, or its designee, at a price per share equal to the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer until the Prohibited Owner has notified the Corporation that the Divestiture Shares have been sold in accordance with Section 3.b(i).

c. Other Remedies for Breach. If the Board of Directors, any duly authorized committee thereof (or, if permitted by the DGCL, any other Person designated by the Board of Directors or any duly authorized committee thereof) shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 3.a or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Capital Stock in violation of Section 3.a (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the DGCL shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, refusing to register or otherwise give effect to such Transfer on the books of the Corporation, disregarding any vote of such shares of Capital Stock in accordance with Section 3.j, or instituting proceedings to enjoin such Transfer, vote or other event. Nothing in this Section 3 shall restrict the Corporation's authority, at its election, to purchase Divestiture Shares from a Prohibited Owner pursuant to Section 3.b(ii); *provided, however*, that to the extent that such purchase by the Corporation causes any Person's Beneficial Ownership to equal or exceed the Post-IPO TSP Stock Ownership Limit, such Person will be subject to the notice and certification requirements in Section 3.e; *provided, further, however*, that to the extent that such purchase by the Corporation causes any Person to become a Prohibited Owner due to the increase in such Person's percentage Beneficial Ownership, such Person will be subject to all the restrictions set forth herein, including the required divestiture provisions set forth in Section 3.b and the restrictions on voting Divestiture Shares set forth in Section 3.j.

d. Notice of Restricted Transfer. Any Person who acquires, or attempts or intends to acquire, Beneficial Ownership of shares of Capital Stock that will or may violate Section 3.a shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request relating to the Transfer or Transferee.

e. Owners Required To Provide Information. From the Initial Date until the Restriction Termination Date:

- (i) Every Beneficial Owner of shares equal to or in excess of the Post-IPO TSP Stock Ownership Limit, within five (5) business days

after the Transfer that caused such Beneficial Owner's stock ownership to equal or exceed the Post-IPO TSP Stock Ownership Limit, shall give written notice to the Corporation certifying (A) the name and address of such owner, (B) the number of shares of Capital Stock Beneficially Owned; (C) a description of the manner in which such shares are held; and (D) that such Beneficial Owner is not a TSP or a TSP Affiliate. In addition, each such Beneficial Owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation. In the event that such Beneficial Owner experiences a Status Change, such Beneficial Owner shall, within 5 business days of such Status Change, give written notice thereof to the Corporation (and such Beneficial Owner shall be subject to all restrictions to which a TSP or TSP Affiliate is subject, including without limitation Section 3.b and 3.c, effective as of the date of such Status Change).

- (ii) At its discretion, the Board shall be entitled to treat any Person who fails to supply the written certification contemplated by Section 3.e(i) as a TSP or TSP Affiliate, and such Person shall then be treated as a TSP or TSP Affiliate hereunder, including being subject to all restrictions to which a TSP or TSP Affiliate is subject, including without limitation Section 3.b and 3.c.
- (iii) Each Person who is a Beneficial Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock Beneficially Owned by another Person shall provide to the Corporation such information as the Corporation may reasonably request, in good faith, in order to ensure compliance with the restrictions on ownership and transfer set forth herein.

f. Remedies Not Limited. Nothing contained in this Section 3 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders, including any action to comply with the FCC Neutrality Requirements.

g. Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 3, or any definition contained in Section 1, the Board of Directors shall have the power to determine the application of the provisions of this Section 3 or any such definition with respect to any situation based on the facts reasonably believed in good faith by it. In the event Section 3 requires an action by the Board of Directors and the Restated Certificate of Incorporation fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 1, 2 or 3.

h. Exceptions.

- (i) To the extent consistent with the FCC Neutrality Requirements, the Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Post-IPO TSP Stock Ownership Limit, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings from such Person, as well as any necessary approvals or other consents from any governmental authority (including without limitation the FCC) as the Board of Directors may deem necessary or appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to violate any of the FCC Neutrality Requirements.
- (ii) Prior to granting any exception pursuant to Section 3.h(i), the Board of Directors may require notice to or, if applicable, a ruling or approval from the FCC, or an opinion of counsel, in any case in form and substance satisfactory to the Board of Directors in its sole discretion. Notwithstanding the giving of such notice, or the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception. The Board of Directors may terminate or provide for the automatic termination of the Excepted Holder Limit for any Person in the event that such Person fails to comply with such conditions or restrictions as are established by the Board of Directors pursuant to this Section 3.h(ii).
- (iii) Notwithstanding anything herein to the contrary, an underwriter or placement agent that participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Post-IPO TSP Stock Ownership Limit (regardless of whether such underwriter or placement agent is a TSP or TSP Affiliate), but only to the extent necessary to facilitate such public offering or private placement and provided that the restrictions contained in Section 3.a will not be violated following the distribution by such underwriter or placement agent of such shares of Capital Stock.

i. Legend. Each certificate for shares of Capital Stock shall bear substantially the following legend: "The shares represented by this certificate are subject to restrictions on ownership and transfer set forth in Article IV of the Corporation's Restated Certificate of Incorporation. In addition to certain further restrictions and

except as expressly provided in the Corporation's Restated Certificate of Incorporation, no TSP or TSP Affiliate may Beneficially Own shares of the Corporation's Capital Stock equal to, or in excess of, five percent (5.0%) of the voting power of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable). Any Person who Beneficially Owns or attempts to Beneficially Own shares of Capital Stock which causes or will cause a Person to Beneficially Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the restrictions on transfer or ownership are violated, the holder of the shares of Capital Stock represented hereby will be required to sell excess shares immediately either to the Corporation or its designee (at the Corporation's election) or to another Person whose Beneficial Ownership of such shares will not violate such restrictions on transfer or ownership. All capitalized terms in this legend have the meanings defined in the Corporation's Restated Certificate of Incorporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office."

- j. Prohibited Owner's Rights With Respect To Divestiture Shares.
 - (i) General. Divestiture Shares shall continue to be issued and outstanding shares of Capital Stock of the Corporation.
 - (ii) No Voting Rights Relating to Divestiture Shares. Subject to Delaware law, effective as of the date of the Transfer that triggered the application of Section 3.b, the Prohibited Holder shall not be entitled to vote any Divestiture Shares on any matters presented to the Corporation's stockholders for their approval and the Corporation shall disregard any vote cast by a Prohibited Owner in respect of Divestiture Shares; *provided, however*, that until such time as the Corporation receives notice that a Transfer, Status Change or other event has occurred that resulted in a Person Beneficially Owning shares of Capital Stock in violation of Section 3.a, the Corporation shall, subject to Delaware law, be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.
 - (iii) Dividends and Sale Proceeds. The Prohibited Owner shall have the right to receive dividends, if any, and the proceeds from the sale of such Divestiture Shares.
- k. Change in Post-IPO TSP Stock Ownership Limit. To the extent consistent with the FCC Neutrality Requirements, the Board of Directors may from time to time increase or decrease the Post-IPO TSP Stock Ownership Limit; *provided, however*, that stockholders shall receive notice of any such change, and a certificate of

any such change shall be maintained and made available to any stockholder upon request; *provided; further*, that a decreased Post-IPO TSP Stock Ownership Limit will not be effective for any Person whose percentage ownership of Capital Stock is in excess of such decreased Post-IPO TSP Stock Ownership Limit until such time as such Person's percentage of Capital Stock equals or falls below the decreased Post-IPO TSP Stock Ownership Limit, but any further acquisition of Capital Stock in excess of the decreased Post-IPO TSP Stock Ownership Limit of Capital Stock will be in violation of the Post-IPO TSP Stock Ownership Limit.

l. NYSE or NASDAQ Transactions. Nothing in this Section 3 shall preclude the settlement of any transaction entered into through the facilities of NASDAQ, NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Section 3 and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Section 3.

m. Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Section 3.

n. Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

o. Severability. If any term or provision specified in this Section 3 is held by a court of competent jurisdiction to be in violation of any applicable law or public policy, and if such court should declare such term or provision to be illegal, invalid, unlawful, void, voidable or unenforceable as written, then this Section 3 shall be deemed to include such provision to the fullest possible extent that it is legal, valid and enforceable, and the remainder of the terms and provisions herein shall be construed as if such illegal, invalid, unlawful, void, voidable or unenforceable term or provision were not contained herein.

ARTICLE V BOARD POWER REGARDING BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the bylaws of the Corporation.

ARTICLE VI ELECTION OF DIRECTORS

A. Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors constituting the entire Board of Directors of the Corporation shall be not less than three nor more than fifteen, as fixed from time

to time by vote of a majority of the entire Board of Directors; *provided, however*, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office; *provided, further*, that the number of directors constituting the entire Board of Directors shall be seven until otherwise fixed by a majority of the entire Board of Directors.

B. Beginning with the initial annual meeting, the Board of Directors shall be divided into three classes: Class I, Class II and Class III. The terms of office of the classes of directors elected at the initial annual meeting shall expire at the times of the annual meetings of the stockholders as follows: Class I on the next annual meeting, Class II on the second next annual meeting and Class III on the third next annual meeting, or thereafter in each case when their respective successors are elected and qualified. At each subsequent annual election, the directors chosen to succeed those whose terms are expiring shall be identified as being of the same class as the directors whom they succeed, and shall be elected for a term expiring at the time of the third succeeding annual meeting of stockholders, or thereafter in each case when their respective successors are elected and qualified. Subject to the rights of the holders of any series of preferred stock then outstanding, any vacancies in the Board of Directors for any reason, and any directorships resulting from any increase in the number of directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for which such directors have been chosen and until their successors shall be elected and qualified. The number of directorships shall be apportioned among the classes so as to maintain the classes as nearly equal in number as possible. Elections of directors need not be by written ballot.

ARTICLE VII LIABILITY

No director of the Corporation shall be personally liable to the Corporation or any stockholder for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware Code or any amendment thereto or successor provision thereof, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware Code is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware Code, as so amended. Any repeal or modification of this provision shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLE VIII INDEMNIFICATION

A. Right to Indemnification.

1. Subject to the limitations set forth in Section A.2 of this Article VIII, each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any Proceeding, by reason of the fact that he or she is or was a director or an executive officer

of the Corporation or is or was a director or executive officer of the Corporation serving at the request of the Corporation as a director, officer, trustee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (such person, an “**Indemnitee**”), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, trustee or agent or in any other capacity while serving as a director, officer, trustee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith.

2. Notwithstanding any other provision in this Article VIII, the Corporation shall not be obligated under this Article VIII to make any indemnity in connection with any claim made against an Indemnitee:

- a. to the extent expressly prohibited by applicable law;
- b. for which payment has actually been made to Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement of the Corporation or any other company or organization on whose board Indemnitee serves at the request of the Corporation, except with respect to any deductible (or the equivalent) from or excess beyond the amount payable or paid under any insurance policy or other indemnity provision;
- c. for an accounting of profits made (i) from the purchase and sale (or sale and purchase) by the Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law, or (ii) from any transactions prohibited under Section 306(a) of the Sarbanes-Oxley Act of 2002; or
- d. in connection with any Proceeding (or any part of any Proceeding), including claims and counterclaims, initiated or brought voluntarily by the Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by such Indemnitee against the Corporation or its directors, officers, employees or other Indemnities in their capacity as such, unless (i) the Proceeding is brought pursuant to Section C of this Article VIII with respect to the enforcement of rights to indemnification under this Article, (ii) the Board of Directors authorized the Proceeding (or such part of any Proceeding) prior to its initiation or (iii) the Corporation elects to provide the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law.

B. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section B of this Article VIII, an Indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney’s fees) incurred in defending

any such Proceeding in advance of its final disposition (hereinafter an “**advancement of expenses**”); *provided, however*, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an “**undertaking**”), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “**final adjudication**”) that such Indemnitee is not entitled to be indemnified for such expenses under this Section B or otherwise. Notwithstanding the foregoing, the Corporation shall not be required to advance any expenses to an Indemnitee in the event and to the extent that such Indemnitee has entered a plea of guilty in the applicable criminal Proceeding.

C. Right of Indemnitee to Bring Suit. If a claim under Section A or B of this Article VIII is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

D. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or directors or otherwise.

E. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and/or any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation (or any of its direct or indirect subsidiaries or affiliates) who does not qualify for indemnification as an Indemnitee under this Article VIII to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and executive officers of the Corporation.

G. Nature of Rights. The rights conferred upon Indemnitees in this Article VIII shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of an Indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any Proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

H. Certain Definitions. For purposes of this Article VIII, the following terms shall be defined as follows:

1. **"executive officer"** shall mean (a) any officer of the Corporation with a position of senior vice president (or, if applicable, executive vice president) or higher; or (b) any other officer of the Corporation who is expressly designated by a resolution of the Board of Directors as an "executive officer" for purposes of this Article (regardless of whether such person is designated as an executive officer for other purposes). If an individual is designated an "executive officer" by virtue of clause (a) or (b) of this Section H.1, and the Board of Directors subsequently ceases to designate such individual as an "executive officer," such individual shall continue to be treated as an "executive officer" with respect to any Proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place a period when such individual was an "executive officer" pursuant to clause (a) or (b) of this Section H.1.

2. **"Proceeding"** includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative or legislative hearing or any other actual, threatened or completed proceeding, including any and all appeals, whether brought in the right of the Corporation or otherwise and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee was involved, or becomes or may become involved, as a party or otherwise, for which indemnification is not prohibited under Section A.2 of this Article VIII, including, but not limited to, actions, suits or proceedings in which Indemnitee may be or may have been involved as a party or otherwise, by reason of the

fact that Indemnatee is or was a director, officer, employee or agent of the Corporation, or is or was serving, at the request of the Corporation, as a director, officer, employee or agent or fiduciary of any other entity, including, but not limited to, another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of anything done or not done by Indemnatee in any such capacity, whether or not Indemnatee is serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Article VIII.

I. Constituent Corporations. For the purposes of this Article VIII, references to the "Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director or officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

ARTICLE IX CORPORATE POWER

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE X NO STOCKHOLDER ACTION BY WRITTEN CONSENT

No action required to be taken or which may be taken at any meeting of the stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing without a meeting to the taking of any action is denied.

ARTICLE XI CREDITOR COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the

creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

IN WITNESS WHEREOF, the undersigned has executed this Restated Certificate of Incorporation, which has been duly adopted in accordance with Section 242 and 245 of the Delaware General Corporation Law, on June 28, 2005.

NEUSTAR, INC.

By: /s/ Jeffrey E. Ganek

Name: Jeffrey E. Ganek

Title: Chief Executive Officer

usTLD Policy Matrix

Policy or Specification Name	New	Existing	Revised	Comments	Effective	
					In Effect	Contract + 60/90
Registrar Information Specification	X			Added to conform to ICANN 2013 RAA		X
Additional Technical Specifications Schedule		X			X	
Fee Schedule			X	Revised to reflect increase in wholesale price to cover multistakeholder process		X
Logo License Specification		X			X	
Nexus Requirements Policy		X			X	
Rules For Nexus Dispute Policy			X	As stated in Section 1.4.1, Neustar proposes to modify the Nexus Dispute Resolution Policy to permit transfer of a usTLD to a prevailing complainant (providing the complainant meets the Nexus criteria) and allow electronic submission of usDRP-required documents. This would bring the NDP Rules in line with more modern electronic communication practices. The respondent in any dispute will still receive email, mail, and fax notification, but instead of sending a paper file, the respondent will be sent instructions and a re-sendable hyperlink to a user portal containing relevant documentation. Neustar is proposing to modify the usDRP Dispute Resolution Rules in the same manner, and has worked with the National Arbitration Forum to adopt the changes set out in Table 1.4-1, which can be found in the NDP Rules. We believe the stakeholder community supports closing this loophole.		X
Transfer Policy		X			X	
Domain Name Transfer Policy		X			X	
Privacy Policy		X			X	
AGP (Add Grace Period) Limits Policy		X			X	
Administrator Reservation of Rights Policy		X			X	

usTLD Policy Matrix

Policy or Specification Name	New	Existing	Revised	Comments	Effective	
					In Effect	Contract + 60/90
Acceptable Use Policy	X			The usTLD has had a variety of policies on appropriate usage of usTLD registrations, but the Acceptable Use Policy brings these disparate statements together into a single document consistent with best practices.		X
Administrative Policy Statement		X			X	
Dispute Resolution Policy (usDRP)		X			X	
Rules for the usTLD Dispute Resolution Policy			X	As stated in Section 1.4.3.1 Neustar has proposed modest changes to the usDRP Policy and Rules to achieve the following: (i) bring them in line with current electronic communication practices, (ii) place an affirmative duty on the Registrar to lock the domain name in dispute and provide the needed contact information to the dispute resolution provider, and (iii) ensure that a prevailing usDRP complainant is only entitled to a transfer of the .us domain name, if and only if, that complainant can provide demonstrable evidence to the dispute resolution provider that it possesses both legitimate rights to the domain name, and that it meets the U.S. Nexus Requirements. See Table 1.4-2		X
USDRP Approval Process		X			X	
Amended USDRP Provider Agreement		X			X	
Rapid Suspension Dispute Policy (usRS)	X			Reflects inclusion of rapid suspension dispute process.		X
usRS Rules	X			Reflects inclusion of rapid suspension dispute process.		X
Nexus Dispute Policy		X			X	

usTLD Policy Matrix

Policy or Specification Name	New	Existing	Revised	Comments	Effective	
					In Effect	Contract + 60/90
Whois Accuracy Program Specification			X	On pages 106-111 of the Neustar Policies and Specifications for the usTLD slip-sheet attached to the RFP Response (“Policies and Specifications”), Neustar sets forth a number of elements that combined constitute Neustar’s Whois Accuracy Program for the usTLD. Although a number of elements of this Program have been in place for some time, this is the first time that the policies have been combined in one document. Therefore, a redline of the changes cannot be produced. We note that these changes mirror the requirements of the new gTLD agreements, including some that were requested by law enforcement and others that we understand were proposed by the U.S. GAC representative. While these changes could be deferred pending Stakeholder Council action, we are unsure whose interests would be served by further delay. And, of course, adoption of these changes now would not preclude Council action in the future. Section 1.4.6.7 of the RFP Response describes these changes in detail.		X
Data Directory Service (Whois) Specification			X	Revised to reflect updated ICANN specification and services levels with respect to WHOIS.		X
Policy on Registrar Use of Resellers			X	Mirrors changes in ICANN 2013 RAA		X
Data Retention Specification	X			Mirrors changes in ICANN 2013 RAA		X
Sunrise Policy			X	Revised to propose using the Trademark Clearinghouse in the event a Sunrise is held.		X
Registrar-Registrant Agreement Specification			X	This document was revised to (i) give effect to changes adopted in the 2013 Registrar Accreditation Agreement and the New gTLD Registry Agreement (including the GAC Advice); (ii) incorporate the Acceptable Use Policy described above; and (iii) to be in a position to implement changes that may result from Stakeholder Council policy recommendations.		X

usTLD Policy Matrix

Policy or Specification Name	New	Existing	Revised	Comments	Effective	
					In Effect	Contract + 60/90
Registry Operator Code of Conduct			X	Neustar has operated under a Code of Conduct with respect to the usTLD since taking over the administration of the usTLD in 2001. Although the new proposed Code of Conduct retains some of the elements of the existing Code of Conduct, including neutrality and confidentiality obligations, it incorporates conduct standards with respect to dealing with the usTLD Stakeholder Council as well as an affirmation to operate the usTLD in the public interest. A redline of the proposed Code of Conduct and the existing Code of Conduct is attached hereto.		X
Redemption Grace Period Specification		X			X	
Proxy/Privacy Registration Policy		X			X	
Manager Delegation Take-Back Policy		X			X	
Delegated Manager Tool		X			X	
Policy on Delegated Manager DNS Inspection		X			X	
RSS Feeds for Delegated Managers		X			X	
Bulk Transfer After Partial Portfolio Acquisition Policy		X			X	
Policy on Prevention of Phishing, Malware, Bot-nets, etc.			X	Updated to reflect enhancement of malicious monitoring services		X
Terms and Conditions for Registrar Use of usTLD Registry System	X			This is a compilation of existing provisions of the usTLD Administrator Registrar Agreement pulled into one policy		X

usTLD Policy Matrix

Policy or Specification Name	New	Existing	Revised	Comments	Effective	
					In Effect	Contract + 60/90
Specification on Registrant's Benefits and Responsibilities	X			Adopted to reflect changes in ICANN 2013 RAA		X

Neustar Policies, Specifications and Procedures for the usTLD

Document Control Information			
Doc Title:		Neustar Policies and Specification for the usTLD	
Doc Number:			
Revision Number:			
Revision Control			
Revision	Release Date	Author	Description of Changes:
1.0		Becky Burr	Consolidated List of Policies
Document Approvals of Current Revision			
Name		Position/Title/Role	
Send all Questions, Suggestions, and Recommendations regarding the content of this document to Quality Management.			
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usTLD Registrar Information Specification

Registrar shall provide to Neustar the information specified below, which shall be maintained in accordance with Section 3.17 of the Agreement. With regard to information identified below, Neustar will hold such information pursuant to the disclosure requirements set forth in Section 3.15 of the Agreement.

General Information

1. Full legal name of Registrar.
2. Legal form of the Registrar (e.g., LLC, Corporation, Government Body, Intergovernmental Organization, etc.).
3. The jurisdiction in which the Registrar's business is registered for legal and financial purposes.
4. The Registrar's business registration number and the name of the authority that issued this number.
5. Every business name and/or trade name used by the Registrar.
6. Provide current documentation demonstrating that the Registrar entity is legally established and in good standing. For proof of establishment, provide charter documents or other equivalent document (e.g., membership agreement) of the entity. If the Registrar is a government body or organization, provide a certified copy of the relevant statute, governmental decision or other instrument under which the government body or organization has been established. With respect to an entity other than a government body or organization, where no such certificates or documents are available in the Registrar's jurisdiction, an affidavit drafted and signed by a notary public or a legal practitioner duly qualified in the courts of the Registrar's jurisdiction, declaring that the organization is established and in good standing, must be provided.
7. Correspondence address for the Registrar.* This address will be used for contractual purposes, and the Registrar must be able to accept notices and service of legal process at this address. No Post Office boxes are allowed.
8. Primary phone number where the Registrar can be reached for contractual

purposes.

9. Primary Fax number where the Registrar can be reached for contractual purposes.
10. Primary Email address where the Registrar can be reached for contractual purposes.
11. If the location or address of Registrar's principal place of business is different from the address provided in 7, provide details including address, phone number, fax number and email address.* Provide Neustar with current documentation demonstrating that the Registrar is legally entitled to do business in the principal place of business.
12. Any other addresses where the Registrar will be operated or managed, if different from either its principal place of business or correspondence address provided above. (If so, please explain.) Provide Neustar with current documentation demonstrating that the Registrar is legally entitled to do business in each location identified.
13. Primary contact name: Title
Address

Phone number Fax
number Email
address
14. URL and Location of Port 43 WHOIS server.

Ownership, Directors and Officers Information

1. Full name, contact information, and position of any persons or entities owning at least 5% of the ownership interest in Registrar's current business entity. For each person listed, please specify such person's percentage ownership.
2. Full name, contact information, and position of all directors of the Registrar.
3. Full name, contact information, and position of all officers of the Registrar.* (Officer names and positions must be publicly displayed.)
4. Full name, contact information, and position of all senior management and other key personnel overseeing the provision of Registrar Services.

5. For every person or entity mentioned in the answers to questions 15 to 18, indicate if that person or entity:
 - 5.1. within the past ten years, has been convicted of a felony or of a misdemeanor related to financial activities, or has been judged by a court to have committed fraud or breach of fiduciary duty, or has been the subject of a judicial determination that is similar or related to any of these;
 - 5.2. within the past ten years, has been disciplined by any government or industry regulatory body for conduct involving dishonesty or misuse of funds of others;
 - 5.3. is currently involved in any judicial or regulatory proceeding that could result in a conviction, judgment, determination, or discipline of the type specified in items 19(a) or 19(b); or
 - 5.4. is the subject of a disqualification imposed by Neustar. Provide details if any of the above events in (a)-(d) have occurred.
6. List all Affiliated Registrars, if any, and briefly describe the Affiliation.
7. For any entities listed in item 20, must provide information required in items 1-14 above.
8. List the ultimate parent entity of the Registrar, if applicable.

Other

1. Does the Registrar or any of its Affiliates offer any Privacy Service or Proxy Service (as such terms are defined in the Specification on Privacy and Proxy Registrations)? If yes, list the entities or individuals providing the Privacy Service or Proxy Service.
2. For any entities listed in item 20, provide information required in 1-14 above.
3. Does the Registrar utilize or benefit from the services of Resellers?
4. If yes, provide a list of all such Resellers known to Registrar. The information specified in this item 26 shall be made available to Neustar upon request. At such time as Neustar develops a secure method for the receipt and retention of such information, such information shall thereafter be provided to Neustar in accordance

usTLD Registrar Information Specification
with Section 3.17 of the Agreement.

usTLD Additional Technical Specifications Schedule

This Specification may be modified by Neustar from time to time after consultation with the Registrar Stakeholder Group (or its successor), provided that such updates are commercially practical with respect to the registrar industry, taken as a whole.

1. DNSSEC

Registrar must allow its customers to use DNSSEC upon request by relaying orders to add, remove or change public key material (e.g., DNSKEY or DS resource records) on behalf of customers to the Registries that support DNSSEC. Such requests shall be accepted and processed in a secure manner and according to industry best practices. Registrars shall accept any public key algorithm and digest type that is supported by the TLD of interest and appears in the registries posted at: <http://www.iana.org/assignments/dns-sec-alg-numbers/dns-sec-alg-numbers.xml> and <http://www.iana.org/assignments/ds-rr-types/ds-rr-types.xml>. All such requests shall be transmitted to registries using the EPP extensions specified in RFC 5910 or its successors.

2. IPv6

To the extent that Registrar offers registrants the ability to register nameserver addresses, Registrar must allow both IPv4 addresses and IPv6 addresses to be specified.

3. IDN

If the Registrar offers Internationalized Domain Name ("IDN") registrations, all new registrations must comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registrar shall also comply with the IDN Guidelines at <http://www.Neustar.org/en/topics/idn/implementation-guidelines.htm>, which may be amended, modified, or superseded from time to time. Registrar must use the IDN tables published by the relevant registry.

usTLD Fee Schedule

1. Payment of usTLD Administrator Fees. In advance of incurring Fees, Registrar shall establish a letter of credit, deposit account, or other credit facility accepted by usTLD Administrator, which acceptance will not be unreasonably withheld so long as payment is assured. All Fees are due immediately upon receipt of applications for initial and renewal registrations, or upon provision of other services provided by usTLD Administrator to Registrar. Payment shall be made via debit or draw down of the deposit account, letter of credit or other credit facility. usTLD Administrator shall provide monthly invoices to the Registrar.
2. Non-Payment of Fees. In the event Registrar has insufficient funds deposited or available through the letter of credit or credit facility with usTLD Administrator or otherwise fails to pay Fees when due, usTLD Administrator may do any or all of the following: (a) stop accepting new initial or renewal registrations from Registrar; (b) delete the domain names associated with any negative balance incurred from the usTLD Database; and (c) pursue any other remedy permitted under this Agreement or at law or in equity.
3. Amount of usTLD Administrator Fees. Registrar agrees to pay usTLD Administrator the fees set forth below for accreditation, initial and renewal registrations and other services provided by usTLD Administrator to Registrar (collectively, "Fees"). usTLD Administrator reserves the right to revise the Fees prospectively upon thirty (30) days notice to Registrar, provided that such adjustments are consistent with the usTLD Agreement.

ACCREDITATION AND REGISTRATION FEES

- Initial Accreditation Fee. Registrar shall pay Neustar an Initial Accreditation fee in the amount of \$1000
- Initial Registration. Registrar agrees to pay the non-refundable fee of \$6.00 per Registered Name per year of registration plus \$0.50 Multistakeholder Support Fee.
- Renewal Fees. Registrar agrees to pay the non-refundable fee of \$6.00 plus \$0.50 Multistakeholder Support Fee per Registered Name per year for renewals.

- Fees for Transfers of Sponsorship of Domain-Name Registrations. Where the sponsorship of a domain name is transferred from one registrar to another, usTLD Administrator may require the registrar receiving the sponsorship to request a renewal of one year for the name. In connection with that extension, usTLD Administrator may charge a Renewal Fee for the requested extension as provided in the renewal schedule set forth above. The transfer shall result in an extension according to the renewal request, subject to a ten-year maximum on the future term of any domain-name registration. The Renewal Fee shall be paid in full at the time of the transfer by the registrar receiving sponsorship of the domain name.
- Enhanced Whois Service. Registrar agrees to pay the non-refundable amounts as set forth below:

To be provided with at least 30 days advance notice: Yearly Subscription Fee Rate,
One time Usage Fee
- Fee for Restoring Deleted Domain Name Registrations. usTLD Administrator may charge registrars the following maximum price for each Registered Name that is restored pursuant to the Redemption Grace Period Policy set forth in Exhibit E.
The cost of restoring an unintentionally deleted domain name in the Redemption Grace Period during the first five (5) days of the RFP shall be a one-time fee of \$6.50 per domain name. The cost of restoring an unintentionally deleted domain name in the RGP during the remaining twenty-five (25) days of the RFP shall be a one-time fee of \$40.00 per domain name. Registry Operator will waive the fee for restoring any Registered Name that was deleted, contrary to the wishes of the Registered Name Holder, as the result of a mistake of the Registry Operator. **Note:** the fee for restoring deleted names is separate from, and in addition to, any Renewal Fees that may be charged as set forth above.
- Fee for disproportionate deletes during Add Grace Period. See Exhibit E of the Terms of Registrar Use of the usTLD System.
- Sunrise Batch Fees. Registrar further agrees that in the event that usTLD administrator

implements a so-called “Sunrise” batch-based registration systems, Registrar shall not charge to registrants any fee for the submission of a domain name application or request for registration. Registrar agrees that the only fee allowable for the submission of a domain name request under such systems will be Registrar’s standard registration fee charged to the ultimate holder of a Registered Name.

4. Adjustment of Fees. Neustar reserves the right to revise the Fees prospectively upon thirty (30) days notice to Registrar, provided that such adjustments are consistent with the usTLD Agreement.
5. Fees Exclusive of Taxes. The fees due under this Agreement are exclusive of tax. All taxes, duties, fees and other governmental charges of any kind (including sales, turnover, services, use and value-added taxes) that are imposed by or under the authority of any government or any political subdivision thereof on the Accreditation fees for any services, software and/or hardware shall be borne by Registrar and shall not be considered a part of, a deduction from, or an offset against such Accreditation fees. All payments due to Neustar shall be made without any deduction or withholding on account of any tax, duty, charge, or penalty except as required by applicable law, in which case, the sum payable by Registrar from which such deduction or withholding is to be made shall be increased to the extent necessary to ensure that, after making such deduction or withholding, Neustar receives (free from any liability with respect thereof) a net sum equal to the sum it would have received but for such deduction or withholding being required.

usTLD Logo License Specification

Neustar and Registrar have entered into a Registrar Accreditation and Registry-Registrar Agreement (the "Agreement"), of which this appendix ("Logo License Specification") is a part. Definitions in the Agreement apply in this Logo License Specification. Pursuant to and subject to the Registrar Accreditation Agreement, Registrar and Neustar hereby agree as follows:

1. LICENSE

- 1.1. Grant of License. Neustar grants to Registrar a non-exclusive, worldwide right and license to use the Trademarks, during the term of this specification and solely in connection with the provision and marketing of Registrar Services in order to indicate that Registrar is accredited as a registrar for the usTLD by Neustar. Except as provided in this subsection and Subsection 2.2 of the Agreement, Registrar shall not use the Trademarks, any term, phrase, or design which is confusingly similar to the Trademarks or any portion of the Trademarks in any manner whatsoever.
- 1.2. Ownership of Trademarks. Any and all rights in the Trademarks that may be acquired by Registrar shall inure to the benefit of, and are hereby assigned to, Neustar. Registrar shall not assert ownership of the Trademarks or any associated goodwill.
- 1.3. No Sublicense. Registrar shall not sublicense any of its rights under this specification to any other person or entity (including any of Registrar's resellers) without the prior written approval of Neustar.

2. REGISTRATION AND ENFORCEMENT

- 2.1. Registration. Registration and any other form of protection for the Trademarks shall only be obtained by Neustar in its name and at its expense.
- 2.2. Enforcement. Registrar shall promptly notify Neustar of any actual or suspected infringement of the Trademarks by third parties, including Registrar's resellers or affiliates. Neustar shall have the sole discretion to initiate and maintain any legal proceedings against such third parties; Registrar shall not take any such actions without the prior written approval of Neustar; and Neustar shall retain any and all

recoveries from such actions.

- 2.3. Further Assurances. Registrar agrees to execute such other documents and to take all such actions as Neustar may request to effect the terms of this specification, including providing such materials (for example URLs and samples of any promotional materials bearing the Trademarks), cooperation, and assistance as may be reasonably required to assist Neustar in obtaining, maintaining, and enforcing trademark registration(s) and any other form of protection for the Trademarks.

3. TERM AND TERMINATION

- 3.1. This Logo License Specification shall be effective from the date it is signed below by both parties until the Expiration Date, unless this specification or the Registrar Accreditation Agreement is earlier terminated. Each party shall have the right to terminate this specification at any time by giving the other party written notice. Upon expiration or termination of this specification, Registrar shall immediately discontinue all use of the Trademarks.

TRADEMARKS:

The usTLD Nexus Requirements Policy

1. Registrants in the usTLD must be either:
 - 1.1. A natural person (i) who is a United States citizen, (ii) who is a permanent resident of the United States of America or any of its possessions or territories, or (iii) whose primary place of domicile is in the United States of America or any of its possessions [Nexus Category 1],
 - 1.2. A United States entity or organization that is (i) incorporated within one of the fifty (50) U.S. states, the District of Columbia, or any of the United States possessions or territories, or (ii) organized or otherwise constituted under the laws of a state of the United States of America, the District of Columbia or any of its possessions or territories (including a federal, state, or local government of the United States or a political subdivision thereof, and non-commercial organizations based in the United States) [Nexus Category 2], or
 - 1.3. A foreign entity or organization that has a bona fide presence in the United States of America or any of its possessions or territories [Nexus Category 3].
2. Prospective Registrants will certify that they have a “bona fide presence in the United States” on the basis of real and substantial lawful connections with, or lawful activities in, the United States of America. This requirement is intended to ensure that only those individuals or organizations that have a substantive lawful connection to the United States are permitted to register for usTLD domain names.
3. It shall be a continuing requirement that all usTLD domain name Registrants remain in compliance with Nexus. To implement the Nexus requirement, Neustar will:
 - 3.1. Require that Registrars certify that they enforce the Nexus requirement upon their Registrants, and that Registrars require Registrants to certify that they meet the Nexus requirement.
 - 3.2. Conduct a scan of selected registration request information.
 - 3.3. Conduct “spot checks” on Registrant information.
4. Information Collected From Registrants. To register a name, Registrants (through their Registrars) will be required to provide basic registration information to the Registry. The minimum required information is:
 - 4.1. The domain name registered;

- 4.2. The IP address and corresponding names of the primary and secondary name servers for the registered name;
 - 4.3. The Registrar name and URL or, where appropriate, the identity of the delegated manager under whom the name is registered;
 - 4.4. The original creation date and term of the registration;
 - 4.5. The name and postal address of the domain name Registrant;
 - 4.6. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the name holder for the name registered;
 - 4.7. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the name registered; and
 - 4.8. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the name registered.
5. In addition to the above information, Registrants will be required to provide certain additional Nexus information to their Registrars. Except where it is noted below that a registration will be rejected if information is missing, failure of a registration to satisfy the Nexus requirement will result in the name being placed upon a 30-day hold, during which time the Registrar will be notified and given the opportunity to correct the information with the Registrant. If no action is taken by the Registrar within the 30-day period, the registration will be cancelled and the name will be returned to "available" status. The registration fee will not be refunded. If, on the other hand, the Registrar is able to demonstrate compliance with the requirement and the information is corrected, the hold will be released and the name will be registered.
- 5.1. Certification that Registrant satisfies Nexus requirement – if not completed, then registration will be rejected;
 - 5.2. Basis for compliance (Nexus Category 1, 2, or 3) – if not completed, then registration will be rejected
 - 5.3. Certification that the listed name servers are located within the United States – if not completed, then registration will be rejected

Nexus Category 1. A natural person (i) who is a United States citizen, (ii) who is a permanent resident of the United States of America or any of its possessions or territories, or (iii) whose primary place of domicile is in the United States of America or

any of its possessions. Statement of citizenship or legal permanent residency required. If not completed, registration will be rejected.

Nexus Category 2. A United States entity or organization that is (i) incorporated within one of the fifty (50) U.S. states, the District of Columbia, or any of the United States possessions or territories, or (ii) organized or otherwise constituted under the laws of a state of the United States of America, the District of Columbia or any of its possessions or (including a federal, state, or local government of the United States, or a political subdivision thereof, and non-commercial organizations based in the United States).

Nexus Category 3. A foreign entity or organization that has a bona fide presence in the United States of America or any of its possessions or territories. Applicant must state country of citizenship. Applicant must also (1) regularly engage in lawful activities (sales of goods or services or other business, commercial or non-commercial including not-for-profit activities) in the United States; or (2) maintain an office or other property within the United States.

Category 3 Nexus Certification

Prospective Registrants will certify compliance with Category 3 Nexus based upon substantial lawful contacts with, or lawful activities in, the United States. Factors that should be considered in determining whether an entity or organization has a bona fide presence in the United States shall include, without limitation, whether such prospective usTLD domain name Registrant:

- Regularly performs lawful activities within the United States related to the purposes for which the entity or organization is constituted (e.g., selling goods or providing services to customers, conducting regular training activities, attending conferences), provided such activities are not conducted solely or primarily to permit it to register for a usTLD domain name and are lawful under the laws and regulations of the United States and satisfy policies for the usTLD, including policies approved and/or mandated by the DoC;
- Maintains an office or other facility in the United States for a lawful business, noncommercial, educational or governmental purpose, and not solely or primarily to permit it to register for a usTLD domain name.

Rules For Nexus Dispute Policy

Administrative proceedings for the resolution of disputes under the Nexus Dispute Policy adopted by DOC shall be governed by these Rules.

1. Definitions

In these Rules:

Complainant means the party initiating a complaint concerning a domain name registration.

DOC refers to the United States Department of Commerce.

Mutual Jurisdiction means a court jurisdiction in the United States at the location of either (a) the principal office of the Registrar of the domain name in question, or (b) the domain name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time a complaint is submitted to a Provider. If neither (a) or (b) are located within the United States, then Mutual Jurisdiction shall lie in solely in the Commonwealth of Virginia.

Nexus Requirements means those requirements set forth at www.neustar.us.

Panelist means an administrative Panelist appointed by Provider to decide a complaint concerning a domain name registration.

Party means a Complainant or a Registrant.

Policy means the Nexus Dispute Policy that is incorporated by reference and made a part of the Registration Agreement.

Provider means a dispute-resolution service provider performing services under agreement with Neustar, as approved by DOC. A list of such Providers appears at http://www.neustar.us/policies/dispute_providers.html.

Registrar means the entity with which the Registrant has registered a domain name that is the subject of a complaint.

Registration Agreement means the agreement between a Registrar and a domain name holder.

Registrant means the holder of a domain name registration against which a complaint is initiated.

2. Communications

a. Any written communication required under these Rules shall be made by the means specified by the Complainant or the Respondent, respectively, or in the absence of such specification:

- i. By facsimile with a confirmation of transmission;
- ii. By postal or courier service, postage pre-paid and return receipt requested; and/or
- iii. Electronically via the Internet, provided a record of its transmission is available.

b. Any communication to the Provider or the Panelist shall be made in accordance with the Provider's Supplemental Rules.

c. All communications shall be made in English.

d. Either Party may update its contact details by notifying the other Party, the Provider and the Registrar.

e. Except as otherwise provided in these Rules, or decided by a Panelist, all communications provided for under these Rules shall be deemed to have been made:

- i. If delivered by facsimile transmission, on the date shown on the confirmation of transmission;
- ii. If by postal or courier service, on the date marked on the receipt; or
- iii. If via the Internet, on the date that the communication was transmitted, provided that the date of transmission is verifiable.

f. Except as otherwise provided in these Rules, all time periods calculated under these Rules shall begin to run on the earliest date that the communication is deemed to have been made in accordance with Paragraph 2(e).

g. Except as otherwise provided in these Rules, any communication by:

- i. A Panelist to any Party shall be copied to the Provider and to the other Party;
- ii. The Provider, following the commencement of an administrative proceeding pursuant to Paragraph 4(c), to any Party shall be copied to the other Party; and
- iii. A Party shall be copied to the other Party, the Panelist and the Provider, as the case may be.

h. It shall be the responsibility of the sender to retain records of the fact and circumstances of sending, which shall be available for inspection by affected parties and for reporting purposes.

i. In the event that a Party sending a communication receives notification of non-delivery of the communication, that Party shall promptly notify the Provider of the circumstances of the notification.

3. The Complaint

a. Any person or entity may initiate a Nexus Dispute by submitting a complaint in accordance with the Policy and these Rules to the Provider.

b. The complaint shall be submitted in hard copy (with annexes) and in electronic form (without annexes).

c. The complaint shall:

i. Request that the complaint be submitted for decision in accordance with the Policy and Rules and describe why the domain name registration should be considered subject to the Policy;

ii. Provide the full name, postal and e-mail addresses, and the telephone and facsimile numbers of the Complainant and of any representative authorized to act for the Complainant in the administrative proceeding;

iii. Specify a preferred method for communications directed to the Complainant in the administrative proceeding (including person to be contacted, medium, and address information) for each of (A) electronic-only material and (B) material including hard copy; contact details available in the Whois database for the domain name, provide all information known to the Complainant regarding how to contact Respondent or any representative of Respondent, including contact information based on pre-complaint dealings;

v. Specify the domain name(s) that is/are the subject of the complaint;

vi. Identify the Registrar(s) with whom the domain name(s) is/are registered at the time the complaint is filed;

vii. Describe, in accordance with the Policy, the grounds on which the complaint is made including, the extent to which the domain name(s) is/are being used in violation of the Policy.

viii. Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;

ix. State that a copy of the complaint has been sent or transmitted to the Registrant (domain name holder), in accordance with Paragraph 2(b);

x. Identify the Mutual Jurisdiction to which the Complainant will submit with respect to any challenges to a decision in the administrative proceeding to delete the domain name

xi. Conclude with the following statement followed by the signature of the Complainant or its authorized representative:

“Complainant agrees that its claims and remedies concerning the registration of the domain name, the dispute, or the dispute’s resolution shall be solely against the domain name holder and waives all such claims and remedies against (a) the dispute -resolution provider and panelists, except in the case of deliberate wrongdoing, (b) the registrar, (c) the registry administrator, and (d) the Department of Commerce, as well as their directors, officers, employees, and agents.”

“Complainant certifies that the information contained in this Complaint is to the best of Complainant’s knowledge complete and accurate, that this Complaint is not being presented for any improper purpose, such as to harass, and that the assertions in this Complaint are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument”; and

xii. Annex any documentary or other evidence together with a schedule indexing such evidence.

d. The complaint may relate to more than one domain name, provided that the same domain name holder registers the domain names.

4. Notification of Complaint

a. The Provider shall review the complaint for formal compliance with the Policy and the Rules. If the complaint is found to be in compliance, the Provider shall notify the Registrant. For the purposes of notifying the Registrant, the Provider shall not be required to use any contact details other than those available in the Whois database for the domain name(s) in dispute.

b. If the Provider finds the complaint to be formally deficient, or if the Complainant has not included its Fees with the Complaint, the Provider shall promptly notify the

Complainant of the nature of the deficiencies identified. The Complainant shall have five (5) calendar days within which to correct any such deficiencies, after which the administrative proceeding will be deemed withdrawn without prejudice to submission of a different complaint by Complainant.

c. The date of commencement of the administrative proceeding shall be the date on which the Provider forwards the Complaint to the Registrant.

either Provider shall notify the Complainant, the Respondent, and the concerned Registrar(s) of the date of commencement of the administrative proceeding.

e. Upon notification by the Provider of the pending dispute, the domain name shall be “locked” by the Registry until the matter is resolved. While in a “locked” position, Registrant may not (i) change any of the contact information for that particular domain name or (ii) transfer the domain name to any third party.

5. Appointment of the Panelist. The Provider shall appoint a single panelist within five (5) calendar days following receipt of the response by the Provider.

6. Impartiality and Independence—An appointed Panelist shall be impartial and shall disclose any circumstances giving rise to justifiable doubt as to the

Panelist’s impartiality or independence. If, at any stage during the administrative proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the Panelist, that Panelist shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the discretion to appoint a substitute Panelist.

7. Initial Provider Decisions

a. The Provider shall make an initial evaluation of the complaint on the basis of the statements and documents submitted by the Complainant in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.

b. In the event that the Provider finds that the Complainant has not established a prima facie case that Registrant has not met any of the Nexus Requirements, the Provider shall issue a letter to the Complainant denying its challenge. In addition, the Provider shall communicate the full text of the decision to each Party, and the concerned Registrar(s).

c. In the event that the Provider finds that the Complainant has established a prima facie case that Registrant has not met any of the Nexus Requirements set forth at www.neustar.us the Provider shall issue a letter to Registrant to submit evidence of compliance with the Nexus Requirements (“Letter”).

8. Registrant Response to Letter. If the Provider issues a Letter, Registrant shall have a period of thirty (30) calendar (the “Response Period”) days from the date of the Letter to submit evidence of compliance with the Nexus Requirements. The response shall:

i. Specifically respond to the statements contained in the Letter and include any and all basis for the Registrant to retain registration and use of the disputed domain name on the basis of being in compliance with the Nexus Requirements;

ii. Provide the name, postal and e-mail addresses, and the telephone and telefax numbers of the Registrant and of any representative authorized to act for the Registrant in the administrative proceeding;

iii. Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;

iv. State that a copy of the response has been sent or transmitted to the Complainant, in accordance with Paragraph 2(a);

v. Conclude with the following statement followed by the signature of the Registrant or [®] its authorized representative:

“Registrant certifies that the information contained in this Response is to the best of Registrant’s knowledge complete and accurate, that this Response is not being presented for any improper purpose, such as to harass, and that the assertions in this Response are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.”; and

vi. Annex any documentary or other evidence upon which the Registrant relies, together with a schedule indexing such documents.

9. Panelist Evaluation of Response / Period to Cure

a. If, within the Response Period, Registrant submits evidence establishing any of the Nexus Requirements, the Panelist shall issue, within fourteen (14) business days from the end of the Response Period, a written finding directing that Registrant be permitted to keep the domain name. In addition, the Provider shall communicate the full text of the Panelist decision to each Party, and the concerned Registrar(s).

b. If the Panelist determines that the evidence submitted fails to demonstrate that the Registrant met any of the Nexus Requirements prior to the date the Policy was invoked, the Panelist shall issue, within fourteen (14) business days from the end of the Response

Period, a finding that Registrant has failed to meet the Nexus Requirements (“Nexus Failure Finding”) and shall communicate such Nexus Failure Finding to each Party.

c. If the Registrant does not respond within the Response Period, the Provider shall issue a Nexus Failure Finding.

d. In the event that a Nexus Failure Finding is made, the Provider shall communicate such finding to each Party. Registrant shall be given a total of thirty (30) days (the “Cure Period”) to submit documentation demonstrating that it has cured the Nexus Requirement deficiency.

1. The response to a Nexus Failure Finding shall:

i. Specifically respond to the statements contained in the Nexus Failure Finding and include any and all bases and associated documentation demonstrating that the Nexus Requirements have been cured.

ii. Annex any documentary or other evidence upon which the Registrant relies, together with a schedule indexing such documents.

2. If Registrant is able to demonstrate to the Panelist within the Cure Period that it has cured the Nexus Failure, the Panelist shall issue, within 14 business days from the end of the Cure Period, a written finding directing that Registrant be permitted to keep the domain name. In addition, the Panelist shall communicate the full text of the decision to each Party, and the concerned Registrar(s).

3. If the Panelist determines that the evidence submitted fails to demonstrate that the Registrant has cured the Nexus Failure, the Panelist shall issue, within 14 days from the end of the Cure Period, a written finding directing that the domain name be deleted from the Registry database and placed into the list of available domain names.

4. If the registrant does not respond within the Cure Period days the Provider shall issue a written finding directing that the domain name be deleted from the Registry database and placed into the list of available domain names.

10. Communication Between Parties and the Panelist—No Party or anyone acting on its behalf may have any unilateral communication with the Panelist.

11. General Powers of the Panelist

a. The Panelist shall conduct the administrative proceeding in such manner as it considers appropriate in accordance with the Policy and these Rules.

- b. In all cases, the Panelist shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.
- c. The Panelist shall ensure that the administrative proceeding takes place with due expedition. It may, at the request of a Party or on its own motion, extend, in exceptional cases, a period of time fixed by these Rules or by the Panelist.
- d. The Panelist shall determine the admissibility, relevance, materiality and weight of the evidence.
- e. The Panelist shall decide a request by a Party to consolidate multiple domain name disputes in accordance with the Policy and these Rules.

11. Further Statements—In addition to the complaint and the response, the Panelist may request, in its sole discretion, further statements or documents from either of the Parties.

12. In-Person Hearings—There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panelist determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.

13. Grounds for Termination. If, before the Panelist's decision is made, it becomes unnecessary or impossible to continue the administrative proceeding for any reason, the Panelist shall terminate the administrative proceeding, unless a Party raises justifiable grounds for objection within a period of time to be determined by the Panelist.

14. Effect of Court Proceedings

- a. In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, the Panelist shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision.
- b. In the event that a Party initiates any legal proceedings during the pendency of an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, it shall promptly notify the Panelist.

15. Fees

- a. The Complainant shall pay to the Provider an initial fixed fee, in accordance with the Provider's Supplemental Rules, within the time and in the amount required.

b. The Provider shall not take any action on a complaint until it has received from Complainant the initial fee.

16. Exclusion of Liability—Except in the case of deliberate wrongdoing, neither the Provider nor a Panelists shall be liable to a Party for any act or omission in connection with any administrative proceeding under the Policy and the Rules.

17. Amendments—The version of these Rules in effect at the time of the submission of the complaint to the Provider shall apply to the administrative proceeding commenced thereby. These Rules may not be amended without the approval of DOC.

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US Transfer Policy

[See Exhibit C to the Terms and Conditions for Registrar use of the usTLD System]

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usTLD Domain Name Transfer Policy: STANDARDIZED FORM OF AUTHORIZATION

DOMAIN NAME TRANSFER - Confirmation of Registrar Transfer Request

DOMAIN NAME TRANSFER

Attention: <insert Registered Name Holder or Administrative Contact of Record as listed in the usTLD WHOIS>

Re: Transfer of <insert domain name or list of domain names>

<insert name of registrar and/or name of reseller> received notification on <insert date of notification> that you have requested a transfer to another domain name registrar. If you want to proceed with this transfer, you do not need to respond to this message. If you wish to cancel the transfer, please contact us before <insert date> by:

[NOTE: a registrar may choose to include one or more of the following in the message sent to the Registered Name Holder or Admin contact, and additional processes may be added with Neustar approval. The order in which options are presented is a decision for each registrar]

[optional] send an email to <insert contact details>

[optional] send a fax to <insert contact details>

[optional] or please go to our website <insert URL of confirmation webpage>

[Note: website to contain text as above, with the option the transfer.]

If we do not hear from you by <insert date>, the transfer will proceed.

STANDARDIZED FORM OF AUTHORIZATION

DOMAIN NAME TRANSFER - Initial Authorization for Registrar Transfer

Attention: <insert Registered Name Holder or Administrative Contact of Record as listed in the usTLD WHOIS>

Re: Transfer of <insert one or more domain names>

[OPTIONAL text: The current registrar of record for this domain name as reflected in the usTLD WHOIS, which can be found at www.whois.us is <insert name of losing registrar>.]

<insert name of gaining registrar> has received a request from <insert name of person/entity/reseller requesting transfer>

[OPTIONAL text:] via <insert method of request e.g. email address or fax>

[END OPTIONAL TEXT]

on <insert date of request> for us to become the new registrar of record.

You have received this message because you are listed as the Registered Name Holder or Administrative contact for this domain name in the usTLD WHOIS database.

Please read the following important information about transferring your domain name:

- You must agree to enter into a new usTLD Registration Agreement with us. You can review the full terms and conditions of the Agreement at <insert instructions for accessing the new terms and conditions, e.g. URL where the term and conditions can be found>
- Once you have entered into the Agreement, the transfer will take place within five (5) calendar days unless the current registrar of record denies the request.
- Once a transfer takes place, you will not be able to transfer to another registrar for 60 days, apart from a transfer back to the original registrar, in cases where both registrars so agree or where a decision in the dispute resolution process so directs.

If you WISH TO PROCEED with the transfer, you must respond to this message via one of the following methods (note if you do not respond by <date>, <domain name or domain names> will not be transferred to us.).

[NOTE: a registrar can choose to include one or more of the following in the message sent to the Registered Name Holder or Admin contact, and additional processes may be added with Neustar approval. The order in which options are presented is a decision for each registrar. Further, in addition to the options below, the registrar may choose to request the "Auth-Info" code from the Registered Name Holder or Administrative Contact]

[option 1] please email us with the following message:

"I confirm that I have read the Domain Name Transfer - Request for Confirmation Message.

I confirm that I wish to proceed with the transfer of <insert domain name> from <insert name of losing registrar> to <insert name of gaining registrar>."

[Option 2] please go to our website; <insert URL of confirmation webpage> to confirm.

[Note: website to contain text as above, with the option to confirm or deny the transfer]

[Option 3] please print out a copy of this message and send a signed copy to <insert fax or postal address details>

If you DO NOT WANT the transfer to proceed, then don't respond to this message.

If you have any questions about this process, please contact <insert contact details>.

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usTLD Privacy Policy

Updated: October 1, 2013

Neustar is a trusted, neutral provider of real-time information and analysis to the Internet, telecommunications, entertainment and marketing industries throughout the world. We apply our advanced, secure, data-driven technologies to our customers' information to help them promote their businesses, serve their customers, and protect against fraud and cyber security threats.

Neustar is committed to the responsible use of personal information to help businesses make better decisions and deliver personalized content without sacrificing personal privacy. To accomplish this goal, we have adopted the principle of *Privacy by Design*, taking personal privacy into consideration throughout the process of designing, building, and delivering information products and services. This Privacy Policy describes our collection, use, and disclosure of *Personal Information*, which is information that personally identifies you, such as your name, email address or billing information, or other data that we can reasonably link to that kind of information.

PERSONAL INFORMATION COLLECTION, USE, AND DISCLOSURE

Information You Provide on our Web Sites. On our web sites, we collect Personal Information only if you choose to give it to us, for example by subscribing to RSS feeds or blog posts or electing to "follow" Neustar on social media sites. Like all web sites, we automatically collect Log Data about your visits. This information does not identify you to us unless you have given us your name, contact information, or other Personal Information. We use Personal Information and Log Data to respond to your requests, process transactions you initiate, improve our web site, and deliver personalized content to you. We may disclose that information to third parties to help us in these activities, but we do not allow them to use the Personal Information for other purposes.

Domain Name Registry Services. When you register a domain name, your registrar will collect certain information, including your name, address, contact information, and the IP address of the servers on which your domain name is hosted. As the Registry Operator for .US, Neustar collects this information, known as "WHOIS Information" from registrars, and makes it available online in the WHOIS database.

Neustar uses WHOIS Information and other information collected in the course of providing registry services to: comply with law and regulation, and contractual obligations; investigate and respond to complaints of abusive conduct; and enforce registry policies related to, without limitation: WHOIS accuracy, the use of proxy and/or privacy registration services, limitations on registration, and prohibitions against the use of domain names to distribute malware, operate botnets, or engage in phishing, piracy,

intellectual property infringement, fraud or deceptive practices, counterfeiting or other activity that is contrary to applicable law.

Neustar reserves the right to use and disclose this information as needed to provide the domain registry services, identify and respond to cybersecurity threats, protect our rights and the rights of third parties, and as required by law. In addition, Neustar may from time to time collect and aggregate demographic data or statistical analysis and other research, but does not disclose Personal Information in that process.

Other Use and Disclosure of Personal Information. Neustar does not use or disclose Personal Information other than as described above, except:

- With your express permission;
- Where permitted by our customer agreements, for internal use, research, fraud prevention, and product development;
- To (i) comply with US or foreign laws or to respond to lawful requests and legal process in US or foreign civil, criminal or investigative matters, (ii) enforce agreements, our terms and conditions, and policies, and protect our rights and property as the site owner, and (iii) in an emergency to protect the personal safety of Neustar, its customers, or any person;
- In an aggregated or de-identified form that does not directly identify you;
- With third party vendors, consultants and other service providers who are working on our behalf, but we limit their access and use of Personal Information to that which is needed to carry out their work for us; and
- In connection with any merger, sale of company assets, financing or acquisition of all or a portion of our business to another company.

COOKIES

We use cookies and similar technologies such as web beacons and pixel tags on our sites and in connection with our AdAdvisor services, but AdAdvisor Cookies never contain or convey Personal Information. You can remove persistent cookies by following directions provided in your Internet browser's "help" file, or you may opt-out as described below.

Web site Visitors. Neustar may use cookies, web beacons, pixel tags or similar technologies, along with other information described in this policy to enhance and personalize your experience on our sites and to manage and enable preferences, transactions and related uses of Neustar services and information. These technologies do not identify you to us unless you have voluntarily provided Personal Information on our site. If you've set your browser to warn you before accepting cookies, you will

receive a warning message with each cookie. You can refuse cookies by turning them off in your browser, but some of the features on our site may not work if you do.

EU AND SWISS SAFE HARBORS

Neustar may receive Personal Information about residents of the European Union and Switzerland in the course of providing DNS services (including registry services) and telephone call routing services. Neustar's handling of such information complies with the U.S. – EU Safe Harbor framework and the U.S. – Swiss Safe Harbor framework as administered by the U.S. Department of Commerce, and we have certified our adherence to the Safe Harbor principles of notice, choice, onward transfer, security, data integrity, access, and enforcement. Additional information about the Safe Harbor programs is available at: <http://www.export.gov/safeharbor>.

SECURITY

Neustar has implemented policies that include administrative, technical, and physical safeguards designed to protect Personal Information against unauthorized access, use, or disclosure.

CHILDREN

Neustar does not knowingly collect information from children under 13, and we do not create marketing segments or knowingly enable advertising targeted to children under 18.

POLICY CHANGES

This Policy may change from time to time. We will post any privacy policy changes on this page and, if the changes are significant, we will provide a more prominent notice.

INFORMATION FOR CALIFORNIA RESIDENTS

Pursuant to Section 1798.83 of the California Civil Code, residents of California who have an established business relationship with Neustar may request certain information with respect to the Personal Information we share with third parties for those third parties' direct marketing purposes. To exercise your rights, email us at privacy@neustar.biz.

CONTACT US

Neustar Privacy
21275 Ridgetop Circle
Sterling, VA 20166
privacy@neustar.biz

DEFINITIONS:

Cookies are text files placed on a computer's browser that can be used to recognize you as a web site user or to provide personalized content.

Log Data is the Internet page request that is automatically collected when you visit a web site, and typically includes the URL of the page requested, Internet Protocol address, browser type, browser language, the date and time of your request, one or more cookies that may uniquely identify your browser. AdAdvisor logs also contain information about ad campaign delivery, which we use for reporting and analytics, and to measure ad effectiveness.

Personal Information is information that personally identifies you, such as your name, email address or billing information, or other data that we can reasonably link to that kind of information.

Pixel tags are placed on a web site or within the body of an email for the purpose of tracking activity on web sites, or when emails are opened or accessed, and are often used in combination with cookies.

Privacy by Design is an approach to protecting privacy developed by Ontario's Information and Privacy Commissioner, Dr. Ann Cavoukian. Using this approach, privacy is embedded into the design specifications of technologies, business practices, and physical infrastructures. That means building in privacy up front – right into the design specifications and architecture of new systems and processes.

Web beacons are small pieces of code placed on web pages that can be used for such purposes as counting visitors and delivering cookies or to otherwise customize the user experience.

usTLD AGP (Add Grace Period) Limits Policy

January 25, 2012

The Add Grace Period (“AGP”) shall be restricted for .us in the following manner:

a. During any given month, the usTLD Administrator shall not offer any refund to an usTLD-Accredited registrar (hereinafter referred to as “Registrar”) for any domain names deleted during the AGP that exceed (i) 10% of that Registrar’s net new registrations (calculated as the total number of net adds of one-year through ten-year registrations) in that month, or (ii) fifty (50) domain names, whichever is greater, unless an exemption has been granted by the usTLD Administrator.

b. A Registrar may seek an exemption from the usTLD Administrator from the application of such restrictions in a specific month, upon the documented showing of extraordinary circumstances. For any Registrar requesting such an exemption, the Registrar must confirm in writing to the usTLD Administrator how, at the time the names were deleted, these extraordinary circumstances were not known, reasonably could not have been known, and were outside the Registrar’s control. Acceptance of any exemption will be at the sole and reasonable discretion of the usTLD Administrator, however “extraordinary circumstances” which reoccur regularly for the same Registrar will not be deemed extraordinary.

Implementation Details for Registrars

On January 25, 2012 the United States Department of Commerce approved a proposal to modify the add delete grace (AGP) policy for .us. This was done to address the problem of abuse of the add delete grace period. The new policy restricts the number of domains that may be deleted for credit during the 5 day add grace period. Registrars will be permitted to delete for credit no more than the greater of 50 domains or 10% of their net monthly adds during each month. The following describes the implementation details along with several illustrative examples.

Neustar will implement the change to the policy in the following way. As add grace deletes are processed throughout the month, registrars will receive a full credit for each delete. At the end of the month, a calculation is performed to determine the maximum number of grace deletes allowed. This number is the greater of 50 or 10% of the net adds for the month. The net adds are calculated by taking the gross number of adds submitted during the month less the number of add grace deletes submitted during the month. The greater of 50 or 10% of the net adds is the maximum number of grace deletes allowed for full credit. If the registrar has submitted more grace deletes than this maximum number then the registry will debit the registrar’s account for the number of grace deletes that exceeded the maximum allowed. The amount debited

is equal to the excess number of deletes times the current one year add fee (currently \$6.00). This amount will be debited from the registrar's account and will be reflected on the monthly statement.

The following are two examples:

Example 1

Registrar A registers 1,000,000 new domain name registrations during the month and then later deletes 999,200 domain name registrations during the add grace period in that month. The net number of new registrations for the month would be 800. Therefore the registrar would be entitled to eighty (80) free deletes (10% of 800). Because the registrar had deleted 999,200 new domain names and did not provide any documentation regarding extraordinary circumstances, the registry would debit the registrar's account for the full registration amount for 999,120 domains. This figure is based upon the net number of deletes (999,200) minus the number of free deletes (80) permitted by the registry. In this case, the number of free deletes is calculated by taking 10% of the number of net new registrations (80). Because eighty is greater than the standard fifty (50) default, the 10% value (80) is used in calculating how much the registry debits the registrars account.

Example 2

Registrar B registers 300 new domain name registrations during the month and then later deletes 40 domain name registrations during the add grace period in that month. The net number of new registrations for the month would be 260. Although 10% of the net number of new registrations is twenty-six (26), the registrar would be entitled to fifty (50) free deletions. This is because the monthly default value of fifty (50) is greater than the 10% calculation. Because the number of permitted free deletes exceeds the number of actual deletes, the registry would not debit any additional funds from the registrar's account.

Exceptions to the Policy

Notwithstanding these limitations to the AGP, Neustar also acknowledges that there have been times when registrars have reasonably relied upon the AGP in extraordinary circumstances (e.g. malfunctioning software scripts, compromised systems, etc.). Therefore, we will accommodate exceptions to this policy in extraordinary circumstances. With this exception, a registrar would not be charged for certain deletes in excess of the monthly limit. However, to prevent potential gaming by registrars, the registrar must represent and document in writing how these extraordinary circumstances were not known, or could not have been reasonably known, and how these extraordinary circumstances were outside of its control. The exercise of the

exception

mechanism will be at the sole discretion of Neustar, however “extraordinary circumstances” which reoccur regularly will be deemed to not be extraordinary.

In order to be considered eligible for an exemption, the Registrar must supply, within five business days from the date that the usTLD Administrator debits the account at the end of the any given month, at least the following information to the usTLD Administrator:

- Registrar Name
- IANA ID number
- Date of request
- Date names were deleted
- Number of names deleted
- List of names affected
- Extraordinary circumstance/reason for request
- A statement that the information in the Exemption Request is true to best of the Registrar’s knowledge.

Each Registrar’s exemption request must describe, with supporting documentation, the specific extraordinary circumstances upon which the request is based and explain how, at the time the names were deleted, any particular extraordinary circumstance was not known, reasonably could not be known, and was outside of the Registrar’s control. For example, an unforeseen defect in software development might not necessarily be considered to be in the Registrar’s control.

Submission of an exemption request should create no presumption of approval of the request. Grant of any exemption request is at the Operator’s sole and reasonable discretion.

usTLD Administrator Reservation of Rights Policy

usTLD Administrator reserves the right to deny, cancel or transfer any registration that it deems necessary, in its discretion; (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, in compliance with any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of usTLD Administrator, as well as its affiliates, subsidiaries, officers, directors, representatives, employees, and stockholders; (4) for violations of this Agreement (including its Exhibits); (5) to correct mistakes made by usTLD Administrator or any registrar in connection with a domain name registration or (6) to prevent the use of a domain name used for the submission of unsolicited bulk e-mail, phishing, pharming, malware, bot-nets or other abuse or fraudulent purposes. usTLD Administrator also reserves the right to freeze a domain name during resolution of a dispute either by: (i) rendering the domain name unresolvable; (ii) preventing the transfer of the domain name to another person, entity or registrar; or (iii) preventing any changes to the contact information associated with the domain name.

usTLD Acceptable Use Policy

1. **By registering a name in the usTLD, you represent and warrant that you will not use that registration for any illegal purposes, including without limitation, to:**
 - a. Distribute malware or engage in malicious hacking, bot-netting, phishing, pharming, fast flux hosting, fraudulent or deceptive practices;
 - b. Use, promote, encourage the promotion of, or distribute child abuse images or engage in the exploitation of minors in any way;
 - c. Sell or distribute illegal pharmaceuticals;
 - d. Infringe the intellectual property rights of any other person or entity including, without limitation, counterfeiting **piracy or trademark or copyright infringement**;
 - e. Impersonate any person or entity, or submit of information on behalf of any other person or entity, without their express prior written consent;
 - f. Violate the privacy or publicity rights of any other person or entity;
 - g. Promote or engage in any spam or other unsolicited bulk email;
 - h. Distribute software viruses or any other computer code, files or programs designed to interrupt, destroy, or limit the functionality of any computer software, hardware, or telecommunications equipment or computer or network hacking or cracking;
 - i. Interfere with the operation of the usTLD or services offered by the usTLD; or
 - j. Otherwise engage in activity that is contrary to U.S. law or usTLD Policies.
2. **By registering a name in the usTLD:**
 - a. You represent and warrant that you have provided current, complete, and accurate information in connection with your Registration, and that you will correct and update this information to ensure that it remains current, complete, and accurate throughout the term of any resulting Registration or Reservation. Your obligation to provide current, accurate, and complete information is a material element of this Agreement, and the usTLD Registry Operator reserves the right to immediately deny,

cancel, terminate, suspend, lock, or transfer any Registration if it determines, in its sole discretion, that the information is materially inaccurate;

- b. You consent to the collection, use, processing, and/or disclosure of your personal information in the United States and in accordance with the usTLD Privacy Policy posted on the UsTLD website at www.nuestar.us;
- c. You agree to submit to proceedings commenced under the usTLD Domain Name Dispute Resolution Policy (“usDRP”), and the usTLD Rapid Suspension Service (“usRS”), each as described on the UsTLD website at www.nuestar.us. You further agree to abide by the final outcome of any of those processes, subject to any appeal rights provided in those processes or the law, and you hereby release the usTLD Registry Operator, its affiliates and service providers from any and all direct or indirect liability associated with such dispute resolution processes.

3. By registering a name in the usTLD:

- a. You acknowledge and agree to abide by all usTLD Policies set forth on the UsTLD website at www.nuestar.us. You specifically acknowledge and agree that the usTLD Policies may be modified by the usTLD Registry Operator, and agree to comply with any such changes in the time period specified for compliance;
- b. You acknowledge and agree that the usTLD Registry Operator reserves the right to disqualify you or your agents from making or maintaining any Registrations or Reservations in the usTLD if you are found to have repeatedly engaged in abusive registrations, in its sole discretion;
- c. *usTLD Administrator reserves the right to deny, cancel or transfer any registration or transaction, or place any domain name(s) on registry lock, hold or similar status, that it deems necessary, in its discretion if it reasonably concludes that the domain name is being used in a manner that appears to (i) threaten the stability, integrity or security of the usTLD, the DNS or the global Internet, or any of its registrar partners and/or (ii) put the safety and security of any registrant or user at risk. The process also allows the Registry to take proactive measures to detect and prevent criminal conduct or cybersecurity threats.*
- d. *You acknowledge and agree that the usTLD Registry Operator reserves the right, in its sole discretion, to take any administrative and operational actions necessary, including the use of computer forensics and information security technological services, among other things, in order to implement the Acceptable Use Policy. In*

addition, the usTLD Administrator reserves the right to deny, cancel or transfer any registration or transaction, or place any domain name(s) on registry lock, hold or similar status, that it deems necessary, in its discretion:

- to enforce usTLD Policies, as amended from time to time;
 - to protect the integrity and stability of the usTLD Registry Operator, its operations, and the usTLD;
 - to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the usTLD Registry Operator or you;
 - to establish, assert, or defend the legal rights of the usTLD Registry Operator or a third party, or to avoid any liability, civil or criminal, on the part of the usTLD Registry Operator as well as its affiliates, subsidiaries, owners, officers, directors, representatives, employees, contractors, and stockholders;
 - to respond to violations of this policy;
 - to correct mistakes made by the usTLD Registry Operator or any Registrar in connection with a Registration or Reservation; or
 - as otherwise provided herein.
- e. You agree to indemnify to the maximum extent permitted by law, defend and hold harmless the usTLD Registry Operator, its affiliates and service providers, and each of their respective directors, owners, officers, employees, contractors, and agents, from and against any and all claims, damages, liabilities, costs and expenses, including reasonable legal fees and expenses, arising out of or relating to your use, operation, Registration of any name and/or website in the usTLD.

The usTLD Registry Operator reserves the right to modify, change, or discontinue any aspect of its services, agreements, this Acceptable Use Policy.

usTLD Administrative Policy Statement

April 22, 2002 as amended on June 22, 2006.

The usTLD Administrator will follow a policy to preserve and enhance the value of the .US Internet address to all users, including, in particular, state and local governments, libraries and K-12 schools. Given the importance of .US as a national public resource, certain guidelines must apply. Therefore, the usTLD Administrator will review, for possible deletion by the Registry, all registered second-level and locality domain names that contain, within the characters of the domain name registration, any of the seven words identified in Federal Communications Commission v. Pacifica Foundation, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978), the “Seven Words”.

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usTLD Dispute Resolution Policy (usDRP)

1. **Purpose**—This usTLD Dispute Resolution Policy (the “Policy”) has been adopted by the United States Department of Commerce (“DOC”). It is incorporated by reference into the usTLD Registration Agreement, and sets forth the terms and conditions in connection with a dispute between you (as the registrant) and any party other than us (as the registrar) or the registry administrator for the usTLD (as the “Registry”) over the registration and use of an Internet domain name registered by you. Proceedings under Paragraph 4 of this Policy will be conducted according to the Rules for the usTLD Dispute Resolution Policy (the “Rules”), which are attached hereto, and the selected administrative-dispute-resolution service provider’s supplemental rules.

2. **Your Representations** —By applying to register a domain name, registering a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your usTLD Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else’s rights.

3. **Cancellations, Transfers, and Changes**—We will cancel, transfer or otherwise make changes to a domain name registration that is subject to this Policy under the following circumstances:

a. Subject to the provisions of Paragraph 8, our receipt of written or appropriate electronic instructions from you or your authorized agent to take such action;

b. Our receipt of an order from a court or arbitral tribunal, in each case of competent jurisdiction in the United States, requiring such action; and/or

c. Our receipt of a decision of an Administrative Panel requiring such action in any administrative proceeding to which you were a party and which was conducted under this Policy or a later version of this Policy adopted by the DOC.

We may also cancel, transfer or otherwise make changes to a domain name registration in accordance with the terms of your usTLD Registration Agreement or other legal requirements.

4. Mandatory Administrative Proceeding—This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at http://www.neustar.us/policies/dispute_providers.html (each, a “Provider”).

a. Applicable Disputes—You are required to submit to a mandatory administrative proceeding in the event that a third party (a “Complainant”) asserts to the applicable Provider, in compliance with the Rules, that:

- i. Your domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights;
- ii. You have no rights or legitimate interests in respect of the domain name; and
- iii. Your domain name has been registered in bad faith or is being used in bad faith.

In the administrative proceeding, the Complainant must prove that each of these three elements is present.

b. Evidence of Registration or Use in Bad Faith—For the purposes of Paragraph 4(a)(1)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration or use of a domain name in bad faith:

- i. Circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name;
- ii. You have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name;
- iii. You have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

iv. By using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on- line location, by creating a likelihood of confusion with the Complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.

4. Name in Responding to a Complaint—When you receive a complaint, you should refer to the Rules in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

- i. You are the owner or beneficiary of a trade or service mark that is identical to the domain name;
- ii. Before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services;
- iii. You (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- iv. You are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

d. **Selection of Provider**—The Complainant shall select the Provider from among those approved by DOC by submitting the complaint to that Provider. The selected Provider will administer the proceeding, except in cases of consolidation as described in Paragraph 4(f).

e. **Initiation of Proceeding and Process and Appointment of Administrative Panel**—The Rules state the process for initiating and conducting a proceeding and for appointing the panel that will decide the dispute (the "Administrative Panel").

f. **Consolidation**—In the event of multiple disputes between you and a Complainant, either you or the Complainant may petition to consolidate the disputes before a single Administrative Panel. This petition shall be made to the first Administrative Panel appointed to hear a pending

dispute between the parties. This Administrative Panel may consolidate before it any or all such disputes in its sole discretion, provided that the disputes being consolidated are governed by this Policy or a later version of this Policy adopted by DOC.

g. Fees—All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the Complainant, except in cases where you elect to expand the Administrative Panel from one to fees will be split evenly by you and the Complainant.

h. Our Involvement in Administrative Proceedings —We do not, and will not, participate in the administration or conduct of any proceeding before an Administrative Panel. In addition, we will not be liable as a result of any decisions rendered by the Administrative Panel.

i. Remedies—The remedies available to a Complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the Complainant.

j. Notification and Publication—The Provider shall notify us of any decision made by an Administrative Panel with respect to a domain name you have registered with us. All decisions under this Policy will be published in full over the Internet, except when an Administrative Panel determines in an exceptional case to redact portions of its decision.

k. Availability of Court Proceedings—The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the Complainant from submitting the dispute to a court of competent jurisdiction in the United States for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the Complainant in a jurisdiction to which the Complainant has submitted under Paragraph 3 of the Rules. (In general, that jurisdiction is either the location of our principal office or of your address as shown in our Whois database. If we receive such documentation within the ten (10) business day period, we will not implement the Administrative Panel's

decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

5. All Other Disputes and Litigation—All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 4 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

6. Our Involvement in Disputes—We will not participate in any way in any dispute between you and any party other than us regarding the registration and use of your domain name. You shall not name us as a party or otherwise include us in any such proceeding. In the event that we are named as a party in any such proceeding, we reserve the right to raise any and all defenses deemed appropriate, and to take any other action necessary to defend ourselves.

7. Maintaining the Status Quo—We will not cancel, transfer, activate, deactivate, or otherwise change the status of any domain name registration under this Policy except as provided in Paragraph 3 above.

8. Transfers During a Dispute

a. **Transfers of a Domain Name to a New Holder**—You may not transfer your domain name registration to another holder (i) during a pending administrative proceeding brought pursuant to Paragraph 4 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name unless the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph.

b. **Changing Registrars** —You may not transfer your domain name registration to another registrar during a pending administrative proceeding brought pursuant to Paragraph 4 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided

that the domain name you have registered with us shall continue to be subject to the proceedings commenced against you in accordance with the terms of this Policy. In the event that you transfer a domain name registration to us during the pendency of a court action or arbitration, such dispute shall remain subject to the domain name dispute policy of the registrar from which the domain name registration was transferred.

9.Policy Modifications —We reserve the right to modify this Policy at any time with the permission of DOC. We will post our revised Policy at <URL> at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a complaint to a Provider, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of the change. In the event that you object to a change in this Policy, your sole remedy is to cancel your domain name registration with us, provided that you will not be entitled to a refund of any fees you paid to us. The revised Policy will apply to you until you cancel your domain name registration.

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Rules for the usTLD Dispute Resolution Policy

Administrative proceedings for the resolution of disputes under the usTLD Dispute Resolution Policy adopted by DOC shall be governed by these Rules and also the Supplemental Rules of the Provider administering the proceedings, as posted on its web site.

1. Definitions

Complainant means the party initiating a complaint concerning a domain name registration. DOC refers to the United States Department of Commerce.

Mutual Jurisdiction means a court jurisdiction in the United States at the location of either (a) the principal office of the Registrar of the domain name in question, or (b) the domain name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time a complaint is submitted to a Provider. If neither (a) or (b) are located within the United States, then Mutual Jurisdiction shall lie in solely in the Commonwealth of Virginia.

Panel means an administrative panel appointed by a Provider to decide a complaint concerning a domain name registration.

Panelist means an individual appointed by a Provider to be a member of a Panel.

Party means a Complainant or a Respondent.

Policy means the usTLD Dispute Resolution Policy that is incorporated by reference and made a part of the Registration Agreement.

Provider means a dispute-resolution service provider approved by DOC. A list of such Providers appears at http://www.neustar.us/policies/dispute_providers.html.

Registrar means the entity with which the Respondent has registered a domain name that is the subject of a complaint.

Registration Agreement means the agreement between a Registrar and a domain name holder.

Respondent means the holder of a domain name registration against which a complaint is initiated.

Reverse Domain Name Hijacking means using the Policy in bad faith to attempt to deprive a registered domain name holder of a domain name.

Supplemental Rules means the rules adopted by the Provider administering a proceeding to supplement these Rules. Supplemental Rules shall not be inconsistent with the Policy or these Rules and shall cover such topics as fees, word and page limits and guidelines, the means for communicating with the Provider and the Panel, and the form of cover sheets.

2. Communications

a. Any written communication required under these Rules shall be made by the means specified by the Complainant or the Respondent, respectively, or in the absence of such specification:

- i. By facsimile with a confirmation of transmission;
- ii. By postal or courier service, postage pre-paid and return receipt requested; and/or iii. Electronically via the Internet, provided a record of its transmission is available.

b. Any communication to the Provider or the Panel shall be made in accordance with the

Provider's Supplemental Rules.

c. All communications shall be made in the language prescribed in Paragraph 11.

d. Either Party may update its contact details by notifying the other Party, the Provider and the Registrar.

e. Except as otherwise provided in these Rules, or decided by a Panel, all communications provided for under these Rules shall be deemed to have been made:

- i. If delivered by facsimile transmission, on the date shown on the confirmation of transmission;
- ii. If by postal or courier service, on the date marked on the receipt; or

- iii. If via the Internet, on the date that the communication was transmitted, provided that the date of transmission is verifiable.
- f. Except as otherwise provided in these Rules, all time periods calculated under these Rules shall begin to run on the earliest date that the communication is deemed to have been made in accordance with Paragraph 2(e).
- g. Except as otherwise provided in these Rules, any communication by:
 - i. A Panel to any Party shall be copied to the Provider and to the other Party;
 - ii. The Provider, following the commencement of an administrative proceeding pursuant to Paragraph 4(c), to any Party shall be copied to the other Party; and
 - iii. A Party shall be copied to the other Party, the Panel and the Provider, as the case may be.
- h. It shall be the responsibility of the sender to retain records of the fact and circumstances of sending, which shall be available for inspection by affected parties and for reporting purposes.
- i. In the event that a Party sending a communication receives notification of non-delivery of the communication, that Party shall promptly notify the Provider of the circumstances of the notification.

3. The Complaint

- a. Any person or entity may initiate an administrative proceeding by submitting a complaint in accordance with the Policy and these Rules to any Provider approved by DOC. (Due to capacity constraints or for other reasons, a Provider's ability to accept complaints may be suspended at times. In that event, the Provider shall refuse the submission. The person or entity may submit the complaint to another Provider.)
- b. The complaint shall be submitted in hard copy (with annexes) and in electronic form (without annexes).
- c. The complaint shall:
 - i. Request that the complaint be submitted for decision in accordance with the Policy and Rules and describe why the domain name registration should be considered subject to the Policy;

- ii. Provide the full name, postal and e- mail addresses, and the telephone and telefax numbers of the Complainant and of any representative authorized to act for the Complainant in the administrative proceeding;
- iii. Specify a preferred method for communications directed to the Complainant in the administrative proceeding (including person to be contacted, medium, and address information) for each of (A) electronic-only material and (B) material including hard copy;
- iv. Designate whether Complainant elects to have the dispute decided by a single- member or a three- member Panel and, in the event Complainant elects a three- member Panel, provide the names and contact details of three candidates to serve as Provider's list of panelists);
- v. Provide the full name of the Respondent and, if different from the contact details available in the Whois database for the domain name, provide all information known to the Complainant regarding how to contact Respondent or any representative of Respondent, including contact information based on pre-complaint dealings;
- vi. Specify the domain name(s) that is/are the subject of the complaint;
- vii. Identify the Registrar(s) with whom the domain name(s) is/are registered at the time the complaint is filed;
- viii. Specify the trademark(s) or service mark(s) on which the complaint is based and, for each mark, describe the goods or services, if any, with which the mark is used (the Complainant may also separately describe other goods and;
- ix. Describe, in accordance with the Policy, the grounds on which the complaint is made including,
 - (1) The extent to which the domain name(s) is/are identical or confusingly similar to a trademark or service mark in which the Complainant has rights;
 - (2) Why the Respondent (domain name holder) should be considered as having no rights or legitimate interests in respect of the domain name(s) that is/are the subject of the complaint; and
 - (3) Why the domain name(s) should be considered as having been registered or used in bad faith.

(The description should, for elements (2) and (3), discuss any aspects of Paragraphs

4(b) and 4(c) of the Policy that are applicable. The description shall comply with any word or page limit set forth in the Provider's Supplemental Rules.);

- x. Specify, in accordance with the Policy, the remedies sought;
- xi. Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;
- xii. State that a copy of the complaint, together with the cover sheet as prescribed by the Provider's Supplemental Rules, has been sent or transmitted to the Respondent (domain name holder), in accordance with Paragraph 2(b);
- xiii. Identify the Mutual Jurisdiction to which the Complainant(s) will submit, with respect to any challenges to a decision in the administrative proceeding to transfer the domain name as follows:

"The Complainant hereby designates [identify precisely the court jurisdiction] as the Mutual Jurisdiction, for the purposes of challenges to a decision in the administrative proceeding to cancel or transfer the domain name."

- xiv. Conclude with the following statement followed by the signature of the Complainant or its authorized representative:

"Complainant agrees that its claims and remedies concerning the registration of the domain name, the dispute, or the dispute's resolution shall be solely against the domain name holder and waives all such claims and remedies against (a) the dispute- resolution provider and panelists, except in the case of deliberate wrongdoing, (b) the registrar, (c) the registry administrator, and (d) the Department of Commerce, as well as their directors, officers, employees, and agents."

"Complainant certifies that the information contained in this Complaint is to the best of Complainant's knowledge complete and accurate, that this Complaint is not being presented for any improper purpose, such as to harass, and that the assertions in this Complaint are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument"; and

xv. Annex any documentary or other evidence, including a copy of the Policy applicable to the domain name(s) in dispute and any trademark or service mark registration upon which the complaint relies, together with a schedule indexing such evidence.

c. The complaint may relate to more than one domain name, provided that the same domain name holder registers the domain names.

4. Notification of Complaint

a. The Provider shall review the complaint for formal compliance with the Policy and the Rule. If the complaint is found to be in compliance, the Provider shall notify it to the Respondent, in the manner prescribed by Paragraph 2(a). For the purposes of notifying the Complainant, the Provider shall not be required to use any contact details other than those available in the Whois database for the domain name(s) in dispute.

b. If the Provider finds the complaint to be formally deficient, it shall promptly notify the Complainant of the nature of the deficiencies identified. The Complainant shall have five (5) calendar days within which to correct any such deficiencies, after which the administrative proceeding will be deemed withdrawn without prejudice to submission of a different complaint by Complainant.

c. The date of commencement of the administrative proceeding shall be the date on which the Provider completes its responsibilities under Paragraph 2(a) in connection with forwarding the Complaint to the Respondent.

d. The Provider shall immediately notify the Complainant, the Respondent, the concerned Registrar(s), and DOC of the date of commencement of the administrative proceeding.

5. The Response

a. Within twenty (20) calendar days of the date of commencement of the administrative proceeding the Respondent shall submit a response to the Provider.

b. The response shall be submitted in hard copy (with annexes) and in electronic form (without annexes).

c. The response shall:

- i. Specifically respond to the statements and allegations contained in the complaint and include any and all bases for the Respondent to retain registration and use of the disputed domain name;
 - ii. Provide the name, postal and e- mail addresses, and the telephone and telefax numbers of the Respondent and of any representative authorized to act for the Respondent in the administrative proceeding;
 - iii. Specify a preferred method for communications directed to the Respondent in the administrative proceeding (including person to be contacted, medium, and address information) for each of (A) electronic-only material and (B) material including hard copy;
 - iv. If Complainant has elected a single- member panel in the Complaint (see Paragraph 3(b)(iv)), state whether Respondent elects instead to have the dispute decided by a three- member panel;
 - v. If either Complainant or Respondent elects a three- member Panel, provide the names and contact details of three candidates to serve as one of the Panelists (these candidates may be drawn from any DOC-approved Provider's list of panelists);
 - vi. Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;
 - vii. Conclude with the following statement followed by the signature of the Respondent or its authorized representative:

"Respondent certifies that the information contained in this Response is to the best of Respondent's knowledge complete and accurate, that this Response is not being presented for any improper purpose, such as to harass, and that the assertions in this Response are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good- faith and reasonable argument."; and
 - viii. Annex any documentary or other evidence upon which the Respondent relies, together with a schedule indexing such documents.
- d. If Complainant has elected to have the dispute decided by a single-member Panel and Respondent elects a three- member Panel, Respondent shall be required to pay one- half of the

applicable fee for a three-member Panel as set forth in the Provider's Supplemental Rules. This payment shall be made together with the submission of the response to the Provider. In the event that the required payment is not made, the dispute shall be decided by a single-member Panel.

e. At the request of the Respondent, the Provider may, in exceptional cases, extend the period of time for the filing of the response. The period may also be extended by written stipulation between the Parties, provided the Provider approves the stipulation.

f. If a Respondent does not submit a response, in the absence of exceptional circumstances, the Panel shall decide the dispute based upon the complaint.

6. Appointment of the Panel and Timing of Decision

a. Each Provider shall maintain and publish a publicly available list of panelists and their qualifications.

b. If neither the Complainant nor the Respondent has elected a three-member Panel (Paragraphs 3(b)(iv) and 5(b)(iv)), the Provider shall appoint, within five (5) calendar days following receipt of the response by the Provider, or the lapse of the time period for the submission thereof, a single Panelist from its list of panelists. The fees for a single-member Panel shall be paid entirely by the Complainant.

c. If either the Complainant or the Respondent elects to have the dispute decided by a three-member Panel, the Provider shall appoint three Panelists in accordance with the procedures identified in Paragraph 6(e). The fees for a three-member Panel shall be paid in their entirety by the Complainant, except where the election for a three-member Panel was made by the Respondent, in which case the applicable fees shall be shared equally between the Parties.

d. Unless it has already elected a three-member Panel, the Complainant shall submit to the Provider, within five (5) calendar days of communication of a response in which the Respondent elects a three-member Panel, the names and contact details of three candidates to serve as one of the Panelists. These candidates may be drawn from any DOC-approved Provider's list of panelists.

e. In the event that either the Complainant or the Respondent elects a three-member Panel, the Provider shall endeavor to appoint one Panelist from the list of candidates provided by each of the Complainant and the Respondent. In the event the Provider is unable within five (5)

calendar days to secure the appointment of a Panelist on its customary terms from either Party's list of candidates, the Provider shall make that appointment from its list of panelists.

The third Panelist shall be appointed by the Provider from a list of five candidates submitted by the Provider to the Parties, the Provider's selection from among the five being made in a manner that reasonably balances the preferences of both Parties, as they may specify to the Provider within five (5) calendar days of the Provider's submission of the five-candidate list to the Parties.

f. Once the entire Panel is appointed, the Provider shall notify the Parties of the Panelists appointed and the date by which, absent exceptional circumstances, the Panel shall forward its decision on the complaint to the Provider.

7. Impartiality and Independence—A Panelist shall be impartial and independent and shall have, before accepting appointment, disclosed to the Provider any circumstances giving rise to justifiable doubt as to the Panelist's impartiality or independence. If, at any stage during the administrative proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the Panelist, that Panelist shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the discretion to appoint a substitute Panelist.

8. Communication Between Parties and the Panel—No Party or anyone acting on its behalf may have any unilateral communication with the Panel.

9. Transmission of the File to the Panel—The Provider shall forward the case file as soon as the last Panelist is appointed in the case of a three- member Panel.

10. General Powers of the Panel

a. The Panel shall conduct the administrative proceeding in such manner as it considers appropriate in accordance with the Policy and these Rules.

b. In all cases, the Panel shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.

c. The Panel shall ensure that the administrative proceeding takes place with due expedition. It may, at the request of a Party or on its own motion, extend, in exceptional cases, a period of time fixed by these Rules or by the Panel.

- d. The Panel shall determine the admissibility, relevance, materiality and weight of the evidence.
- e. A Panel shall decide a request by a Party to consolidate multiple domain name disputes in accordance with the Policy and these Rules.

11. Language of Proceedings—All communications shall be made in English.

12. Further Statements—In addition to the complaint and the response, the Panel may request, in its sole discretion, further statements or documents from either of the Parties.

13. In-Person Hearings—There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.

14. Default

- a. In the event that a Party, in the absence of exceptional circumstances, does not comply with any of the time periods established by these Rules or the Panel, the Panel shall proceed to a decision on the complaint.
- b. If a Party, in the absence of exceptional circumstances, does not comply with any provision of, or requirement under, these Rules or any request from the Panel, the Panel shall draw such inferences there from as it considers appropriate.

15. Panel Decisions

- a. A Panel shall decide a complaint on the basis of the statements and documents submitted and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.
- b. In the absence of exceptional circumstances, the Panel shall forward its decision on the complaint to the Provider within fourteen (14) days of its appointment pursuant to Paragraph 6.
- c. In the case of a three- member Panel, the majority shall make the Panel's decision.

- d. The Panel's decision shall be in writing, provide the reasons on which it is based, indicate the date on which it was rendered and identify the name(s) of the Panelist(s).
- e. Panel decisions and dissenting opinions shall normally comply with the guidelines as to length set forth in the Provider's Supplemental Rules. Any dissenting opinion shall accompany the majority decision. If the Panel concludes that the dispute is not within the scope of Paragraph 4(a) of the Policy, it shall so state. If after considering the submissions the Panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking or was brought primarily to harass the domain name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.

16. Communication of Decision to Parties

- a. Within three (3) calendar days after receiving the decision from the Panel, the Provider shall communicate the full text of the decision to each Party, the concerned Registrar(s), and DOC. The concerned Registrar(s) shall immediately communicate to each Party, the Provider, and DOC the date for the implementation of the decision in accordance with the Policy.
- b. Except if the Panel determines otherwise (see Paragraph 4(j) of the Policy), the Provider shall publish the full decision and the date of its implementation on a publicly accessible web site. In any event, the portion of any decision determining a complaint to have been brought in bad faith (see Paragraph 15(e) of these Rules) shall be published.

17. Settlement or Other Grounds for Termination

- a. If, before the Panel's decision, the Parties agree on a settlement, the Panel shall terminate the administrative proceeding.
- b. If, before the Panel's decision is made, it becomes unnecessary or impossible to continue the administrative proceeding for any reason, the Panel shall terminate the administrative proceeding, unless a Party raises justifiable grounds for objection within a period of time to be determined by the Panel.

18. Effect of Court Proceedings

- a. In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, the Panel

shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision.

b. In the event that a Party initiates any legal proceedings during the pendency of an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, it shall promptly notify the Panel and the Provider. See Paragraph 8 above.

19. Fees

a. The Complainant shall pay to the Provider an initial fixed fee, in accordance with the Provider's Supplemental Rules, within the time and in the amount required. A Respondent electing under Paragraph 5(b)(iv) to have the dispute decided by a three- member Panel, rather than the single-member Panel elected by the Complainant, shall pay the Provider one-half the fixed fee for a three- member Panel. See Paragraph 5(c). In

all other cases, the Complainant shall bear all of the Provider's fees, except as prescribed under Paragraph 19(d). Upon appointment of the Panel, the Provider shall refund the appropriate portion, if any, of the initial fee to the Complainant, as specified in the Provider's Supplemental Rules.

b. The Provider shall not take any action on a complaint until it has received from Complainant the initial fee in accordance with Paragraph 19(a).

c. If the Provider has not received the fee within ten (10) calendar days of receiving the complaint, the complaint shall be deemed withdrawn and the administrative proceeding terminated.

d. In exceptional circumstances, for example in the event an in-person hearing is held, the Provider shall request the Parties for the payment of additional fees, which shall be established in agreement with the Parties and the Panel.

20. Exclusion of Liability—Except in the case of deliberate wrongdoing, neither the Provider nor a Panelist shall be liable to a Party for any act or omission in connection with any administrative proceeding under the Policy and the Rules.

21. Amendments—The version of these Rules in effect at the time of the submission of the complaint to the Provider shall apply to the administrative proceeding commenced thereby. These Rules may not be amended without the express written approval of DOC.

USDRP Approval Process

Information Concerning Approval Process for .US Dispute Resolution Service Providers

On 21 February 2002, the United States Department of Commerce adopted the **United States Dispute Resolution Policy (usDRP)** for all registrars serving the .us domain. The policy became fully operational on 24 April 2002.

Although the policy provides that most domain-name disputes will be resolved by the courts, it also calls for administrative dispute-resolution proceedings to enable streamlined, economical resolution of disputes arising from alleged “abusive registrations.” Under the policy, each administrative proceeding will be administered by a dispute-resolution service provider approved by Neustar.

Organizations seeking provisional approval as service providers under the dispute resolution policy should take the following steps:

1. Become familiar with the **United States Dispute Resolution Policy and the Rules for United States Dispute Resolution Policy** .
2. Contact Jeffrey J. Neuman (jeff.neuman@Neustar.us; +1 571 434 5400) to discuss the procedures for submitting an application for approval.
3. After discussing procedures with Mr. Neuman, submit an application to him by e-mail (jeff.neuman@Neustar.us) and postal mail:

Jeffrey J. Neuman, Esq.
Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166

Applications should contain:

- An overview of the applicant’s capabilities and background in providing alternative dispute-resolution (ADR) services, including a description of the applicant’s track record of handling the clerical aspects of expedited ADR proceedings.
- A list of the names and qualifications of the panelists the applicant proposes to include on its published list and a description of the screening requirements applicant has used in selecting panelists to be included on its list.

- A description of training and educational measures the applicant proposes to employ for listed panelists with respect to domain-name disputes, the usDRP Policy, and the usDRP Rules.
- A commitment by the applicant not to prevent or discourage any of its listed panelists from serving as panelists for domain-name disputes administered by other approved providers.
- A copy of the applicant's proposed supplemental rules (including fee schedule).
- Documentation of applicant's proposed internal operating procedures. If requested, Neustar will hold this documentation in confidence.
- A proposed schedule for applicant's implementation of its program for administering proceedings under the policy, including a statement of applicant's administrative capacity in terms of number of proceedings initiated on a monthly basis.
- A statement of any requested limitations on the number of proceedings that applicant handles, either during a start-up period or on a permanent basis.
- A description of how the applicant proposes to administer proceedings, including its interactions with parties, registrars, Neustar, and other approved providers.
- A description of how the applicant intends to publish decisions of panels in proceedings it administers and a commitment to provide Neustar with copies of all portions of decisions of panels not published.

In general, Neustar examines the applications to determine whether the applicant has demonstrated its ability to handle proceedings in an expedited, global, online context in an orderly and fair manner. Attributes that are especially important include:

1. Applicant should have a track record in competently handling the clerical aspects of ADR proceedings. Neustar considers proper review of pleadings for administrative compliance and reliable and well-documented distribution of documents to the parties and panels to be essential capabilities for providers. In the absence of a well-established track record in handling the clerical function, a detailed plan for providing those abilities ordinarily must be submitted.
2. Applicant should propose a list of highly qualified neutrals who have agreed to serve as panelists. Applicant's list should include at least twenty persons. Applicants are expected thoroughly to train the listed neutrals concerning the policy, the uniform rules, the technology of domain names, and the basic legal principles applicable to domain-name disputes. Accordingly, excessively long lists of neutrals are discouraged. The applicant should either

present a list of panelists from multiple countries or, if the applicant initially presents a single-country list, propose a plan to expand its list to become multinational.

3. Applicant's supplemental rules and internal procedures should demonstrate that applicant understands the workings of the policy and uniform rules.

Please also note that Neustar's top priority is to ensure that the usDRP operates in a fair and orderly manner. Neustar's intent is to only add providers when the fair and orderly operation of the usDRP requires that a particular provider be added. Even then, Neustar's intent is to add providers only at a measured pace.

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AMENDMENT TO USDRP PROVIDER AGREEMENT

This Amendment to the usDRP Dispute Provider Agreement (“Amendment”) effective as of _____ day of _____, 2002 between Neustar, Inc. (collectively with its affiliates, “Neustar”), and _____ (“Dispute Provider”).

WHEREAS, Registry Operator and Dispute Provider entered into that certain usDRP Dispute Provider Agreement dated _____ (“Agreement”) for the provision of dispute provider services under the .us Dispute Resolution Policy and Rules.

WHEREAS, Neustar and Dispute Provider now desire to amend that agreement to permit the provision of, in addition to the usDRP Service, a Nexus Dispute Resolution Service;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Capitalized terms used in this Amendment and not otherwise defined shall have the same meaning set forth in the Agreement.
2. The Agreement is hereby Amended to permit the provision of, in addition to the usDRP Dispute Service, a Nexus Dispute Resolution Service.
3. The Agreement is hereby amended as appropriate to reflect the provision of the Nexus Dispute Resolution Service by Dispute Provider under the same terms and conditions as the usDRP Dispute Service. The reference to the “.US Dispute Resolution Policy and Rules” in Section 1 of the Agreement, as well as all references to the “Neustar Policy” are amended to refer to the “.US Dispute Resolution Policy and Rules and Nexus Dispute Policy and Rules” and to the “Neustar Policies”, respectively.
4. Except as specifically modified by this Amendment, the terms and conditions of the Transaction Documents shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first written above.

Neustar, Inc.

Dispute Provider

By: _____

Name:

Title:

By: _____

Name:

Title:

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usTLD Rapid Suspension Dispute Policy (usRS)

1. Complaint

1.1 Filing the Complaint

1.1.1 Proceedings are initiated by electronically filing with a usURS Provider a Complaint outlining the trademark rights and the actions complained of entitling the trademark holder to relief.

1.1.2 Each Complaint must be accompanied by the appropriate fee, which is under consideration. The fees are non-refundable.

1.1.3 One Complaint is acceptable for multiple related companies against one Registrant, but only if the companies complaining are related. Multiple Registrants can be named in one Complaint only if it can be shown that they are in some way related.

1.2 Contents of the Complaint

The Complaint will be submitted using a form made available by the Provider. The Form Complaint shall include space for the following:

1.2.1 Name, email address and other contact information for the Complaining Party (Parties).

1.2.2 Name, email address and contact information for any person authorized to act on behalf of Complaining Parties.

1.2.3 Name of Registrant (i.e. relevant information available from Whois) and Whois listed available contact information for the relevant domain name(s).

1.2.4 The specific domain name(s) that are the subject of the Complaint. For each domain name, the Complainant shall include a copy of the currently available Whois information and a description and copy, if available, of the offending portion of the website content associated with each domain name that is the subject of the Complaint.

1.2.5 The specific trademark/service marks upon which the Complaint is based and pursuant to which the Complaining Parties are asserting their rights to them, for which goods and in connection with what services.

1.2.6 An indication of the grounds upon which the Complaint is based setting forth facts showing that the Complaining Party is entitled to relief, namely:

1.2.6.1. that the registered domain name is identical or confusingly similar to a word mark: (i) for which the Complainant holds a valid national or regional registration and that is in current use; or (ii) that has been validated through court proceedings; or (iii) that is specifically protected by a statute or treaty in effect at the time the .usURS complaint is filed.

a. Use can be shown by demonstrating that evidence of use – which can be a declaration and one specimen of current use in commerce– was submitted to, and validated by, the Trademark Clearinghouse)

b. Proof of use may also be submitted directly with the .usURS Complaint. and

1.2.6.2. that the Registrant has no legitimate right or interest to the domain name;

and

1.2.6.3. that the domain was registered or is being used in bad faith.

A non-exclusive list of circumstances that demonstrate bad faith registration and use by the Registrant include:

a. Registrant has registered or acquired the domain name primarily for the purpose of selling, renting or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of documented out-of pocket costs directly related to the domain name; or

b. Registrant has registered the domain name in order to prevent the trademark holder or service mark from reflecting the mark in a corresponding domain name, provided that Registrant has engaged in a pattern of such conduct; or

c. Registrant registered the domain name primarily for the purpose of disrupting the business of a competitor; or

d. By using the domain name Registrant has intentionally attempted to attract for commercial gain, Internet users to Registrant's web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of Registrant's web site or location or of a product or service on that web site or location.

1.2.7 A box in which the Complainant may submit up to 500 words of explanatory free form text.

1.2.8. An attestation that the Complaint is not being filed for any improper basis and that there is a sufficient good faith basis for filing the Complaint.

2. Fees

2.1 Fees as set for in the Provider's fee schedule shall be submitted with the filed Complaint.

2.2 Complaints listing fifteen (15) or more disputed domain names registered by the same registrant will be subject to a Response Fee which will be refundable to the prevailing party. Under no circumstances shall the Response Fee exceed the fee charged to the Complainant.

3. Administrative Review

3.1 Complaints will be subjected to an initial administrative review by the .usURS Provider for compliance with the filing requirements. This is a review to determine that the Complaint contains all of the necessary information, and is not a determination as to whether a prima facie case has been established.

3.2 The Administrative Review shall be conducted within two (2) business days of submission of the Complaint to the .usURS Provider.

3.3 Given the rapid nature of this Procedure, and the intended low level of required fees, there will be no opportunity to correct inadequacies in the filing requirements.

3.4 If a Complaint is deemed non-compliant with filing requirements, the Complaint will be dismissed without prejudice to the Complainant filing a new complaint. The initial filing fee shall not be refunded in these circumstances.

4. Notice and Locking of Domain

4.1 Upon completion of the Administrative Review, the .usURS Provider must immediately notify the Registry Operator (via email) after the Complaint has been deemed compliant with the filing requirements. Registry Operator notice shall include a copy of the Complaint. Within 24 hours of receipt of the Notice of Complaint from the .usURS Provider, the Registry Operator shall “lock” the domain, meaning the registry shall restrict all changes to the registration data, including transfer and deletion of the domain names, but the name will continue to resolve. The Registry Operator will notify the .usURS Provider immediately upon locking the domain name (“Notice of Lock”).

4.2 Within 24 hours after receiving Notice of Lock from the Registry Operator, the .usURS Provider shall notify the Registrant of the Complaint (“Notice of Complaint”), sending a hard copy of the Notice of Complaint to the addresses listed in the Whois contact information, and providing an electronic copy of the Complaint, advising of the locked status, as well as the potential effects if the Registrant fails to respond and defend against the Complaint. The Notice of Complaint shall be in English.

4.3 The Notice of Complaint to the Registrant shall be sent through email, fax (where available) and postal mail. The Complaint and accompanying exhibits, if any, shall be served electronically.

4.4 The .usURS Provider shall also electronically notify the Registrar of record for the domain name at issue.

5. The Response

5.1 A Registrant will have 14 Calendar Days from the date the .usURS Provider sent its Notice of Complaint to the Registrant to electronically file a Response with the .usURS Provider.

Upon receipt, the Provider will electronically send a copy of the Response, and accompanying exhibits, if any, to the Complainant.

5.2 Respondent shall pay a Response Fee as set forth in section 2.2 above if the Complaint lists fifteen (15) or more disputed domain names against the same Registrant. In the case of fifteen (15) or more disputed domain names, the Response Fee will be refundable to the prevailing party. No additional filing fee will be charged if the Registrant files its Response prior to being declared in default or not more than thirty (30) Calendar Days following a Default Determination. For Responses filed more than thirty (30) Calendar Days after a Default Determination, regardless of the number of domain names in the Complaint, shall pay a reasonable non-refundable fee set forth in the Provider Supplemental Rules for re-examination (in addition to any applicable Response Fee required in .usURS Procedure 2.2).

5.3 Upon request by the Registrant, a limited extension of time to respond may be granted by the .usURS Provider if there is a good faith basis for doing so and if the request is received during the Response period, after Default, or not more than thirty (30) Calendar Days after Determination. In no event shall the extension be for more than seven (7) Calendar Days.

5.4 The Response shall be no longer than 2,500 words, excluding attachments, and the content of the Response should include the following:

5.4.1 Confirmation of Registrant data.

5.4.2 Specific admission or denial of each of the grounds upon which the Complaint is based.

5.4.3 Any defense which contradicts the Complainant's claims.

5.4.4 A statement that the contents are true and accurate.

5.5 In keeping with the intended expedited nature of the .usURS and the remedy afforded to a successful Complainant, affirmative claims for relief by the Registrant will not be permitted except for an allegation that the Complainant has filed an abusive Complaint.

5.6 Once the Response is filed, and the .usURS Provider determines that the Response is compliant with the filing requirements of a Response (which shall be on the same day), the Complaint, Response and supporting materials will immediately be sent to a qualified Examiner, selected by the .usURS Provider, for review and Determination. All materials submitted are considered by the Examiner.

5.7 The Response can contain any facts refuting the claim of bad faith registration by setting out any of the following circumstances:

5.7.1 Before any notice to Registrant of the dispute, Registrant's use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

5.7.2 Registrant (as an individual, business or other organization) has been commonly known by the domain name, even if Registrant has acquired no trademark or service mark rights; or

5.7.3 Registrant is making a legitimate or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

Such claims, if found by the Examiner to be proved based on its evaluation of all evidence, shall result in a finding in favor of the Registrant.

5.8 The Registrant may also assert Defenses to the Complaint to demonstrate that the Registrant's use of the domain name is not in bad faith by showing, for example, one of the following:

5.8.1 The domain name is generic or descriptive and the Registrant is making fair use of it.

5.8.2 The domain name sites are operated solely in tribute to or in criticism of a person or business that is found by the Examiner to be fair use.

5.8.3 Registrant's holding of the domain name is consistent with an express term of a written agreement entered into by the disputing Parties and that is still in effect.

5.8.4 The domain name is not part of a wider pattern or series of abusive registrations because the Domain Name is of a significantly different type or character to other domain names registered by the Registrant.

5.9 Other factors for the Examiner to consider:

5.9.1 Trading in domain names for profit, and holding a large portfolio of domain names, are of themselves not indicia of bad faith under the .usURS. Such conduct, however, may be abusive

in a given case depending on the circumstances of the dispute. The Examiner must review each case on its merits.

5.9.2 Sale of traffic (i.e. connecting domain names to parking pages and earning click- per-view revenue) does not in and of itself constitute bad faith under the usRS. Such conduct, however, may be abusive in a given case depending on the circumstances of the dispute. The Examiner will take into account:

5.9.2.1. the nature of the domain name;

5.9.2.2. the nature of the advertising links on any parking page associated with the domain name; and

5.9.2.3. that the use of the domain name is ultimately the Registrant's responsibility.

6. Default

6.1 If at the expiration of the 14 Calendar Day Response period (or extended period if granted), the Registrant does not submit an answer, the Complaint proceeds to Default.

6.2 In either case, the Provider shall provide Notice of Default via email to the Complainant and Registrant, and via mail and fax to Registrant. During the Default period, the Registrant will be prohibited from changing content found on the site to argue that it is now a legitimate use and will also be prohibited from changing the Whois information.

6.3 All Default cases proceed to Examination for review on the merits of the claim.

6.4 If after Examination in Default cases, the Examiner rules in favor of Complainant, Registrant shall have the right to seek relief from Default via de novo review by filing a Response at any time up to six months after the date of the Notice of Default. The Registrant will also be entitled to request an extension of an additional six months if the extension is requested before the expiration of the initial six-month period.

6.5 If a Response is filed after: (i) the Respondent was in Default (so long as the Response is filed in accordance with 6.4 above); and (ii) proper notice is provided in accordance with the notice requirements set forth above, the domain name shall again resolve to the original IP address as soon as practical, but shall remain locked as if the Response had been filed in a

timely manner before Default. The filing of a Response after Default is not an appeal; the case is considered as if responded to in a timely manner.

6.5 If after Examination in Default case, the Examiner rules in favor of Registrant, the Provider shall notify the Registry Operator to unlock the name and return full control of the domain name registration to the Registrant.

7. Examiners

7.1 One Examiner selected by the Provider will preside over a .usURS proceeding.

7.2 Examiners should have demonstrable relevant legal background, such as in trademark law, and shall be trained and certified in .usURS proceedings. Specifically, Examiners shall be provided with instructions on the .usURS elements and defenses and how to conduct the examination of a .usURS proceeding.

7.3 Examiners used by any given .usURS Provider shall be rotated to the extent feasible to avoid forum or examiner shopping. .usURS Providers are strongly encouraged to work equally with all certified Examiners, with reasonable exceptions (such as non- performance, or malfeasance) to be determined on a case by case analysis.

8. Examination Standards and Burden of Proof

8.1 The standards that the qualified Examiner shall apply when rendering its Determination are whether:

8.1.1 The registered domain name is identical or confusingly similar to a word mark: (i) for which the Complainant holds a valid national or regional registration and that is in current use; or (ii) that has been validated through court proceedings; or (iii) that is specifically protected by a statute or treaty currently in effect and that was in effect at the time the .usURS Complaint is filed; and

8.1.1.1 Use can be shown by demonstrating that evidence of use – which can be a declaration and one specimen of current use – was submitted to, and validated by, the Trademark Clearinghouse.

8.1.1.2 Proof of use may also be submitted directly with the .usURS Complaint.

8.1.2 The Registrant has no legitimate right or interest to the domain name; and

8.1.3 The domain was registered or is being used in a bad faith.

8.2 The burden of proof shall be clear and convincing evidence.

8.3 For a .usURS matter to conclude in favor of the Complainant, the Examiner shall render a Determination that there is no genuine issue of material fact. Such Determination may include that: (i) the Complainant has rights to the name; and (ii) the Registrant has no rights or legitimate interest in the name. This means that the Complainant must present adequate evidence to substantiate its trademark rights in the domain name (e.g., evidence of a trademark registration and evidence that the domain name was registered or is being used in bad faith in violation of the .usURS).

8.4 If the Examiner finds that the Complainant has not met its burden, or that genuine issues of material fact remain in regards to any of the elements, the Examiner will reject the Complaint under the relief available under the .usURS. That is, the Complaint shall be dismissed if the Examiner finds that evidence was presented or is available to the Examiner to indicate that the use of the domain name in question is a non-infringing use or fair use of the trademark.

8.5 Where there is any genuine contestable issue as to whether a domain name registration and use of a trademark are in bad faith, the Complaint will be denied, the .usURS proceeding will be terminated without prejudice, e.g., a .usURS Appeal, .usDRP, or a court proceeding may be utilized. The .usURS is not intended for use in any proceedings with open questions of fact, but only clear cases of trademark abuse.

8.6 To restate in another way, if the Examiner finds that all three standards are satisfied by clear and convincing evidence and that there is no genuine contestable issue, then the Examiner shall issue a Determination in favor of the Complainant. If the Examiner finds that any of the standards have not been satisfied, then the Examiner shall deny the relief requested, thereby terminating the .usURS proceeding without prejudice to the Complainant to proceed with an action in court of competent jurisdiction or under the .usDRP.

9. Determination

9.1 There will be no discovery or hearing; the evidence will be the materials submitted with the Complaint and the Response, and those materials will serve as the entire record used by the Examiner to make a Determination.

9.2 If the Complainant satisfies the burden of proof, the Examiner will issue a Determination in favor of the Complainant. The Determination will be published on the .usURS Provider's website. However, there should be no other preclusive effect of the Determination other than the .usURS proceeding to which it is rendered.

9.3 If the Complainant does not satisfy the burden of proof, the .usURS proceeding is terminated and full control of the domain name registration shall be returned to the Registrant.

9.4 Determinations resulting from .usURS proceedings will be published by the .usURS Provider on the Provider's website in accordance with the Rules.

9.5 Determinations shall also be emailed by the .usURS Provider to the Registrant, the Complainant, the Registrar, and the Registry Operator, and shall specify the remedy and required actions of the Registry Operator to comply with the Determination.

9.6 To conduct .usURS proceedings on an expedited basis, examination should begin immediately upon the earlier of the expiration of a fourteen (14) day Response period (or extended period if granted), or upon the submission of the Response. A Determination shall be rendered on an expedited basis, with the stated goal that it be rendered within three (3) Business Days from when Examination began. Absent extraordinary circumstances, however, Determinations must be issued no later than five (5) days after the Response is filed.

10. Remedy

10.1 If the Determination is in favor of the Complainant, the decision shall be immediately transmitted to the Registry Operator, the Complainant, the Respondent and the Registrar.

10.2 Immediately upon receipt of the Determination, the Registry Operator shall suspend the domain name, which shall remain suspended for the balance of the registration period and would not resolve to the original web site. The Registry Operator shall cause the nameservers to redirect to an informational web page provided by the .usURS Provider about the .usURS. The .usURS Provider shall not be allowed to offer any other services on such page, nor shall it directly or indirectly use the web page for advertising purposes (either for itself or any other

third party). The Whois for the domain name shall continue to display all of the information of the original Registrant except for the redirection of the nameservers. In addition, the Registry Operator shall cause the Whois to reflect that the domain name will not be able to be transferred, deleted or modified for the life of the registration.

10.3 There shall be an option for a successful Complainant to extend the registration period for one additional year at commercial rates.

10.4 No other remedies should be available in the event of a Determination in favor of the Complainant.

10.5 If the Examiner rules in favor of Respondent, the Provider shall notify the Registry Operator to unlock the name and return full control of the domain name registration to the Registrant.

11. Abusive Complaints

11.1 The .usURS shall incorporate penalties for abuse of the process by trademark holders.

11.2 A Complaint may be deemed abusive if the Examiner determines:

11.2.1 it was presented solely for improper purpose such as to harass, cause unnecessary delay, or needlessly increase the cost of doing business; and

11.2.2 (i) the claims or other assertions were not warranted by any existing law or the .usURS standards; or (ii) the factual contentions lacked any evidentiary support

11.3 An Examiner may find that Complaint contained a deliberate material falsehood if it contained an assertion of fact, which at the time it was made, was made with the knowledge that it was false and which, if true, would have an impact on the outcome on the .usURS proceeding.

11.4 In the event a party is deemed to have filed two (2) abusive Complaints, or one (1) "deliberate material falsehood," that party shall be barred from utilizing the .usURS for one-year following the date of issuance of a Determination finding a complainant to have: (i) filed its second abusive complaint; or (ii) filed a deliberate material falsehood.

11.5 Two findings of “deliberate material falsehood” shall permanently bar the Complainant from utilizing the .usURS.

11.6 .usURS Providers shall identify and track barred parties, and parties whom Examiners have determined submitted abusive complaints or deliberate material falsehoods.

11.7 The dismissal of a complaint for administrative reasons or a ruling on the merits, in itself, shall not be evidence of filing an abusive complaint.

11.8 A finding that filing of a complaint was abusive or contained a deliberate materially falsehood can be appealed solely on the grounds that an Examiner abused his/her discretion, or acted in an arbitrary or capricious manner.

12. Appeal

12.1 Either party shall have a right to seek a de novo appeal of the Determination based on the existing record within the .usURS proceeding for a reasonable fee to cover the costs of the appeal. An appellant must identify the specific grounds on which the party is appealing, including why the appellant claims the Examiner’s Determination was incorrect.

12.2 The fees for an appeal shall be borne by the appellant. A limited right to introduce new admissible evidence that is material to the Determination will be allowed upon payment of an additional fee, provided the evidence clearly pre-dates the filing of the Complaint. The Appeal Panel, to be selected by the Provider, may request, in its sole discretion, further statements or documents from either of the Parties.

12.3 Filing an appeal shall not change the domain name’s resolution. For example, if the domain name no longer resolves to the original nameservers because of a Determination in favor of the Complainant, the domain name shall continue to point to the informational page provided by the .usURS Provider. If the domain name resolves to the original nameservers because of a Determination in favor of the registrant, it shall continue to resolve during the appeal process.

12.4 An Appeal must be filed within fourteen (14) days after a Default or Final Determination is issued and any Response must be filed fourteen (14) days after an appeal is filed.

12.5 Notice of Appeal and findings by the Appeals Panel shall be sent by the .usURS Provider electronically to the Registrant, the Complainant, the Registrar, and the Registry Operator.

12.6 The Providers' rules and procedures for appeals, other than those stated above, shall apply.

13. Other Available Remedies

The .usURS Determination shall not preclude any other remedies available to the appellant, such as usDRP (if appellant is the Complainant), or other remedies as may be available in a court of competent jurisdiction. A .usURS Determination for or against a party shall not prejudice the party in usDRP or any other proceedings.

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usRS Rules

These Rules are in effect for all .usURS proceedings.

.usURS proceedings shall be governed by these Rules and the Supplemental Rules of the Provider administering the proceedings, as posted on its web site. To the extent that the Supplemental Rules of any Provider conflict with these Rules, these Rules supersede.

1. Definitions

In these Rules:

Business Day: means a working day as defined by the Provider in its Supplemental Rules.

Calendar Day: means that all days, including weekends and international and national holidays, shall be counted in determining deadlines and due dates. Provider Supplemental Rules may further define this term.

Complainant: means the party initiating a .usURS complaint concerning a domain name registration.

Determination: means a written outcome of a .usURS proceeding. Determinations may be made at the point of default, after a response, or after an appeal and may be referred to as Default Determination, Final Determination, or Appeal Determination.

Examiner: means an individual appointed by a Provider to make a Determination.

Mutual Jurisdiction: means a court jurisdiction in the United States at the location of either (a) the principal office of the Registrar of the domain name in question, or (b) the domain name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time a complaint is submitted to a Provider. If neither (a) or (b) are located within the United States, then Mutual Jurisdiction shall lie in solely in the Commonwealth of Virginia.

New gTLD: generic top-level domains introduced in the root after 1 January 2013

Provider: means a dispute resolution service provider approved by the .usTLD administrator for handling .usURS cases. Official .usURS service providers can be found at [\[website here\]](#).

Registry Operator: means the entity responsible for operating the top level domain in which a disputed domain name is registered.

Registrar: means the entity with which the Respondent has registered a domain name that is the subject of a .usURS complaint.

Registrant: means the holder of a domain name.

Respondent: means the holder of a domain name registration against which a .usURS complaint is initiated.

Supplemental Rules means the rules adopted by the Provider administering a .usURS proceeding to supplement these Rules. Supplemental Rules shall not be inconsistent with the .usURS text or these Rules and shall cover such topics as fees, word and page limits and guidelines, file size and format modalities, the means for communicating with the Provider and the Examiner, and the form of cover sheets.

.usURS Procedure refers to the .us Uniform Rapid Suspension System Procedure (currently found at <hyperlink>), which these Rules and the Provider's Supplemental Rules enhance and explain.

2. Communications

(a) When forwarding a Complaint, including any annexes, electronically to the Respondent, it shall be the Provider's responsibility to employ reasonably available means calculated to achieve actual notice to Respondent. Achieving actual notice, or employing the following measures to do so, shall discharge this responsibility:

(i) sending the Notice of Complaint to all email, postal-mail and facsimile addresses shown in the domain name's registration data in the Whois database for the registered domain-name holder, the technical contact, and the administrative contact, as well as to any email addresses for the Respondent provided by the Complainant; and

(ii) providing the Complaint, including any annexes, in electronic form, either via email to the email addresses mentioned in (i) above, or via an email link to an online platform requiring users to create an account.

(b) Except as provided in Rule 2(a), any written communication to Complainant or Respondent provided for under these Rules shall be made electronically via the Internet (a record of its transmission being available).

(c) Any communication to the Provider or the Examiner shall be made by the means and in the manner (including, where applicable, the number of copies) stated in the Provider's Supplemental Rules.

(d) Communications shall be made in English.

(e) Either Party may update its contact details by notifying the Provider, the Registry Operator, and the Registrar.

(f) Except as otherwise provided in these Rules, or decided by an Examiner, all communications provided for under these Rules shall be deemed to have been made:

(i) if via the Internet, on the date that the communication was transmitted, provided that the date of transmission is verifiable; or, where applicable

(ii) if delivered by telecopy or facsimile transmission, on the date shown on the confirmation of transmission; or:

(iii) if by postal or courier service, on the date marked on the receipt.

(g) Except as otherwise provided in these Rules, all time periods calculated under these Rules to begin when a communication is made shall begin to run on the earliest date that the communication is deemed to have been made in accordance with Rule 2(f).

(h) Any communication subsequent to the Notice of Complaint as defined in Rule 2(a) by

(i) an Examiner via the Provider to any Party shall be copied by the Provider to the other Party;

(ii) the Provider to any Party shall be copied to the other Party; and

(iii) a Party shall be copied to the other Party, to the Provider and by the Provider to the Examiner, as the case may be.

(i) It shall be the responsibility of the sender to retain records of the fact and circumstances of sending, which shall be available for inspection by affected parties and for reporting purposes. This includes the Provider in sending Notice of Complaint to the Respondent by post and/or facsimile under Rule 2(a)(i).

(j) In the event a Party sending a communication receives notification of non-delivery of the communication, the Party shall promptly notify the Provider of the circumstances. Further proceedings concerning the communication and any response shall be as directed by the Provider.

3. The Complaint

(a) Any person or entity may initiate a .usURS proceeding by submitting a Complaint in accordance with the .usURS Procedure, these Rules and the approved Supplemental Rules of the Provider administering the proceeding.

(b) The Complaint, including any annexes, shall be submitted using an electronic form made available by the Provider and shall:

(i) Request that the Complaint be submitted for determination in accordance with the .usURS Procedure, these Rules and the Provider's Supplemental Rules;

(ii) Provide the name, contact person, postal and email addresses, and the telephone and telefax numbers of the Complainant and of any representative authorized to act for the Complainant in the .usURS proceeding;

(iii) Provide the name of the Respondent and all other relevant contact information from the Whois record as well as all information known to Complainant regarding how to contact Respondent or any representative of Respondent, including contact information based on pre-complaint dealings, in sufficient detail to allow the Provider to notify the Respondent of the complaint as described in Rule 2(a);

(iv) Specify the domain name(s) that is/are the subject of the Complaint. The Complainant shall include a copy of the currently available Whois information and a copy, if available, of the offending portion of the website content associated with each domain name that is the subject of the complaint;

(v) Specify the trademark(s) or service mark(s) on which the complaint is based and the goods or services with which the mark is used including evidence of use – which can be a declaration and a specimen of current use in commerce - submitted directly or by including a relevant SMD (Signed Mark Data) from the Trademark Clearinghouse;

(vi) Identify which .usURS Procedure elements (.usURS 1.2.6) the Complainant contends are being violated by Respondent's use of the domain name. This will be done by selecting the elements from .usURS Procedure section 1.2.6 that apply from the list provided on the Provider's Complaint form;

(vii) An optional explanatory statement of no more than 500 words in a separate free form text box;

(viii) Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the Complaint;

(ix) State that Complainant will submit, with respect to any challenges to a determination in the .usURS proceeding, to the jurisdiction of the courts in at least one specified Mutual Jurisdiction;

(x) Conclude with agreement to the following statement:

"Complainant agrees that its claims and remedies concerning the registration of the domain name, the dispute, or the dispute's resolution shall be solely against the domain-name holder and waives all such claims and remedies against (a) the Provider and Examiner, except in the case of deliberate wrongdoing, (b) the Registrar, (c) the Registry Operator, and (d) the United States Department of Commerce, as well as their directors, officers, employees, and agents.

Complainant certifies that the information contained in this Complaint is to the best of Complainant's knowledge complete and accurate, that this Complaint is not being presented for any improper purpose, such as to harass, and that the assertions in this Complaint are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.";

(c) The Complaint may relate to more than one domain name, provided that the domain names are registered by the same domain-name holder.

(d) The Complaint shall be accompanied by the filing fee, as set forth in the Provider's Supplemental Rules. If fees are not paid within one (1) Business Day of filing, as determined at the location of the Provider, the Complaint shall be automatically dismissed.

(e) The Complaint will not be accepted if the Provider's check of the Repository (see Rule 17) finds the Complainant has exceeded its quota of Abusive Complaints.

(f) .usURS Complaints may only be filed against domain names registered in a New gTLD.

(g) A .usURS Complaint may not be filed against a domain name that is part of an open and active .usURS, usDRP, or usNDP case.

(h) The Provider's Supplemental Rules will specify how the Respondent shall be identified in cases where the domain name is registered with a privacy/proxy service.

4. Notice of Complaint and Locking of Domain

(a) The Provider shall include a copy of the Complaint in its notice to the Registry Operator.

(b) The Notice of Complaint to the Respondent shall be transmitted in English.

(c) The electronic copy of the Notice of Complaint may be provided via email or an emailed link to an online platform requiring users to create an account.

5. The Response

(a) The Response shall:

(i) Provide the name, postal and email addresses, and the telephone and telefax numbers of the Respondent and of any representative authorized to act for the Respondent in the .usURS proceeding;

(ii) Respond specifically to each of the grounds upon which the Complaint is based and include any defense which contradicts the Complainant's claims;

(iii) Respondent may request a finding that the Complaint was brought in abuse of the proceedings per .usURS Procedure Paragraph(s) 11.2 and/or 11.3;

(iv) Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the Complaint;

(v) Conclude with the following statement followed by the signature (in any electronic format) of the Respondent or its authorized representative:

"Respondent agrees that its claims and remedies concerning the dispute, or the dispute's resolution, shall be solely against the Complainant and waives all such claims and remedies against (a) the Provider and Examiner, except in the case of deliberate wrongdoing, (b) the Registrar, (c) the Registry Operator, and (d) the United States Department of Commerce, as well as their directors, officers, employees, and agents.

Respondent certifies that the information contained in this Response is, to the best of Respondent's knowledge, complete and accurate, that this Response is not being presented for any improper purpose, such as to harass, and that the assertions in this Response are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument."; and

(vi) Annex any documentary or other evidence upon which the Respondent relies.

(e) At the request of the Respondent, the Provider may, in exceptional cases, extend the period of time for the filing of the response. The period may also be extended by written stipulation between the Parties, provided the stipulation is approved by the Provider. Requests for an extension of time shall comply with the Provider's Supplemental Rules.

(f) No affirmative claims for relief by the Respondent will be permitted except for an allegation that the Complainant has filed an abusive Complaint.

(g) The Provider's compliance check for a Response shall at least consist of: (1) ascertaining the Response has been filed in a language acceptable under the Rules for that case; and (2) checking for payment of required fees.

(h) The Response must be accompanied by payment of the Response fee or Reexamination fee, as appropriate in relevant cases. If a required fee is not paid within one (1) Business Day, the Response will not be considered and the case may proceed as a Default.

(i) If the Response is determined to be non-compliant for reasons other than non-payment, the Examiner is permitted to make any reasonable inferences from the inadequacy of the Response.

(j) If a Respondent does not submit a response, in the absence of exceptional circumstances, the Complaint shall proceed to a Default Determination.

(k) The Provider should normally not accept a late Response submitted after the domain name registration has expired, even if submitted before the closing date of the late Response window. The provider may in its Supplemental Rules define justified exceptions from this rule.

6. Examiner

(a) Each Provider shall maintain and publish a publicly available list of Examiners and their qualifications.

(b) An Examiner shall be impartial and independent and shall have, before accepting appointment, disclosed to the Provider any circumstances giving rise to justifiable doubt as to the Examiner's impartiality or independence. If, at any stage during the .usURS proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the Examiner, the Examiner shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the discretion to appoint a substitute Examiner.

7. Communication Between Parties and the Examiner

No Party or anyone acting on its behalf may have any unilateral communication with the Examiner. All communications between a Party and the Examiner or the Provider shall be made to the Provider in the manner prescribed in the Provider's Supplemental Rules.

8. General Powers of the Examiner

(a) The Examiner shall conduct the .usURS proceeding in a manner it considers appropriate in accordance with the .usURS Procedure and these Rules.

(b) In all cases, the Examiner shall ensure that the Parties are treated with equality to the extent feasible.

(c) The Examiner shall determine the admissibility, relevance, materiality and weight of the evidence.

(d) If one or more domain names are registered with a privacy or proxy service, or the nominal registrant changes after the complaint is filed, it shall be the sole discretion of the Examiner to determine if the respondents are sufficiently related and to dismiss the Complaint with respect to any unrelated domain names. The Examiner may rely on information submitted by the Complainant and/or the Respondent(s) in making its finding.

9. Language of Proceedings

The language of the proceedings shall be English.

10. Further Statements

In order to ensure expedience of the proceeding, the Examiner may not request further statements or documents from either of the Parties.

11. In-Person Hearings

There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference).

12. Default

(a) If at the expiration of the 14-day Response period (or extended period if granted), the Respondent does not submit an answer, the Complaint proceeds to Default. In case of Default, the Provider shall appoint an Examiner to review the Complaint for a prima facie case, including complete and appropriate evidence.

(b) When a case enters Default, the Provider shall notify the Registry Operator that the Registrant is prohibited from changing content found on the site and that the Registrant is prohibited from changing the Whois information. See .usURS Procedure Paragraph 6.2.

(c) The Examiner shall prepare a written Default Determination

(d) If the Examiner finds that the Complainant has made a prima facie case according to the .usURS Procedure Paragraph 1.2.6 for any of the domain names in the Complaint, the Default

Determination shall so state, including any additional written reasoning the Examiner wishes to append. The Examiner shall order suspension of the domain names for which a prima facie case has been established.

(e) If the Examiner finds that the Complainant has not made a prima facie case according to the .usURS Procedure Paragraph 1.2.6, the Default Determination shall so state including any additional written reasoning the Examiner wishes to append. The Provider shall dismiss the Complaint as to the domain names for which a prima facie case is lacking.

(e) If a Response is filed within six (6) months after a Default Determination (or within any extension period granted under .usURS Procedure Paragraph 6.4), the Provider shall notify the Registry Operator. The Registry Operator shall modify the nameservers so that the domain name(s) resolve to the relevant IP address(es) for the domain name(s) as soon as practical, but remain locked as if the Response had been filed in a timely manner before Default.

(f) If a Party, in the absence of exceptional circumstances, does not comply with any provision of, or requirement under, these Rules, the .usURS Procedure or the Provider's Supplemental Rules, the Examiner shall draw such inferences there from as it considers appropriate.

13. Examiner Determination

(a) An Examiner shall make a Determination (Default, Final or Appeal) of a Complaint in accordance with the .usURS Procedure, these Rules and any rules and principles of law that it deems applicable.

(b) The Examiner's Determination shall be in writing, provide the reasons on which it is based, indicate the date on which it was rendered and identify the name of the Examiner.

(c) Examiner Determinations shall normally comply with the guidelines as to length set forth in the Provider's Supplemental Rules. If the Examiner concludes that the dispute is not within the scope of the .usURS Provider, it shall so state.

(d) If after considering the submissions the Examiner finds that the Complaint was brought in bad faith or was brought primarily to harass the domain name holder, the Examiner shall declare in its Determination that the Complaint was brought in bad faith and constitutes an abuse of the .usURS proceeding.

14. Remedies

- (a) The sole remedy available to Complainant pursuant to any .usURS proceeding before an Examiner shall be limited to suspension of the domain name for the balance of the registration period.
- (b) If the Complainant wishes to extend the remedy for an additional year per .usURS Procedure Paragraph 10.3, Complainant shall contact the Registry Operator directly regarding this option.

15. Determinations and Publication

- (a) The Provider shall publish all Determinations and the dates of implementation on a publicly accessible web site, subject to the considerations in Rule 15 (c) and (d) below. See .usURS Procedure Paragraphs 9.2 and 9.4. The portion of any Determination that a Complaint was brought in bad faith (see Rule 17) shall be published.
- (b) Determinations are subject to change only to correct typographical and clerical errors and shall not be subject to substantive change at the request of any party.
- (c) A Final Determination that changes a Default Determination outcome for the same case, shall replace the Default Determination on the Provider's website, unless the Examiner determines both shall be made available and so states in its Final Determination.
- (d) A Final Determination that upholds a Default Determination outcome for the same case may be published together on the Provider's website, or the Final Determination may replace the Default Determination, at the Examiner's discretion.
- (e) An Appeal Determination that changes a Default or Final Determination, either the outcome or a finding of abuse, shall replace the Default or Final Determination on the Provider's website, unless the Examiner or Panel determines both shall be made available and so states in its Appeal Determination.
- (f) An Appeal Determination that upholds a Default or Final Determination, either the outcome or a finding of abuse, may be published together on the Provider's website, or the Appeal Determination may replace the Default or Final Determination, at the Examiner's discretion.
- (g) Determinations related to the same domain names and/or parties, but not part of the same case, need not be linked in any way on the Provider's website.

16. Settlement or Other Grounds for Termination

(a) If, before the Examiner's Determination, the Parties agree on a settlement, the Examiner shall terminate the .usURS proceeding.

(b) If, before the Examiner's Determination is made, it becomes unnecessary or impossible to continue the .usURS proceeding for any reason, the Examiner shall terminate the proceeding, unless a Party raises justifiable grounds for objection within a period of time to be determined by the Examiner.

17. Effect of Court Proceedings

(a) In the event of any legal proceedings initiated prior to or during a .usURS proceeding in respect to the domain-name that is the subject of the Complaint, the Examiner shall have the discretion to decide whether to suspend or terminate the .usURS proceeding, or to proceed to a Determination.

(b) In the event that a Party initiates any legal proceedings during the pendency of a .usURS proceeding in respect to the domain-name that is the subject of the Complaint, the Party shall promptly notify the Examiner and the Provider. See Rule 7 above.

18. Abusive Complaints

(a) The Examiner may, of its own accord, find that a Complaint is abusive or contains deliberate material falsehoods.

(b) A Respondent may, in its Response, allege that a Complaint was brought in an abuse of the .usURS process or contains deliberate material falsehoods.

(c) Any findings by an Examiner as to abusive Complaints or deliberate materials falsehoods shall be so stated in the Determination, along with sufficient rationale to justify the finding to any potential Appeal Panel.

(d) Any Provider registering a case of abuse as described in the .usURS Procedure Paragraph 11 shall, within one (1) Business Day submit information of the abuse case to an abuse case database.

(e) The abuse case database shall be electronically accessible to all Providers.

(f) Upon receipt of a Complaint, the Provider shall verify the admissibility of the Complaint against the abuse case database in line with applicable .usURS Procedure provisions and dismiss the Complaint if not admissible.

19. Appeal

(a) The Provider is responsible for providing the entire record in the underlying proceeding to the Appeal Panel.

(b) Appellant shall have a limited right to introduce new admissible evidence that is material to the Determination subject to payment of an additional fee, provided the evidence clearly pre-dates the filing of the Complaint.

(c) Appellee shall not be charged any additional fee and shall have the right to file a Reply to the Appellant's additional statements within the time period identified in the Provider's Supplemental Rules.

(d) If the Respondent prevailed and the domain name is no longer under the Registry Operator's suspension or lock, the Provider shall notify the Registry Operator to re-lock the domain name subject to the outcome of the Appeals process, but the domain name shall continue to resolve per .usURS Procedure Paragraph 12.3.

(e) If any domain name that is the subject of an Appeal is expired at the time of the filing of the Appeal, the Provider shall reject the Appeal for want of a remedy, unless the Appeal is only filed under .usURS Procedure Paragraph 11.8.

(f) The remedies for an Appeal are limited to:

(i) Affirmation of the Final Determination and the Remedy ordered. If the domain name is suspended, it shall remain suspended. If the domain name is with the Registrant, the Registry Operator shall promptly unlock the domain name following receipt of the Appeal Determination.

(ii) Overruling of the Final Determination and the Remedy ordered. If the domain name is suspended, the Registry Operator shall unlock the name and return full control of the domain name registration to the Registrant. If the domain name is with the Registrant, the Registry

Operator shall immediately follow the steps in .usURS Procedure Paragraph 10.2 to suspend the domain name.

(iii) Overruling an Examiner's finding that a Complaint was abusive or contained a deliberate material falsehood. The Appeal Panel shall re-issue the Final Determination with changes the Appeal Panel deems appropriate.

(g) The Providers' Supplemental Rules for .usURS Appeals, other than those stated above, shall apply.

20. Exclusion of Liability

Except in the case of deliberate wrongdoing, neither the Provider nor an Examiner shall be liable to a Party for any act or omission in connection with any .usURS proceeding under these Rules.

21. Amendments

The version of these Rules in effect at the time of the submission of the Complaint to the Provider shall apply to the .usURS proceeding commenced thereby. These Rules may not be amended without the express written approval of the United States Department of Commerce.

usTLD NEXUS DISPUTE POLICY

1. Purpose—This Nexus Dispute Policy (the “Policy”) has been adopted by Neustar, Inc., the Administrator for .US, and approved by the United States Department of Commerce (“DOC”). It is incorporated by reference into the usTLD Registration Agreement, and sets forth the terms and conditions in connection with a dispute between you (as the registrant) and any party other than us (as the registrar) or the registry administrator for the usTLD (as the “Registry”) over the registration and use of an Internet domain name registered by you in violation of the Nexus Requirements set forth at www.neustar.us. Proceedings under Paragraph 3 of this Policy will be conducted according to the Rules for the usTLD Nexus Dispute Policy (the “Rules”).

2. Your Representations—By applying to register a domain name, registering a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your usTLD Registration Agreement are complete and accurate; (b) you are not registering the domain name for an unlawful purpose; and (c) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration is in compliance with the usTLD Registration Agreement.

3. Mandatory Administrative Proceeding—You are required to submit to a mandatory administrative proceeding in the event that a third party (a “Complainant”) asserts to the dispute provider (“Provider”), in compliance with the Rules, that your domain name has been registered or is being used in violation of the Nexus Requirements.

a. Evidence of Noncompliance with US Nexus—For the purposes of Paragraph 3, the following circumstances, in particular but without limitation, if found by the Provider to be present, shall be evidence of noncompliance with the Nexus Requirements:

- i. You are not (a) a United States citizen, (b) a permanent resident of the United States of America or any of its possessions or territories, or (c) primarily domiciled in the United States of America or any of its possessions; or
- ii. You are not a United States entity or organization that is (a) incorporated within one of the fifty (50) U.S. states, the District of Columbia, or any of the United States possessions or territories, or (b) organized or otherwise constituted under the laws of a state of the United States of America, the District of Columbia or any of its possessions or territories (including a

federal, state, or local government of the United States or a political subdivision thereof, and non-commercial organizations based in the United States); or

iii. You are not a foreign entity (including an individual) or organization that has a *bona fide* presence in the United States of America. In order to have a “*bona fide* presence”, you must have real and substantial lawful connections with, or lawful activities in, the United States of America.

b. Initiation of Proceeding and Process and Appointment of Panelist—The Rules state the process for initiating and conducting a proceeding and for appointing the dispute provider panelist that will decide the dispute (“Panelist”).

c. Fees—All fees charged by Provider in connection with any dispute before an Panelist pursuant to this Policy shall be paid by the Complainant.

d. Our Involvement in Administrative Proceedings—We do not, and will not, participate in the administration or conduct of any proceeding before a Panelist. In addition, we will not be liable as a result of any decisions rendered by the Panelist.

e. Remedies—The remedies available to a Complainant pursuant to any proceeding before a Panelist shall be limited to requiring the cancellation of your domain name.

f. Notification and Publication—The Provider shall notify us of any decision made by a Panelist with respect to a domain name you have registered with us.

g. Availability of Court Proceedings—The mandatory administrative proceeding requirements set forth in Paragraph 3 shall not prevent either you or the Complainant from submitting the dispute to a court of competent jurisdiction in the United States for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If a Panelist ultimately decides that your domain name registration should be canceled, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by Provider of the Panelist’s decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the Complainant in a jurisdiction to which the Complainant has submitted under Paragraph 3 of the Rules. If we receive such documentation within the ten (10) business day period, we will not implement the Panelist’s decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been

dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

4. All Other Disputes and Litigation—All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 3 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

5. Our Involvement in Disputes—We will not participate in any way in any dispute between you and any party other than us regarding the registration and use of your domain name. You shall not name us as a party or otherwise include us in any such proceeding. In the event that we are named as a party in any such proceeding, we reserve the right to raise any and all defenses deemed appropriate, and to take any other action necessary to defend ourselves.

6. Maintaining the Status Quo—We will not cancel, activate, deactivate, or otherwise change the status of any domain name registration under this Policy except as provided in Paragraph 3 above.

7. Transfers During a Dispute

a. Transfers of a Domain Name to a New Holder—You may not transfer your domain name registration to another holder (i) during a pending administrative proceeding brought pursuant to Paragraph 3 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name unless the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph.

b. Changing Registrars—You may not transfer your domain name registration to another registrar during a pending administrative proceeding brought pursuant to Paragraph 3 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided that the domain name you have registered with us shall continue to be subject to the proceedings commenced against you in accordance with the terms of this Policy. In the event that you transfer a domain name registration to us during the pendency of a court action or arbitration, such dispute shall remain subject to the domain name dispute policy of the registrar from which the domain name registration was transferred.

8. Policy Modifications—We reserve the right to modify this Policy at any time, subject to DoC approval. We will post our revised Policy at www.neustar.us at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a complaint to the Provider, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of the change. In the event that you object to a change in this Policy, your sole remedy is to cancel your domain name registration with us, provided that you will not be entitled to a refund of any fees you paid to us. The revised Policy will apply to you until you cancel your domain name registration.

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usTLD RULES FOR NEXUS DISPUTE POLICY

Administrative proceedings for the resolution of disputes under the Nexus Dispute Policy adopted by DOC shall be governed by these Rules.

1. Definitions

In these Rules:

Complainant means the party initiating a complaint concerning a domain name registration.

DOC refers to the United States Department of Commerce.

Mutual Jurisdiction means a court jurisdiction in the United States at the location of either (a) the principal office of the Registrar of the domain name in question, or (b) the domain name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time a complaint is submitted to a Provider. If neither (a) or (b) are located within the United States, then Mutual Jurisdiction shall lie in solely in the Commonwealth of Virginia.

Nexus Requirements means those requirements set forth at www.neustar.us.

Panelist means an administrative Panelist appointed by Provider to decide a complaint concerning a domain name registration.

Party means a Complainant or a Registrant.

Policy means the Nexus Dispute Policy that is incorporated by reference and made a part of the Registration Agreement.

Provider means a dispute-resolution service provider performing services under agreement with Neustar, as approved by DOC. A list of such Providers appears at http://www.neustar.us/policies/dispute_providers.html.

Registrar means the entity with which the Registrant has registered a domain name that is the subject of a complaint.

Registration Agreement means the agreement between a Registrar and a domain name holder.

Registrant means the holder of a domain name registration against which a complaint is initiated.

2. Communications

- a. Any written communication required under these Rules shall be made by the means specified by the Complainant or the Respondent, respectively, or in the absence of such specification:
 - i. By facsimile with a confirmation of transmission;
 - ii. By postal or courier service, postage pre-paid and return receipt requested; and/or
 - iii. Electronically via the Internet, provided a record of its transmission is available.
- b. Any communication to the Provider or the Panelist shall be made in accordance with the Provider's Supplemental Rules.
- c. All communications shall be made in English.
- d. Either Party may update its contact details by notifying the other Party, the Provider and the Registrar.
- e. Except as otherwise provided in these Rules, or decided by a Panelist, all communications provided for under these Rules shall be deemed to have been made:
 - i. If delivered by facsimile transmission, on the date shown on the confirmation of transmission;
 - ii. If by postal or courier service, on the date marked on the receipt; or
 - iii. If via the Internet, on the date that the communication was transmitted, provided that the date of transmission is verifiable.
- f. Except as otherwise provided in these Rules, all time periods calculated under these Rules shall begin to run on the earliest date that the communication is deemed to have been made in accordance with Paragraph 2(e).
- g. Except as otherwise provided in these Rules, any communication by:
 - i. A Panelist to any Party shall be copied to the Provider and to the other Party;
 - ii. The Provider, following the commencement of an administrative proceeding pursuant to Paragraph 4(c), to any Party shall be copied to the other Party; and

- iii. A Party shall be copied to the other Party, the Panelist and the Provider, as the case may be.
- h. It shall be the responsibility of the sender to retain records of the fact and circumstances of sending, which shall be available for inspection by affected parties and for reporting purposes.
- i. In the event that a Party sending a communication receives notification of non-delivery of the communication, that Party shall promptly notify the Provider of the circumstances of the notification.

3. The Complaint

- a. Any person or entity may initiate a Nexus Dispute by submitting a complaint in accordance with the Policy and these Rules to the Provider.
- b. The complaint shall be submitted in hard copy (with annexes) and in electronic form (without annexes).
- c. The complaint shall:
 - i. Request that the complaint be submitted for decision in accordance with the Policy and Rules and describe why the domain name registration should be considered subject to the Policy;
 - ii. Provide the full name, postal and e-mail addresses, and the telephone and facsimile numbers of the Complainant and of any representative authorized to act for the Complainant in the administrative proceeding;
 - iii. Specify a preferred method for communications directed to the Complainant in the administrative proceeding (including person to be contacted, medium, and address information) for each of (A) electronic-only material and (B) material including hard copy; contact details available in the Whois database for the domain name, provide all information known to the Complainant regarding how to contact Respondent or any representative of Respondent, including contact information based on pre-complaint dealings;
- v. Specify the domain name(s) that is/are the subject of the complaint;
- vi. Identify the Registrar(s) with whom the domain name(s) is/are registered at the time the complaint is filed;

- vii. Describe, in accordance with the Policy, the grounds on which the complaint is made including, the extent to which the domain name(s) is/are being used in violation of the Policy.
 - viii. Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;
 - ix. State that a copy of the complaint has been sent or transmitted to the Registrant (domain name holder), in accordance with Paragraph 2(b);
 - x. Identify the Mutual Jurisdiction to which the Complainant will submit with respect to any challenges to a decision in the administrative proceeding to delete the domain name
 - xi. Conclude with the following statement followed by the signature of the Complainant or its authorized representative:

“Complainant agrees that its claims and remedies concerning the registration of the domain name, the dispute, or the dispute’s resolution shall be solely against the domain name holder and waives all such claims and remedies against (a) the dispute -resolution provider and panelists, except in the case of deliberate wrongdoing, (b) the registrar, (c) the registry administrator, and (d) the Department of Commerce, as well as their directors, officers, employees, and agents.”

“Complainant certifies that the information contained in this Complaint is to the best of Complainant’s knowledge complete and accurate, that this Complaint is not being presented for any improper purpose, such as to harass, and that the assertions in this Complaint are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument”; and
 - xii. Annex any documentary or other evidence together with a schedule indexing such evidence.
- d. The complaint may relate to more than one domain name, provided that the same domain name holder registers the domain names.

4. Notification of Complaint

- a. The Provider shall review the complaint for formal compliance with the Policy and the Rules. If the complaint is found to be in compliance, the Provider shall notify the Registrant. For the purposes of notifying the Registrant, the Provider shall not be required to use any contact details other than those available in the Whois database for the domain name(s) in dispute.

b. If the Provider finds the complaint to be formally deficient, or if the Complainant has not included its Fees with the Complaint, the Provider shall promptly notify the Complainant of the nature of the deficiencies identified. The Complainant shall have five (5) calendar days within which to correct any such deficiencies, after which the administrative proceeding will be deemed withdrawn without prejudice to submission of a different complaint by Complainant.

c. The date of commencement of the administrative proceeding shall be the date on which the Provider forwards the Complaint to the Registrant.

d. The Provider shall notify the Complainant, the Respondent, and the concerned Registrar(s) of the date of commencement of the administrative proceeding.

e. Upon notification by the Provider of the pending dispute, the domain name shall be “locked” by the Registry until the matter is resolved. While in a “locked” position, Registrant may not (i) change any of the contact information for that particular domain name or (ii) transfer the domain name to any third party.

5. Appointment of the Panelist. The Provider shall appoint a single panelist within five (5) calendar days following receipt of the response by the Provider.

6. Impartiality and Independence—An appointed Panelist shall be impartial and shall disclose any circumstances giving rise to justifiable doubt as to the

Panelist’s impartiality or independence. If, at any stage during the administrative proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the Panelist, that Panelist shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the discretion to appoint a substitute Panelist.

7. Initial Provider Decisions

a. The Provider shall make an initial evaluation of the complaint on the basis of the statements and documents submitted by the Complainant in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.

b. In the event that the Provider finds that the Complainant has not established a prima facie case that Registrant has not met any of the Nexus Requirements, the Provider shall issue a letter to the Complainant denying its challenge. In addition, the Provider shall communicate the full text of the decision to each Party, and the concerned Registrar(s).

c. In the event that the Provider finds that the Complainant has established a prima facie case that Registrant has not met any of the Nexus Requirements set forth at www.neustar.us the Provider shall issue a letter to Registrant to submit evidence of compliance with the Nexus Requirements ("Letter").

8. Registrant Response to Letter. If the Provider issues a Letter, Registrant shall have a period of thirty (30) calendar (the "Response Period") days from the date of the Letter to submit evidence of compliance with the Nexus Requirements. The response shall:

- i. Specifically respond to the statements contained in the Letter and include any and all basis for the Registrant to retain registration and use of the disputed domain name on the basis of being in compliance with the Nexus Requirements;
- ii. Provide the name, postal and e-mail addresses, and the telephone and telefax numbers of the Registrant and of any representative authorized to act for the Registrant in the administrative proceeding;
- iii. Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;
- iv. State that a copy of the response has been sent or transmitted to the Complainant, in accordance with Paragraph 2(a);
- v. Conclude with the following statement followed by the signature of the Registrant or its authorized representative:

"Registrant certifies that the information contained in this Response is to the best of Registrant's knowledge complete and accurate, that this Response is not being presented for any improper purpose, such as to harass, and that the assertions in this Response are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument."; and

- vi. Annex any documentary or other evidence upon which the Registrant relies, together with a schedule indexing such documents.

9. Panelist Evaluation of Response / Period to Cure

- a. If, within the Response Period, Registrant submits evidence establishing any of the Nexus Requirements, the Panelist shall issue, within fourteen (14) business days from the end of the Response Period, a written finding directing that Registrant be permitted to keep the domain

name. In addition, the Provider shall communicate the full text of the Panelist decision to each Party, and the concerned Registrar(s).

b. If the Panelist determines that the evidence submitted fails to demonstrate that the Registrant met any of the Nexus Requirements prior to the date the Policy was invoked, the Panelist shall issue, within fourteen (14) business days from the end of the Response Period, a finding that Registrant has failed to meet the Nexus Requirements (“Nexus Failure Finding”) and shall communicate such Nexus Failure Finding to each Party.

c. If the Registrant does not respond within the Response Period, the Provider shall issue a Nexus Failure Finding.

d. In the event that a Nexus Failure Finding is made, the Provider shall communicate such finding to each Party. Registrant shall be given a total of thirty (30) days (the “Cure Period”) to submit documentation demonstrating that it has cured the Nexus Requirement deficiency.

1. The response to a Nexus Failure Finding shall:

i. Specifically respond to the statements contained in the Nexus Failure Finding and include any and all bases and associated documentation demonstrating that the Nexus Requirements have been cured.

ii. Annex any documentary or other evidence upon which the Registrant relies, together with a schedule indexing such documents.

2. If Registrant is able to demonstrate to the Panelist within the Cure Period that it has cured the Nexus Failure, the Panelist shall issue, within 14 business days from the end of the Cure Period, a written finding directing that Registrant be permitted to keep the domain name. In addition, the Panelist shall communicate the full text of the decision to each Party, and the concerned Registrar(s).

3. If the Panelist determines that the evidence submitted fails to demonstrate that the Registrant has cured the Nexus Failure, the Panelist shall issue, within 14 days from the end of the Cure Period, a written finding directing that the domain name be deleted from the Registry database and placed into the list of available domain names.

4. If the registrant does not respond within the Cure Period days the Provider shall issue a written finding directing that the domain name be deleted from the Registry database and placed into the list of available domain names.

10. Communication Between Parties and the Panelist—No Party or anyone acting on its behalf may have any unilateral communication with the Panelist.

11. General Powers of the Panelist

- a. The Panelist shall conduct the administrative proceeding in such manner as it considers appropriate in accordance with the Policy and these Rules.
- b. In all cases, the Panelist shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.
- c. The Panelist shall ensure that the administrative proceeding takes place with due expedition. It may, at the request of a Party or on its own motion, extend, in exceptional cases, a period of time fixed by these Rules or by the Panelist.
- d. The Panelist shall determine the admissibility, relevance, materiality and weight of the evidence.
- e. The Panelist shall decide a request by a Party to consolidate multiple domain name disputes in accordance with the Policy and these Rules.

11. Further Statements—In addition to the complaint and the response, the Panelist may request, in its sole discretion, further statements or documents from either of the Parties.

12. In-Person Hearings—There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panelist determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.

13. Grounds for Termination. If, before the Panelist's decision is made, it becomes unnecessary or impossible to continue the administrative proceeding for any reason, the Panelist shall terminate the administrative proceeding, unless a Party raises justifiable grounds for objection within a period of time to be determined by the Panelist.

14. Effect of Court Proceedings

- a. In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, the

Panelist shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision.

b. In the event that a Party initiates any legal proceedings during the pendency of an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, it shall promptly notify the Panelist.

15. Fees

a. The Complainant shall pay to the Provider an initial fixed fee, in accordance with the Provider's Supplemental Rules, within the time and in the amount required.

b. The Provider shall not take any action on a complaint until it has received from Complainant the initial fee.

16. Exclusion of Liability—Except in the case of deliberate wrongdoing, neither the Provider nor a Panelists shall be liable to a Party for any act or omission in connection with any administrative proceeding under the Policy and the Rules.

17. Amendments—The version of these Rules in effect at the time of the submission of the complaint to the Provider shall apply to the administrative proceeding commenced thereby. These Rules may not be amended without the approval of DOC.

usTLD Whois Accuracy Program Specification

1. Registrar shall implement and comply with the requirements set forth in this Specification, as well as any commercially practical updates adopted as a usTLD Specification or Policy during the Term of the usTLD Registrar Accreditation and Registry-Registrar Agreement.
2. Whois Data Reminder Policy.
 - 2.1. Requirement. At least annually, a registrar must present to the registrant the current Whois information, and remind the registrant that provision of false Whois information can be grounds for cancellation of their domain name registration. Registrants must review their Whois data, and make any corrections. Note: WDRP Notices for registrations with creation dates of 29 February may be given no later than 1 March in non-leap years.
 - 2.2. What the WDRP Notice Must Include: Each WDRP notice must include a copy of the data elements listed in Accreditation Agreement subsection 3.3.1 as contained in the registrar's database for each registration, plus a statement reminding the registrant that under the terms of the registration agreement the provision of false Whois information can be grounds for cancellation of a domain name registration.
 - 2.3. How, and to Whom, the WDRP Notice May Be Presented: The WDRP Notice can be presented via web, fax, postal mail, e-mail, or other appropriate means. It can be presented in one or more languages, including at least the language of the registration agreement. The Notice may be presented to the registrant either directly or through the administrative contact for each registration.
 - 2.4. Documentation Requirements: Registrars must maintain either copies of each WDRP Notice or an electronic database documenting the date and time, and the content, of each WDRP notice sent under this policy. Registrars shall make these records available for inspection by Neustar in accordance with the usual terms of the Accreditation Agreement. usTLD Administrator will consider proper notification to have been given for a registration if the registrar can show that a WDRP Notice

meeting the requirements stated above was given at any time in the year before each anniversary of the registration's creation date (for anniversary dates on or after the Compliance Date).

- 2.5. Model WDRP Notice: In order to assist registrars in preparing the required notice, Neustar has provided the following Model WDRP Notice:

Dear Valued Customer,

This message is a reminder to help you keep the contact data associated with your domain registration up-to-date. Our records include the following information:

Domain: neustar.us Registrar Name: Registry Registrar

Registrant: Name: Neustar, inc. Address: Loudoun Tech Center
45980 Center Oak Plaza
City: Sterling
State/Province: VA
Country: US
Postal Code: 20166
Nexus Category: C21

Administrative Contact: Name: Neustar, inc. Address: Loudoun Tech Center

45980 Center Oak Plaza
City: Sterling
State/Province: VA
Country: US
Postal Code: 20166
Phone: +1.5714345757
Fax: +1.5714345758
Email: support@neustar.us

Technical Contact:
Name: Neustar, inc. Address: Loudoun Tech Center
45980 Center Oak Plaza
City: Sterling

Neustar Proprietary Doc No:

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State/Province: VA

Country: US

Postal Code: 20166


Original Creation Date: 4/18/2002 Expiration Date: 4/17/2011

Nameserver Information: Nameserver: GDNS1.ULTRADNS.NET. Nameserver: GDNS2.ULTRADNS.NET.

If any of the information above is inaccurate, you must correct it by visiting our website. (If your review indicates that all of the information above is accurate, you do not need to take any action.) Please remember that under the terms of your registration agreement, the provision of false Whois information can be grounds for cancellation of your domain name registration.

Thank you for your attention.

Best regards, Your usTLD-Accredited Registrar

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3. Accuracy Requirements. Except as provided for in Section 3 below, within fifteen (15) days of (1) the registration of a Registered Name sponsored by Registrar, (2) the transfer of the sponsorship of a Registered Name to Registrar, or (3) any change in the Registered Name Holder with respect to any Registered Name sponsored by Registrar, Registrar will, with respect to both Whois information and the corresponding customer account holder contact information related to such Registered Name:
 - 3.1. Validate the presence of data for all fields required under Subsection [] of the Agreement in a proper format for the applicable country or territory.
 - 3.2. Validate that all email addresses are in the proper format according to RFC 5322 (or its successors).
 - 3.3. Validate that telephone numbers are in the proper format according to the ITU-T E.164 notation for international telephone numbers (or its equivalents or successors).
 - 3.4. Validate that postal addresses are in a proper format for the applicable country or territory as defined in UPU Postal addressing format templates, the S42 address templates (as they may be updated) or other standard formats.

3.5. Validate that all postal address fields are consistent across fields (for example: street exists in city, city exists in state/province, city matches postal code) where such information is technically and commercially feasible for the applicable country or territory.

3.6. Verify:

3.6.1. The email address of the Registered Name Holder (by sending an email requiring an affirmative response through a tool-based authentication method such as providing a unique code that must be returned in a manner designated by the Registrar, or

3.6.2. The telephone number of the Registered Name Holder by either (A) calling or sending an SMS to the Registered Name Holder's telephone number providing a unique code that must be returned in a manner designated by the Registrar, or (B) calling the Registered Name Holder's telephone number and requiring the Registered Name Holder to provide a unique code that was sent to the Registered Name Holder via web, email or postal mail.

3.6.3. In either case, if Registrar does not receive an affirmative response from the Registered Name Holder, Registrar shall either verify the applicable contact information manually or suspend the registration, until such time as Registrar has verified the applicable contact information. If Registrar does not receive an affirmative response from the Account Holder), Registrar shall verify the applicable contact information manually, but is not required to suspend any registration.

4. Except as provided below, within fifteen (15) calendar days after receiving any changes to contact information in Whois or the corresponding customer account contact information related to any Registered Name sponsored by Registrar (whether or not Registrar was previously required to perform the validation and verification requirements set forth in this Specification in respect of such Registered Name), Registrar will validate and, to the extent required by Section 1, verify the changed fields in the manner specified in Section 1 above. If Registrar does not receive an affirmative response from the Registered Name Holder providing the required verification, Registrar shall either verify the applicable

contact information manually or suspend the registration, until such time as Registrar has verified the applicable contact information. If Registrar does not receive an affirmative response from the Account Holder, Registrar shall verify the applicable contact information manually, but is not required to suspend any registration.

5. Except as set forth below, Registrar is not required to perform the above validation and verification procedures above, if Registrar has already successfully completed the validation and verification procedures on the identical contact information and is not in possession of facts or knowledge of circumstances that suggest that the information is no longer valid.
6. If Registrar has any information suggesting that the contact information specified above is incorrect (such as Registrar receiving a bounced email notification or non-delivery notification message in connection with compliance with the usTLD Whois Data Reminder Policy or otherwise) for any Registered Name sponsored by Registrar (whether or not Registrar was previously required to perform the validation and verification requirements set forth in this Specification in respect of such Registered Name), Registrar must verify or re-verify, as applicable, the email address(es) as described in Section 1.f (for example by requiring an affirmative response to a Whois Data Reminder Policy notice). If, within fifteen (15) calendar days after receiving any such information, Registrar does not receive an affirmative response from the Registered Name Holder providing the required verification, Registrar shall either verify the applicable contact information manually or suspend the registration, until such time as Registrar has verified the applicable contact information. Registrar shall not be required to refund any fees paid by the Registrant if the Registrar terminates a Registrant's registration agreement due to its enforcement of this provision.
7. Upon the occurrence of a Registered Name Holder's willful provision of inaccurate or unreliable WHOIS information, its willful failure promptly to update information provided to Registrar, or its failure to respond for over fifteen (15) calendar days to inquiries by Registrar concerning the accuracy of contact details associated with the Registered Name Holder's registration, Registrar shall either terminate or suspend the Registered Name Holder's Registered Name or place such registration on clientHold and clientTransferProhibited, until such time as Registrar has validated the information provided by the Registered Name Holder.

8. This Specification shall be reviewed by Neustar in consultation with usTLD Registrars annually. Registrar shall implement and comply with the requirements set forth in this Specification, as well as any commercially practical updates to this Specification that are developed by Neustar and the Registrar Stakeholder Group during the Term of the Agreement.
9. Nothing within this Specification shall be deemed to require Registrar to perform verification or validation of any customer account holder information where the customer account holder does not have any Registered Names under sponsorship of Registrar.

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usTLD Data Directory Service (Whois) Specification

1. Registration Data Directory Services. Until Neustar requires a different protocol, Registrar will operate a web-based Directory Service providing free public query-based access to at least the elements set forth in Section 3.3.1.1 through 3.3.1.8 of the Registrar Accreditation and Registry-Registrar Agreement (the “Agreement”) in the format set forth in Section 1.4 of this Specification. Neustar reserves the right to specify alternative formats and protocols, and upon such specification, the Registrar will implement such alternative specification as soon as reasonably practicable.

Following the publication by the IETF of a Proposed Standard, Draft Standard or Internet Standard and any revisions thereto (as specified in RFC 2026) relating to the web-based directory service as specified in the IETF Web Extensible Internet Registration Data Service working group, Registrar shall implement the directory service specified in any such standard (or any revision thereto) no later than 135 days after such implementation is requested by Neustar. Registrar shall implement internationalized registration data publication guidelines according to the specification published by Neustar following the work of Neustar Internationalized Registration Data Working Group (IRD-WG) and its subsequent efforts, no later than 135 days after it is adopted as a usTLD Specification or Policy.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registrar, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple numbered key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and

registrant information, together.

1.4. Domain Name Data:

1.4.1. Query format: `whois -h whois.example-registrar.US EXAMPLE.US`

1.4.2. Response format:

The format of responses shall contain all the elements and follow a semi-free text format outline below. Additional data elements can be added at the end of the text format outlined below. The data element may, at the option of Registrar, be followed by a blank line and a legal disclaimer specifying the rights of Registrar, and of the user querying the database (provided that any such legal disclaimer must be preceded by such blank line).

Domain Name: EXAMPLE.US
Registry Domain ID: D1234567-US
Registrar WHOIS Server: whois.example-
registrar.US Registrar URL: [http://www.example-
registrar.US](http://www.example-registrar.US) Updated Date: 2009-05-29T20:13:00Z

Creation Date: 2000-10-08T00:45:00Z

Registrar Registration Expiration Date: 2010-10-08T00:44:59Z

Registrar: EXAMPLE REGISTRAR LLC

Registrar IANA ID: 5555555

Registrar Abuse Contact Email: email@registrar.US

Registrar Abuse Contact Phone: +1.1235551234

Reseller: EXAMPLE RESELLER¹

Domain Status: clientDeleteProhibited²

Domain Status: clientRenewProhibited

Domain Status: clientTransferProhibited

Registry Registrant ID: 5372808-ERL³

Registrant Name: EXAMPLE REGISTRANT⁴

Registrant Organization: EXAMPLE

ORGANIZATION Registrant Street: 123 EXAMPLE

STREET Registrant City: ANYTOWN

Registrant State/Province: AP⁵

Registrant Postal Code:

A1A1A1⁶ Registrant Country:
AA Registrant Phone:
+1.5555551212 Registrant
Phone Ext: 1234⁷ Registrant
Fax: +1.5555551213
Registrant Fax Ext: 4321
Registrant Email: EMAIL@EXAMPLE.US
Registry Admin ID: 5372809-ERL⁸

Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION
Admin Street: 123 EXAMPLE STREET

Admin City: ANYTOWN
Admin State/Province: AP
Admin Postal Code:
A1A1A1 Admin Country:
AA

Admin Phone:
+1.5555551212 Admin
Phone Ext: 1234 Admin
Fax: +1.5555551213
Admin Fax Ext: 1234
Admin Email:
EMAIL@EXAMPLE.US Registry
Tech ID: 5372811-ERL⁹

Tech Name: EXAMPLE REGISTRANT TECHNICAL

Tech Organization: EXAMPLE REGISTRANT
LLC Tech Street: 123 EXAMPLE STREET

Tech City: ANYTOWN
Tech State/Province:
AP Tech Postal Code:
A1A1A1 Tech Country:
AA

Tech Phone:
+1.1235551234 Tech

Phone Ext: 1234 Tech

Fax: +1.5555551213

Tech Fax Ext: 93

Tech Email: EMAIL@EXAMPLE.US

Name Server: NS01.EXAMPLE-REGISTRAR.US¹⁰

Name Server: NS02.EXAMPLE-REGISTRAR.US

DNSSEC: signedDelegation

URL of Neustar WHOIS Data Problem Reporting System:

<http://wdprs.internic.net/>

>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

¹ Data element may be deleted, provided that if the data element is used, it must appear at this location.

² Note: all applicable statuses must be displayed in the Whois output.

³ May be left blank if not available from Registry.

⁴ For the Registrant, Admin and Tech contact fields requiring a “Name” or “Organization”, the output must include either the name or organization (or both, if available).

⁵ All “State/Province” fields may be left blank if not available. ⁶ All “Postal Code” fields may be left blank if not available.

⁷ All “Phone Ext”, “Fax” and “Fax Ext” fields may be left blank if not available.

⁸ May be left blank if not available from Registry.

⁹ May be left blank if not available from Registry.

¹⁰ All associated nameservers must be listed.

1.5. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers, email addresses, date and times must conform to the mappings specified in EPP RFCs 5730-5734 (or its successors), and IPv6 addresses format should conform to RFC 5952 (or

its successor), so that the display of this information (or values returned in WHOIS responses) can be uniformly processed and understood.

2. Service Level Agreement for Registration Data Directory Services (RDDS)

2.1 Definitions

- IP address. Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- Probes. Network hosts used to perform tests (see below) that are located at various global locations.
- RDDS. Registration Data Directory Services refers to the collective of WHOIS and Web based WHOIS services.
- RTT. Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- SLR. Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

2.2 Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
RDDS	RDDS availability	less than or equal to 864 min of downtime
	RDDS query RTT	less than or equal to 4000 ms, for at least 95% of the queries
	RDDS update time	less than or equal to 60 min, for at least 95% of the probes

Registrar is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. Since substantial downtime is already incorporated in the availability metric, planned outages or similar; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

2.2.1 RDDS availability. Refers to the ability of all the RDDS services for the Registrar to respond to queries from an Internet user with appropriate

data from the relevant registrar system. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.

- 2.2.2** WHOIS query RTT. Refers to the RTT of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the RTT is 5-times or more the corresponding SLR, the RTT will be considered undefined.
- 2.2.3** Web-based-WHOIS query RTT. Refers to the RTT of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registrar implements a multiple-step process to get to the information, only the last step shall be measured. If the RTT is 5-times or more the corresponding SLR, the RTT will be considered undefined.
- 2.2.4** RDDS query RTT. Refers to the collective of “WHOIS query RTT” and “Web-based- WHOIS query RTT”.
- 2.2.5** RDDS update time. Refers to the time measured from the receipt of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 2.2.6** RDDS test. Means one query sent to a particular “IP address” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the registrar system and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an RTT 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the RTT or undefined/unanswered.
- 2.2.7** Measuring RDDS parameters. Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “IP addresses” of the servers for each RDDS service of the Registrar being monitored and make an “RDDS test” to each one. If an “RDDS test” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 2.2.8** Collating the results from RDDS probes. The minimum number of active

testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.

- 2.2.9** Placement of RDDS probes. Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

2.3 Covenants of Performance Measurement

Registrar shall not interfere with measurement Probes, including any form of preferential treatment of the requests for the monitored services. Registrar shall respond to the measurement tests described in this Specification as it would do with any other request from Internet users (for RDDS).

usTLD Policy on Registrar Use of Resellers

1. Registrar may, at its discretion from time to time, designate one or more resellers that will be permitted to provide Registrar Services consistent with those permitted of Registrar under this Agreement. Registrar shall enter into a written agreement with each of its resellers (a “Reseller Agreement”), which will ensure compliance with this Agreement and the Accreditation Agreement and include sufficient terms and conditions to obligate each reseller to abide by all terms and conditions and all Registrar obligations set forth in this Agreement and the Accreditation
2. Registrar shall be primarily liable for all acts or omissions of its resellers, and Neustar’s obligations under this Agreement and the Accreditation Agreement shall not be increased due to Registrar’s appointment of resellers.
3. Promptly following the end of each calendar year during the Term of this Agreement (but in no event later than January 30), Registrar shall provide to Neustar a complete written list of all of its current resellers.
4. Further, in its Reseller Agreement with each reseller (“Reseller”), Registrar shall require such reseller to indemnify, defend and hold harmless Neustar, and its directors, officers, employees, representatives, agents, affiliates, and stockholders from and against any and all claims, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to any activities of such reseller. Each such Reseller Agreement shall further require that this indemnification obligation survive the termination or expiration of that agreement.
5. Resellers shall be prohibited from displaying the usTLD or the usTLD-Accredited Registrar logo, or from otherwise representing itself as accredited by Neustar unless it has written permission from the Neustar to do so.
6. Any registration agreement used by Reseller shall include all registration agreement provisions and notices required by the Accreditation Agreement and any usTLD Policies, and shall identify the sponsoring registrar or provide a means for identifying the sponsoring registrar.
7. Reseller shall identify the sponsoring registrar upon inquiry from the customer.
8. If Registrar becomes aware that such a Reseller is in breach of any of the provisions of Section 3.12 of this Agreement, Registrar shall take reasonable steps

to notify the Reseller that it is in breach of the reseller agreement and that Registrar has the right to terminate such agreement.

9. Any registration agreement used by reseller shall include all registration agreement provisions and notices required by Neustar Registrar Accreditation and Registry-Registrar Agreement and any usTLD Specifications and Policies, and shall identify the sponsoring registrar or provide a means for identifying the sponsoring registrar, such as a link to the InterNIC Whois lookup service.
10. Registrar shall use commercially reasonable efforts to enforce compliance with the provisions of the agreement between Registrar and any Reseller that relate to the provisions of Registrar Services including, without limitation, ensuring that that:
 - a. Its Resellers do not display Neustar or Neustar-Accredited Registrar logo, or otherwise represent themselves as Accredited by Neustar, unless they have written permission from Neustar to do so.
 - b. Its Resellers identify the sponsoring registrar upon inquiry from the customer.
 - c. Its Resellers' customers are provided with a link to an Neustar webpage detailing registrant educational information, as detailed in subsection [] of the Agreement.
 - d. Its Resellers publish on their website(s) and/or provide a link to the Registrants' Benefits and Responsibilities Specification attached hereto and shall not take any action inconsistent with the corresponding provisions of this Agreement or applicable law.
11. In the event Registrar learns that a Reseller is causing Registrar to be in breach of any of the provisions of this Agreement, Registrar shall take reasonable steps to enforce its agreement with such Reseller so as to cure and prevent further instances of non-compliance.

usTLD Data Retention Specification

1. During the Term of this Agreement and for two (2) years thereafter, Registrar (itself or by its agent(s)) shall maintain the following records relating to its dealings with Neustar and Registered Name Holders:

- 1.1. In electronic form, the submission date and time, and the content, of all registration data (including updates) submitted in electronic form to Neustar;
- 1.2. In electronic, paper, or microfilm form, all written communications constituting registration applications, confirmations, modifications, or terminations and related correspondence with Registered Name Holders, including registration contracts; and
- 1.3. In electronic form, records of the accounts of all Registered Name Holders with Registrar.

2. During the Term of this Agreement, for each Registered Name sponsored by Registrar within the usTLD, Registrar shall collect and securely maintain in its own electronic database (as updated from time to time) the data specified below:

- 2.1. Registrar shall collect the following information from registrants at the time of registration of a domain name (a "Registration") and shall maintain that information for the duration of Registrar's sponsorship of the Registration and for a period of two additional years thereafter:

- 2.1.1. First and last name or full legal name of registrant;
- 2.1.2. First and last name or, in the event registrant is a legal person, the title of the registrant's administrative contact, technical contact, and billing contact;
- 2.1.3. Postal address of registrant, administrative contact, technical contact, and billing contact;
- 2.1.4. Email address of registrant, administrative contact, technical contact, and billing contact;
- 2.1.5. Telephone contact for registrant, administrative contact, technical contact, and billing contact;
- 2.1.6. WHOIS information, as set forth in the WHOIS Specification;

- 2.1.7. Types of domain name services purchased for use in connection with the Registration; and
 - 2.1.8. To the extent collected by Registrar, “card on file,” current period third party transaction number, or other recurring payment data.
3. Registrar shall collect the following information and maintain that information for no less than one hundred and eighty (180) days following the relevant interaction:
- 3.1. Information regarding the means and source of payment reasonably necessary for the Registrar to process the Registration transaction, or a transaction number provided by a third party payment processor;
 - 3.2. Log files, billing records and, to the extent collection and maintenance of such records is commercially practicable or consistent with industry-wide generally accepted standard practices within the industries in which Registrar operates, other records containing communications source and destination information, including, depending on the method of transmission and without limitation: (1) Source IP address, HTTP headers, (2) the telephone, text, or fax number; and (3) email address, Skype handle, or instant messaging identifier, associated with communications between Registrar and the registrant about the Registration; and
 - 3.3. Log files and, to the extent collection and maintenance of such records is commercially practicable or consistent with industry-wide generally accepted standard practices within the industries in which Registrar operates, other records associated with the Registration containing dates, times, and time zones of communications and sessions, including initial registration.

usTLD Sunrise Policy

Prior to the launch of the usTLD second-level expanded space in April 2002, Neustar designed, tested and implemented an unprecedented Sunrise policy and process that helped to protect U.S. Patent and Trademark holders. Our Sunrise solution was roundly hailed as a success and we would certainly utilize the same process in any future launch of a new space in the usTLD.

As the owner of a large patent, copyright and trademark portfolio, Neustar believes that the protection of intellectual property assets on the Internet is of fundamental importance to any entity that derives income from their use of its intellectual property. For both the expanded usTLD and kids.us spaces, the protection of intellectual property began with the implementation of a Sunrise process for qualified trademark owners. To date, the Sunrise process implemented in the expanded usTLD space in 2002, and subsequently in kids.us in 2003, was the only process of its kind to launch without any claims of fraud or wrongdoing, and unlike the launches of .info, .mobi or even .eu, the usTLD Sunrise Process was not marred by scandal or controversy. As developments in the expanded usTLD space may necessitate, Neustar will implement a sunrise period for qualified trademark owners in the same flawless and successful manner.

HISTORICAL APPLICATION OF SUNRISE IN ENHANCED USTLD AND KIDS.US DOMAINS

Sunrise Policy and Implementation

In early 2002, Neustar became the first registry operator to launch a successful authenticated Sunrise process that permitted qualified trademark owners to pre-register their trademarks as domain names in the expanded usTLD space prior to the opening of the expanded usTLD space to the general population. Unlike any other “Sunrise” plans implemented or even proposed before that time, Neustar validated the authenticity of Trademark applications and registrations with the United States Patent and Trademark Office (USPTO).

Applicants for .us and kids.us domain names during the Sunrise period needed to complete an application process that involved the submission of the standard domain name contact and nameserver information as well as specific information relating to then existing or pending United States trademarks or service marks (“Trademarks”). All domain name applications submitted during the Sunrise periods had to contain the following information:

- Requested domain name(s) (see below on the process for determining eligible domain names);
- Exact trademark;
- Trademark’s filing date;
- Trademark’s registration date (if applicable);
- Trademark’s serial number;

- Trademark's registration number (if applicable);
- The name, address, telephone number, fax number, and e-mail address of the domain name registrant, administrative contact, technical contact and billing representative (NOTE: Domain name registrant must be either the current or original owner of the trademark application or registration);
- Assignment recorded? [Yes or No];
- Name, address, telephone number, fax number and e-mail address of a contact person regarding the Sunrise Application;
- Name servers and the IP address for each name server; and
- Confirmation of compliance with usTLD Nexus requirement

Domain names requested in the enhanced usTLD and kids.us spaces during the Sunrise periods had to:

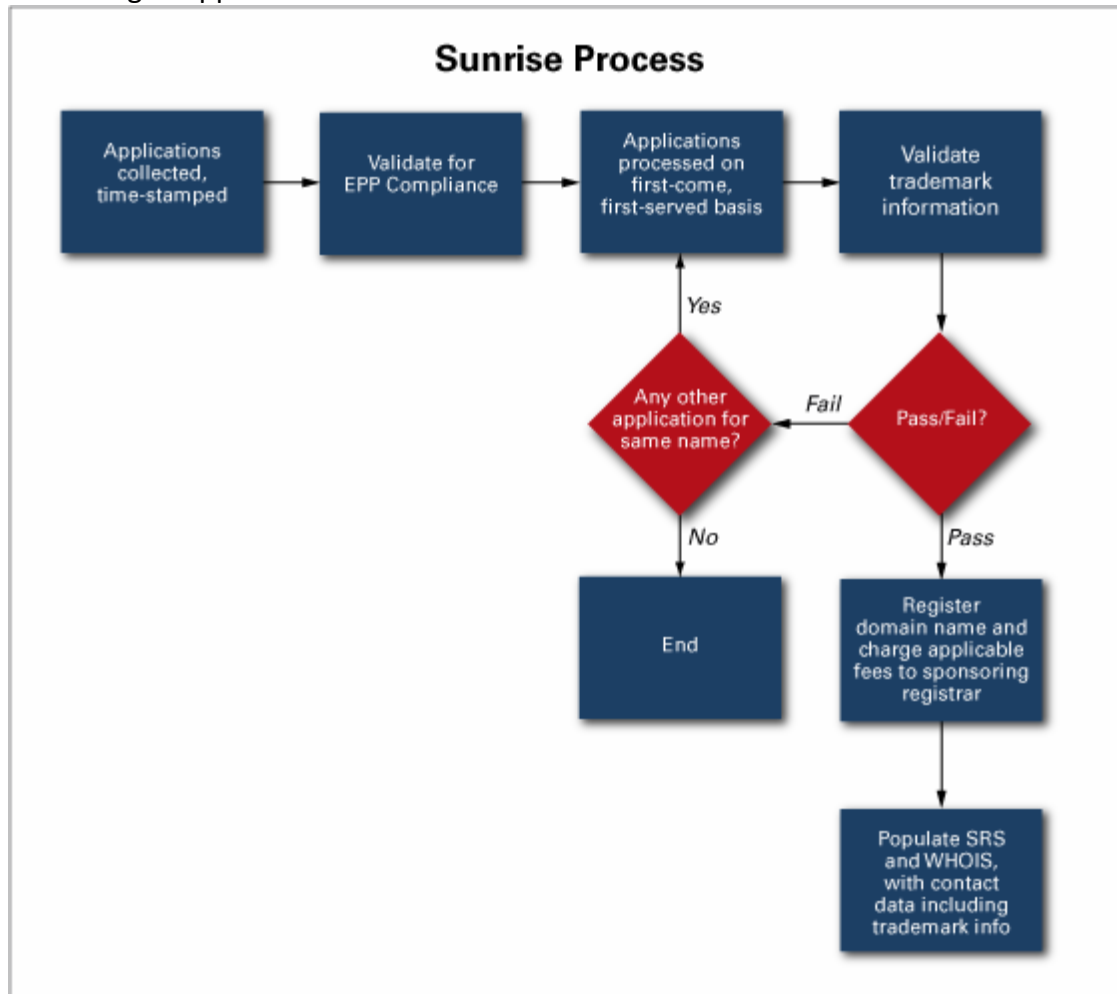
- Exactly match the textual, word or numeric elements of the trademark application or registration on file with the USPTO. Special characters, such as spaces, ampersands, and @ symbols, were eliminated entirely (no space) or replaced with hyphens within a domain name. Additionally, the ampersand optionally needed to be replaced by the character string "AND". For example, for the kids.us Sunrise Process, if you owned a trademark application or registration for:

- "SMITH & JONES," you could have applied for either

- i. SMITHJONES.kids.us;
- ii. SMITH-JONES.kids.us;
- iii. SMITHANDJONES.kids.us; or
- iv. SMITH-AND-JONES.kids.us.

- Contain only ASCII characters;
- Contain ONLY alphanumeric characters (letters A-Z, numerals 0-9) and/or hyphens -- no spaces, control characters, etc. were allowed;
- Contain no more than 63 characters (not including the kids.us suffix);
- Not begin or end with a hyphen;
- Not have hyphens in both the third and fourth characters positions; and
- Not have two consecutive "periods".

4. Processing of applications



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Exhibit J-1. NeuStar processes Sunrise applications on a first-come, first-served basis and are tracked throughout the process.

5. Submission of applications / tracking numbers—Sunrise applications were accepted on a first-come, first-served basis. Each Registrar was only allowed to submit one application to the Registry at a time in the specific format specified by the usTLD Administrator (i.e., may only submit one application per e-mail). Upon receipt of the Sunrise application, Neustar issued a unique tracking number to the Registrar that submitted the domain name application, which will correspond to that particular application. All applications received tracking numbers regardless of whether they were complete or the first applications received for those particular domain names.

Comparison of trademark information—The United States Patent and Trademark information provided by the domain name applicant was reviewed by Neustar for accuracy and to ensure that the information actually corresponded to the actual trademark application or registration data on file with the Patent and Trademark Office. More specifically, Neustar:

- Performed a look up of the submitted serial number (also known as “application number”) in the USPTO database to identify the appropriate trademark record. If the serial number did not exist, or the number did not match the trademark contained in the application, the application was rejected.
- Checked the filing date (also known as the application date) in the USPTO database to determine if both were prior to previously established cut-off date. For example, for the kids.us Sunrise, this date was December 4, 2002 (the date the Dot Kids Act was signed into law). If the USPTO date was after the cut-off date, the application was rejected.
- Compared the submitted trademark in ASCII to the trademark in the USPTO database, ignoring spaces and special characters in the mark such as commas, dashes, and periods. If there was not an exact match, the application was rejected.
- Compared the submitted domain names to the trademark application or registration data in the USPTO database. Before the comparison, through its proprietary software, Neustar converted the USPTO trademark to a set of candidate domain names formed by removing spaces, punctuation marks, special characters, and periods and converting these to marks that did not contain a space or contained a dash. For example:
 - MP3.com become MP3com or MP3-com;
 - Barnes & Noble became barnesnoble, barnes-noble, barnes-and-noble, barnesandnoble, barnes-andnoble, or barnesand-noble;
 - excite@home became excitehome or excite-home; or
 - Nike Just Do It became nikejustdoit, nike-justdoit, nikejust-doit, nikejustdo-it, nike-just-doit, nike-justdo-it, or nikejust-do-it.
- Rejected domain name applications if any of the submitted domain names were not an exact match with one of the candidate names. If all submitted names on an application were rejected, the application was rejected.

- Compared the submitted registrant name to the USPTO owner name. The registrant name must have corresponded to either: (i) the name of the Trademark Owner (as it appears in the USPTO's Trademarks BIB database); or (ii) the Assignee (as it appears in the USPTO's ASSIGN database).
- Compared the status of the trademark submitted with the status in the USPTO database. Only "APPLICATION" or "REGISTRATION" was allowed.
- Rejected applications if the registration number at the USPTO did not match the registration number submitted by the applicant.
- Performed a manual look up of a "Marked Drawing Code" in the USPTO Database to ensure that the Sunrise application submitted corresponded to the textual element of a trademark (in cases where the domain name was based on a "design mark"). The trademark must have been either a Typed Drawing (Mark Drawing Code 1), or a Design Plus Words, Letters and/or Numbers (Mark Drawing Code 3). All trademarks containing a Code of 0, 2, 4, 5, or 6 in the USPTO database were rejected.

Sunrise Fees

For both the enhanced usTLD and kids.us Sunrise periods, Neustar charged a small, reasonable Sunrise processing fee ("Sunrise Fee"), to each of the applications for which review was required. The amount of the Sunrise Fee was determined by evaluating the number of anticipated applications in light of the costs of implementing the Sunrise Process and approved by the United States Department of Commerce. It was therefore no surprise that the Sunrise Fee was less during the enhanced usTLD launch than the kids.us launch, as a lot less applications were forecast for the latter (increasing the cost per application).

Sunrise Dispute Resolution

Because of NeuStar's unique and innovative approach to the Sunrise Process, coupled with actual validation of Trademarks with the PTO, Neustar is proud to state that although a dispute resolution process was developed, this process was never invoked in either the launch of the enhanced usTLD space or the kids.us space.

FUTURE USE OF THE SUNRISE FOR NEW THIRD-LEVEL DOMAIN SPACES

In the event that any new third-level domain spaces are introduced in the usTLD in the future, and the DoC believes that a Sunrise Period is warranted in that space, Neustar would commit to utilizing the Sunrise Process again, just as it did for the enhanced usTLD and kids.us spaces. Prior to such launch, Neustar would submit its detailed plans, including pricing and pricing justification, to the DoC for its review and ultimate approval.

usTLD Registrar-Registrant Agreement Specification

1. In accordance with Section 3.6.11 of the usTLD Registrar Accreditation and Registry-Registrar Agreement (the “Agreement”), Registrar must require all Registered Name Holders to enter into an electronic or paper registration agreement with Registrar (the “Registrar-Registrant Agreement”). At a minimum, the Registrar-Registrant Agreement must:
 - a. Legally obligate the Registered Name Holder of a usTLD domain to provide to Registrar accurate and reliable contact details at the time of registration, and must correct and update them within seven (7) days of any change during the term of the Registered Name registration, including:
 - i. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the Registered Name Holder;
 - ii. The name of authorized person for contact purposes in the case of a Registered Name Holder that is an organization, association, or corporation
 - iii. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the Registered Name; and
 - iv. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the Registered Name.
 - b. Notify the Registered Name Holder that its registration and use of a usTLD name is subject to the usTLD Registry Operator’s Reservation of Rights Policy and Administrative Policy Statement.
 - c. Notify the Registered Name Holder that the willful provision of inaccurate or unreliable information, its willful failure to update information provided to Registrar within seven (7) days of any change, or its failure to respond for over fifteen (15) days to inquiries by Registrar concerning the accuracy of contact details associated with the Registered Name Holder's registration shall constitute a material breach of the Registered Name Holder-registrar contract and be a basis for suspension and/or cancellation of the Registered Name registration.
 - d. Legally obligate the Registered Name Holder to comply with the usTLD Acceptable Use Policy.

- e. Legally obligate the Registered Name Holder to comply with all usTLD Policy on the use of Proxy Domain Name Services. In addition, Registrar must inform the Registered Name Holder that any Registrant that intends to license use of a domain name to a third party is nonetheless the Registrant of record and is responsible for providing its own full contact information and for providing and updating accurate technical and administrative contact information adequate to facilitate timely resolution of any problems that arise in connection with the Registered Name. A Registrant licensing use of a Registered Name according to this provision shall accept liability for harm caused by wrongful use of the Registered Name.
- f. Inform the Registered Name Holder that registrants in the usTLD must meet the criteria set out in the usTLD Nexus Policy and be either:
 - i. A citizen or permanent resident of the United States of America or any of its possessions or territories, or
 - ii. Whose primary place of domicile is in the United States of America or any of its possessions, or an organization that is (i) incorporated within one of the fifty (50) U.S. states, the District of Columbia, or any of the United States possessions or territories or (ii) organized or otherwise constituted under the laws of a state of the United States of America, the District of Columbia or any of its possessions or territories (including a federal, state, or local government of the United States, or a political subdivision thereof), or
 - iii. An organization that has a bona fide presence in the United States.
- g. Inform the Registered Name Holder that failure to abide by the Nexus Requirements shall be a basis for cancellation of the registered name.
- h. Require the Registered Name Holder to certify that it meets the Nexus Requirements http://www.neustar.us/policies/docs/ustld_nexus_requirement to qualify to register to use a Registered Name.
- i. Legally obligate the Registered Name Holder to agree, for the adjudication of disputes concerning or arising from use of the Registered Name, to submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts (1) of the Registered Name Holder's domicile (2) where Registrar is located, and (3) the United States.

- j. Prohibit the Registered Name Holder's use of the Registered Name to (i) distribute malware, (ii) abusively operate botnets, (iii) engage in phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or (iv) otherwise engage in activity that is contrary to U.S. law;
- k. Clearly describe the consequences of engaging in conduct prohibited by the Registry-Registrant Agreement and usTLD Specifications and Policies, including the possibility of suspension or termination of the Registered Name either by the Registrar or, in accordance with the Registry-Registrant Agreement, the Registry Operator;
- l. Require the Registered Name Holder to indemnify, defend and hold harmless Registry Operator and its registry operations service providers, including the directors, officers, employees, affiliates and agents of each of them from and against any and all claims, damages, liabilities, costs and expenses, including reasonable legal fees and expenses, arising out of or relating to the Registered Name Holder's domain name registration. The registration agreement shall further require this indemnification obligation survive the termination or expiration of the registration agreement.
- m. Secure the Registered Name Holder's representation that, to the best of the Registered Name Holder's knowledge and belief, neither the registration of the Registered Name nor the manner in which it is directly or indirectly used infringes the legal rights of any third party;
- n. Secure the enforceable agreement of the Registered Name Holder that its registration of the Registered Name shall be subject to suspension, deletion, cancellation, or transfer pursuant to any usTLD Specification or Policy, or pursuant to any registrar or registry procedure not inconsistent with such Specifications or Policies to
 - enforce usTLD Policies, as amended from time to time;
 - protect the integrity and stability of the usTLD Registry Operator, its operations, and the usTLD;
 - comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the usTLD Registry Operator or you;
 - establish, assert, or defend the legal rights of the usTLD Registry Operator or a third party, or to avoid any liability, civil or criminal, on the part of the

- usTLD Registry Operator as well as its affiliates, subsidiaries, owners, officers, directors, representatives, employees, contractors, and stockholders;
- respond to violations of this policy;
 - correct mistakes made by the usTLD Registry Operator or any Registrar in connection with a Registration or Reservation.
- o. Secure the enforceable agreement of the Registered Name Holder that Neustar retains the right to freeze a domain name during resolution of a dispute either by: (i) rendering the domain name unresolvable; (ii) preventing the transfer of the domain name to another person, entity or registrar; or (iii) preventing any changes to the contact information associated with the domain name.
- p. Secure the Registered Name Holder's consent to the data processing as required by the Whois Accuracy Program Specification and the usTLD Privacy Policy.
- q. Notify each new or renewed Registered Name Holder of the Registrar's policies and practices with respect to processing of Personal Data including:
- The purposes for which any Personal Data collected from the applicant are intended;
 - The intended recipients or categories of recipients of the data (including Neustar and others who will receive the data from Neustar);
 - Which data are obligatory and which data, if any, are voluntary; and
 - How the Registered Name Holder or data subject can access and, if necessary, rectify the data held about them.
- r. Contain a commitment from the Registrar that it will take reasonable precautions to protect Personal Data from loss, misuse, unauthorized access or disclosure, alteration, or destruction and will not process the Personal Data collected from the Registered Name Holder in a way incompatible with the purposes and other limitations about which it has provided notice to the Registered Name Holder in accordance with Subsection n above.
- s. In addition, the Registrar-Registrant Agreement shall otherwise set forth the terms and conditions applicable to the registration of a domain name sponsored by Registrar. The Registered Name Holder with whom Registrar enters into a registration agreement must be a person or legal entity other than the Registrar, provided that Registrar may

be the Registered Name Holder for domains registered for the purpose of conducting its Registrar Services, in which case the Registrar shall submit to the provisions set forth in the Registrar-Registrant Agreement and shall be responsible to Neustar for compliance with all obligations of the Registered Name Holder as set forth in this Agreement and Specifications and Policies.

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usTLD Registry Operator Code of Conduct

In connection with its service as the Registry Operator for the usTLD, Neustar will:

- 1) Administer the usTLD in the public interest, in compliance with our contractual obligations and applicable law and regulation;
- 2) Publish all policies, procedures, and requirements applicable to usTLD Registrars, Delegated Managers, and usTLD Registrants (collectively, “usTLD Users”);
- 3) Develop policies and procedures for the usTLD in consultation with usTLD stakeholders through the usTLD Stakeholder Council, with the goal of ensuring that usTLD policy continuously meets the needs of existing usTLD Registrants, supports a more robust, certain, and reliable DNS, enhances the user experience and utility of the usTLD space, promotes innovation while protecting intellectual property rights, and supports ongoing discussion of and response to evolving and emerging DNS issues;
- 4) Apply standards, policies, procedures or practices neutrally and fairly, without singling out any usTLD Registrar, Delegated Manager, or usTLD Registrant for disparate treatment over other such users unless justified by substantial and reasonable cause;
- 5) Ensure that usTLD Users have equal access to administration services provided by Neustar;
- 6) Ensure that no data, including personal information about a usTLD Registrant or proprietary information from any usTLD Registrar or Delegated Manager is disclosed to affiliates, subsidiaries, or other related entities, or to other usTLD Users, except as disclosed in advance or reasonably necessary for the management and operations of the usTLD;
- 7) Not register names in the usTLD for its own use except through a usTLD Registrar unless such names are reasonably necessary for the management, operations, promotion, and other purposes of the usTLD;
- 8) Not disclose confidential information about its Registry Services, including proprietary information about searches or resolution requests by consumers for unregistered domain names to employees of any usTLD User (including any Neustar parent, subsidiary, affiliate, subcontractor or other related entity engaged in the provision of registry services with respect to the usTLD) with the intent of putting them at an advantage in obtaining usTLD administration services from Neustar, except as strictly necessary for the management and operations of the usTLD; and

- 9) Require any parent, subsidiary, affiliate, subcontractor or other Neustar related entity engaged in the provision of registry services with respect to the usTLD to maintain separate books of accounts with respect to such services.

Neustar will conduct internal neutrality reviews on a regular basis. In addition, Neustar and the DOC may mutually agree on an independent party to conduct a neutrality review of Neustar, ensuring that Neustar and its owners comply with all the provisions of this Code of Conduct. The neutrality review may be conducted as often as once per year. Neustar will provide the analyst with reasonable access to information and records appropriate to complete the review. The results of the review will be provided to DOC and shall be deemed to be confidential and proprietary information of Neustar and its owners.

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Redemption Grace Period Specification

Neustar has a Redemption Grace period (RGP) policy that was accepted by DOC on June 07, 2004 and can be found at http://www.ntia.doc.gov/files/ntia/publications/mod_13.pdf. The Neustar RGP enables Registrars to restore registered usTLD domain names that have been deleted through registrant or Registrar error, but which are still within a designated 30 day Redemption Period.

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usTLD Proxy/Privacy Registration Policy

Under current policies, Neustar as the usTLD administrator does not allow use of proxy or private registrations. Neustar employs a proven algorithm to detect the inadvertent or intentional registration of proxy, anonymous and/or private domain name registrations, and enforces a registrar's obligations to the usTLD Administrator.

The U.S. Government has compelling interest in ensuring that its national country-code top-level domain, the usTLD, is administered in a secure manner and that the information contained within the usTLD is reliable, accurate, and up-to date. One of the mechanisms to ensure the integrity of the usTLD is the maintenance of a complete and accurate WHOIS database.

A complete and accurate WHOIS database promotes the U.S. Government's interest in preventing identity theft, fraud and other on-line crime, in promoting the public's ability to police its rights against unlawful copyright and trademark infringement, and avoiding technical mishaps. This includes ensuring a smooth transition of domain name holders in the event that registrar goes bankrupt or otherwise becomes incapable of performing its obligations under the usTLD Registrar Accreditation Agreement and the usTLD Administrator Registrar Agreement. The government also has a compelling interest in accounting to itself and the public for the use of public assets, and ensuring that those assets are used by U.S citizens and companies, or others with an appropriate connection to the United States, in accordance with the U.S. Nexus requirement.

Finally, an accurate up-to date WHOIS database promoted the U.S. Government's interest in abiding by its treaty obligations. In fact, the United States has entered into treaties with several foreign governments, including those of Australia¹, Singapore² and others in which each country has agreed

¹ See Article 17.3 of the US-Australia Free Trade Agreement, http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/Final_text_ausfta.pdf (May 18, 2004)

usTLD Manager Delegation Take-Back Policy

Neustar has allocated significant resources to the usTLD locality compliance project. There are currently a number of Neustar employees working almost exclusively with Delegated Managers and usTLD locality registrants to move the compliance project to completion. This includes a highly manual and time-consuming investigation and review process to ensure a responsible 'take-back,' or re-delegation, of locality names to Neustar.

There are four types of take back:

- When the Delegated Manager voluntarily elects to cease operating as the Delegated Manager ("Cooperative");
- When Neustar attempts to identify the Delegated Manager but is unable to do so. In such a case, Neustar also attempts to contact applicable State Government officials prior to the take back and also secures approval from the DOC ("Unknown");
- When Neustar attempts to contact the known Delegated Manager and the Delegated Manager does not respond. In such a case, Neustar also attempts to contact applicable State Government officials prior to the take back and also secures approval from the DOC ("Unresponsive");
- When Neustar contacts the Delegated Manager, and the Delegated Manager is either unwilling to comply with the usTLD locality space requirements or refuses to execute a Delegated Manager Agreement. In such a case, Neustar also attempts to contact applicable State Government officials prior to the take back and also secures approval from the DoC ("Uncooperative")

usTLD Delegated Manager Tool

In order to modernize the features and functionalities of the locality-based space and to provide an easy and efficient mechanism for Delegated Managers to update their contact and technical information, or the contact and/or technical information to their sub-delegees, Neustar has introduced a web-based “Delegated Manager Tool” (DMT) that provides a secure access point to the usTLD Administrator SRS database. The DMT allows those Delegated Managers that have executed the required Delegated Manager agreement to directly update their locality domain records in the usTLD registry. The DMT

(<https://dm.neustar.us/dm/login.jsp>) is a simple-to-use web application that provides a means for delegated managers to manage WHOIS and DNS changes in near real-time. Through this tool, Delegated Managers are able to manage nameservers and contacts associated to their domains without have to go through a manual request to Neustar’s customer service team.

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usTLD Policy on Delegated Manager DNS Inspection

In our standard form of Agreement with Delegated Managers, there is a requirement that Delegated Managers permit the usTLD Administrator to inspect and download the zone file information for each of their locality sub-delegees. This is to ensure that Neustar is able to keep accurate and up-to-date contact information to display in the usTLD a publicly accessible WHOIS database. In addition, by obtaining this information, Neustar will be able to archive, for back-up purposes, the zone file information. Finally, allowing Neustar to perform these inspections will ensure continuity of service in the event that the Delegated Manager either is unable or unwilling to continue providing DM services and the entire zone must be taken over by Neustar.

Therefore, Neustar performs routine DNS inspections on all of its known locality delegations. Once obtained, the data is archived, loaded into the database and made available for Delegated Managers to access via the DMT. That, in turn, allows Delegated Managers to easily update such information and ensure that the WHOIS and DNS information remains accurate and up-to-date.

RSS Feeds for Delegated Managers

RSS (Really Simple Syndication), a technology for communicating information in an efficient and machine-readable format has achieved broad usage over the past several years. Users read RSS content by using software called “feed readers” or “feed aggregators”. An individual user then subscribes to the RSS feeds to retrieve near real-time communications from the information source to which it subscribed.

To manage its frequent communications with Delegated Managers, Neustar proposes to create an RSS feed to provide Delegated Managers useful information and updates. RSS communications is not intended to replace e-mail updates, but provides an alternate method for Delegated Managers to receive important updates.

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to maintain an accurate, searchable database of personal contact information for registrants in its respective country TLD.

In furtherance of these interests, at the DOC's request, Neustar executed new accreditation agreements with all existing .us registrars that clarified and made more explicit the prohibition on anonymous or proxy registrations. The amendment provides: "neither registrar nor any of its resellers, affiliates, partners and/or contractors shall be permitted to offer anonymous or proxy domain name registration services which prevent the Registry from having and displaying the true and accurate data elements . . . for any registered name."

On a routine basis, Neustar randomly reviews usTLD Accredited Registrars' websites and registration facilities to ensure compliance with the policies above. In the event a registrar is found to be offering proxy or anonymous registration services, the registrar will be immediately notified of its breach and given the requisite fifteen (15) days to cure the violation or face de-accreditation.

Neustar also recognizes, however, that even if a usTLD Accredited Registrar does not offer proxy services, anonymous domain names registrations may nonetheless be entered into the usTLD database by registrants themselves without the registrar's direct knowledge. Therefore, Neustar routinely scans the usTLD Database for evidence of non-compliance. In the event that Neustar determines that a proxy or anonymous registration is contained within the usTLD database, Neustar treats such violation similarly to the provision of false or inaccurate WHOIS information. As such, the sponsoring registrar is immediately notified of the violation and required to correct the deficiency in accordance with the usTLD Accreditation Agreement.

² See Article 16.3 of US-Singapore Free Trade Agreement
http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Singapore_FTA/Final_Texts/asset_upload_file708_4036.pdf,

usTLD Bulk Transfer After Partial Portfolio Acquisition Policy

In August 2012, Neustar proposed, and the DOC approved, a new policy called “Bulk Transfer After Partial Portfolio Acquisition” or “BTAPPA”. Prior to the adoption of BTAPPA, Registrars were only able to transfer their entire portfolio of domain names to another registrar without incurring a substantial fee. The new approved services addressed the business situation where only a portion of a Registrar’s TLD portfolio is acquired. Thus, the BTAPPA service provides a safe and consolidated method to change sponsorship of domain names acquired from one usTLD accredited Registrar from another usTLD accredited Registrar.

The BTAPPA service permits the bulk transfer of domains between two consenting Registrars in the circumstance where one usTLD accredited Registrar purchases, by means of a stock or asset purchase, merger or similar transaction, a portion—but not all—of another usTLD accredited Registrar’s usTLD domain name portfolio. Neustar performs the bulk transfer of the sponsorship of the acquired portfolio of names on a mutually agreed upon date/time within 30 days of request from the current Registrar of record to the Registrar who acquired the names.

Each BTAPPA request must be submitted to Neustar in writing and must comply with each of the following provisions:

- The Gaining Registrar, the Losing Registrar, and Neustar must mutually execute the “Terms of Service Agreement for Bulk Transfer After Partial Portfolio Acquisition (BTAPPA)”
- Gaining Registrar must already have usTLD accreditation for the usTLD.
- Gaining Registrar must have in effect at the time of transfer an Administrator-Registrar Agreement in good standing with the usTLD Administrator.
- Gaining Registrar must provide usTLD Administrator with evidence (i.e. affidavit) of the acquisition documenting closing date and Registrars involved in the acquisition.
- Both Gaining and Losing Registrar must approve the list of names subject to the Bulk Transfer prior to the change in sponsorship of names by the usTLD Administrator.
- Domain names in the following statuses at the time the Bulk Transfer is processed will not be transferred: pending transfer, redemption grace period (RGP), pending delete. Names within the 45-day auto renew grace window will be subject to bulk transfer, but the usTLD Administrator may be permitted to deny credit for those names registrant(s) who choose to delete after the bulk transfer, but prior to the expiration of the 45-day auto renew grace window.
- Fifteen (15) days before completing the bulk transfer, the Losing Registrar must provide written notice of the bulk change of sponsorship to all domain name registrants for names involved in the bulk transfer. This notice must include: (1) Explanation of how the Whois record will change after the bulk transfer occurs, (2) Customer Support and

Technical Contact information of the Gaining Registrar; (3) Statement that all Transfers Rules and Policies set by the usTLD Administrator shall remain in effect.

- BTAPPA service is limited to one (1) request per Registrar or Registrar Group per six-month period. Registrar Group is defined as multiple Registrar businesses that share common ownership and/or management teams. A single request for the BTAPPA service for names held across multiple Registrar accounts held by a Registrar Group, which is party to the purchase by means of a stock or asset purchase, merger or similar transaction is permitted, however the transfer cannot occur solely within and among the Registrar businesses of a Registrar Group. Further, at least 50% of all names in the usTLD for which sponsorship will be changed, must be changed to a Registrar outside the Registrar Group.
- The usTLD Administrator has discretion to reject the request for BTAPPA Service if there is reasonable evidence that BTAPPA is being requested to avoid fees otherwise due to the usTLD Administrator.

BTAPPA may not be requested if Gaining Registrar's request would qualify for bulk transfer under the usTLD Administrator-Registrar Agreement

usTLD Policy on Prevention of Phishing, Malware, Bot-nets, etc.

Neustar believes that the usTLD Administrator must not only aim for the highest standards of technical and operational competence, but also needs to act as a steward of the space on behalf of the U.S. Government in promoting the public interest. One of those public interest functions for a responsible domain name registry includes working towards the elimination of fraud and identity theft that result from phishing, pharming, and email spoofing of all types involving the DNS.

Sections 1.4.6.7 and Section 1.7 describe the functionality of Neustar's Registration Threat Mitigation Service (the RTMS) and set forth Neustar's policies and procedures in place to combat such abusive practices that leverage DNS. Neustar, as the usTLD Administrator, is at the forefront of the prevention of such abusive practices and is the only known registry operator to have actually developed and implemented an active "domain takedown" policy. Recent technical enhancements in the RTMS enable Neustar to distinguish malicious and non-malicious behavior more efficiently, reduced response time through optimized and automated process and increased access to threat data.

The Registry-Registrar Agreement obligates usTLD Registrars to cooperate with Neustar to investigate and address complaints regarding phishing, pharming, botnets, etc., and includes new language requiring usTLD registrars to enter into enforceable agreements with Registered Name Holders that

- a) Prohibits the Registered Name Holder's use of the Registered Name to (i) distribute malware, (ii) abusively operate botnets, (iii) engage in phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or (iv) otherwise engage in activity that is contrary to U.S. law; and
- b) Clearly describes the consequences of engaging in conduct prohibited by the Registry-Registrant Agreement and usTLD Specifications and Policies, including the possibility of suspension or termination of the Registered Name either by the Registrar or, in accordance with the Registry-Registrant Agreement, the Registry Operator.

The Acceptable Use Policy reflects these requirements as well and clarifies Neustar's authority to respond when malicious usage is identified.

Terms and Conditions for Registrar Use of usTLD Registry System

1. Provision of Tool Kit; Limited License.

- 1.1. Registrar Tool Kit. No later than five (5) business days after the Effective Date, Neustar shall provide to Registrar a copy of the Registrar Tool Kit the components of which are specified in Exhibit A.
- 1.2. Functionality. The Registrar Tool Kit shall provide sufficient technical specifications to permit Registrar to interface with the Registry System and employ its features that are available to registrars.
- 1.3. License. Subject to the terms and conditions of this Agreement, Neustar hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes of this Agreement, all components owned by or licensed to Neustar in and to the Registry System including, without limitation, APIs, any reference client software and any other intellectual property included in the Registrar Tool Kit, as well as updates and redesigns thereof, to provide domain name registration services in the usTLD only and for no other purpose.
- 1.4. Disclaimer of Warranties. **THE EPP, APIs, REGISTRAR TOOLKIT, Registry System AND ANY COMPONENT THEREOF ARE PROVIDED “AS-IS” AND WITHOUT ANY WARRANTY OF ANY KIND. NEUSTAR EXPRESSLY DISCLAIMS ALL WARRANTIES AND/OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY OR SATISFACTORY QUALITY AND FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT OF THIRD PARTY RIGHTS. NEUSTAR DOES NOT WARRANT THAT THE EPP, APIs, REGISTRAR TOOLKIT, Registry System OR ANY COMPONENT THEREOF WILL MEET REGISTRAR’S REQUIREMENTS, OR THAT THE OPERATION OF EPP, APIs, REGISTRAR TOOLKITS, THE REGISTRY SYSTEM OR ANY COMPONENT THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE EPP, APIs, REGISTRAR TOOLKIT, Registry System OR ANY COMPONENT THEREOF WILL BE CORRECTED. FURTHERMORE, NEUSTAR DOES NOT WARRANT NOR MAKE ANY**

REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE EPP, APIs, REGISTRAR TOOLKITS, REGISTRY SYSTEM OR ANY COMPONENT THEREOF OR RELATED DOCUMENTATION IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE. SHOULD THE EPP, APIs, REGISTRAR TOOLKIT, THE REGISTRY SYSTEM OR ANY COMPONENT THEREOF PROVE DEFECTIVE, REGISTRAR ASSUMES THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION OF REGISTRAR'S OWN SYSTEMS AND SOFTWARE.

- 1.5. Changes to Registry System. Neustar may, in its discretion from time to time make modifications to the EPP, APIs, or other software or materials licensed hereunder that will modify, revise or augment the features of the Registry System. Neustar will use commercially reasonable efforts to provide Registrar with at least sixty (60) days notice prior to the implementation of any material changes to the EPP, APIs or software licensed hereunder. Neustar shall have no obligation under this Agreement to update, modify, maintain, or repair any EPP, APIs, or other software materials (or any updates or redesigns thereto) licensed under this Agreement to Registrar.
- 1.6. Engineering and Customer Service Support. Neustar shall provide Registrar with engineering and customer service support as set forth in **Exhibit B.**
- 1.7. Data Submission Requirements. As part of its registration and sponsorship of Registered Names in the usTLD, Registrar shall submit complete data (and update such data) as required by technical specifications of the Registry System that are made available to Registrar from time to time and by the Agreement. Registrar hereby grants Neustar a non-exclusive, non-transferable, limited license to such data for propagation of and the provision of authorized access to the TLD zone files and as otherwise required in Neustar's operation of the usTLD.
- 1.8. Security. Registrar agrees to develop and employ in its domain name registration business all necessary technology and restrictions to ensure that its connection to the Registry System is secure. All data exchanged between Registrar's system and the Registry System shall be protected to avoid unintended disclosure of information. Registrar agrees to employ the necessary measures to prevent its access to the Registry System granted hereunder from being used to (1) allow, enable, or otherwise support, the transmission by e-mail, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than its own existing customers; or (2) enable high volume, automated, electronic processes that send queries or data to the systems of Neustar, any other registry operated

under an agreement with Neustar, or any other registrar, except as reasonably necessary to register domain names or modify existing registrations in compliance with this Agreement. In addition, Neustar may from time to time require other reasonable security provisions to ensure that the Registry System is secure, and Registrar will comply with all such provisions.

- 1.9. Resolution of Technical Problems. Registrar agrees to employ necessary employees, contractors, or agents with sufficient technical training and experience to respond to and fix all technical problems concerning the use of the EPP and the APIs in conjunction with Registrar's systems. Registrar agrees that in the event of significant degradation of the Registry System or other emergency, Neustar may, in its sole discretion, temporarily suspend access to the Registry System. Such temporary suspensions shall be applied in a non-arbitrary manner and shall apply fairly to any registrar similarly situated, including any affiliates of Neustar that serve as registrars.
- 1.10. Time of Entry of Domain Name Registration. Registrar agrees that in the event of any dispute concerning the time of the entry of a domain name registration into the Registry Database, the time shown in the Registry System records shall control.
- 1.11. Change in Registrar Sponsoring Domain Name. Registrar may assume sponsorship of a Registrant's existing domain name registration from another registrar by following the policy set forth in the usTLD Policy on Transfer of Sponsorship Registrations Between Registrars attached hereto as Exhibit C. When transferring sponsorship of a Registered Name to or from another registrar, Registrar shall comply with the requirements of Exhibit C.
- 1.12. Performance Specifications. The Performance Specifications for the usTLD Registry System are set forth in Exhibit D.
- 1.13. Service Level Agreement and Performance Credits. In the event Neustar fails to meet the performance specifications set forth in Exhibit D of this Agreement, Neustar shall provide a credit to Registrar in an amount equal to its proportionate share of applicable performance credits set forth in Exhibit E of this Agreement. Such performance credits shall constitute the sole and exclusive remedy available to Registrar with regard to Neustar's failure to meet the performance specifications.

Exhibit A

REGISTRAR TOOL KIT

Neustar-Registrar Software Development Kit includes, but is not limited to the following:

- Reference client implementations:
 - Java
 - C++
- Interface definition: XML Schema
- Neustar Operational Profile (our extensions)
- Authentication and Encryption guidelines
- EPP test plan and coverage matrix
- Java, C++ API documentation

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Exhibit B

ENGINEERING AND CUSTOMER SERVICE SUPPORT

During the Term of this Agreement, Neustar will provide reasonable telephone and electronic customer support to Registrar, not Registered Name Holders or prospective customers of Registrar, for non-technical issues solely relating to the Registry System and its operation. Neustar will provide Registrar with a telephone number and e-mail address for such support during implementation of the EPP, APIs and any reference client software included in the Registrar Tool Kit. While e-mail and FAQs are the primary method of help, Neustar will provide support on a 7-day/24-hour basis. Neustar will provide a web-based customer service capability in the future and such web-based support will become the primary method of customer service support to Registrar at such time.

The Neustar provides a clear, concise and efficient deliberation of customer support responsibilities. Registrars provide support to registrants (i.e., Registered Name Holders) and Neustar provides support for registrars. This structure allows the Neustar to focus its support on the highly technical and administratively complex issues that arise between the Neustar and the Registrar and to focus on the system operations supporting the usTLD.

Technical Help Systems

Neustar will provide its registrars with the following types of technical support:

- Web-based self-help services, including:
 - Knowledge bases
 - Frequently asked questions
 - White papers
 - Downloads of EPP client software
 - Support for email messaging
- Telephone support from a central Help Desk
- Fee-based consulting services.

Web Portal

Neustar will implement a secure Web-based multimedia portal to help support registrar operations. To obtain access to these Web-based services, a registrar must register with the Neustar, and must have implemented our security features, including SSL encryption, log in with user ID and password, and digital certificates for authentication. The home page of the web portal will include a notice to registrars of planned outages for database maintenance or installation of software upgrades. Neustar will use commercially reasonable effort to post this notification at least thirty (30) days prior to the event in addition to active notification including phone calls and email. Neustar will also record outage notifications in the help desk database to facilitate compliance with the performance specifications ([Exhibit B-2](#)). Finally, seven (7) days and again two (2) days prior to the scheduled event, Neustar will use both an email and a Web-based notification to remind registrars of the outage.

Non-affiliated registrars and the general Internet community may obtain generic information from Neustar's public website, which will describe the TLD service offerings and list of registrars, including Registrar, providing domain-name services.

Central Help Desk

In addition to implementing the website, Neustar will provide telephone support to registrars through a central Help Desk. Access to the help desk telephone support is through an automatic call distributor that routes each call to the next available customer support specialist. Neustar will authenticate callers by using caller ID and by requesting a pre-established pass phrase that is different for each registrar. Requests for assistance may also come to the Help Desk via email, either directly or via the secure website. The Help Desk's three tiers of support are:

Tier-1 Support. Telephone support to registrars who normally are calling for help with customer domain-name problems and such other issues such as EPP implementation or billing and collection. Problems that can't be resolved at Tier 1 are escalated to Tier 2.

Tier-2 Support. Support provided by members of the technical support team, who are functional experts in all aspects of domain-name registration. In addition to resolving escalated Tier 1 problems with EPP implementation and

billing and collection, Tier 2 staff provides technical support in system tuning and workload processing.

Tier 3 Support. Complex problem resolution provided by on-site maintenance technicians, third party systems and software experts, and vendors, depending on the nature of the problem.

In turn, the Help Desk uses an automated software package to collect call statistics and record service requests and trouble tickets in a help desk database. The help desk database documents the status of requests and tickets. Each customer-support and technical support specialist uses this problem management process to respond to trouble tickets with a troubleshooting, diagnosis, and resolution procedure and a root-cause analysis.

Escalation Policy

Neustar's escalation policy defines procedures and timelines for elevating problems either to functional experts or to management for resolution if they are not resolved within the escalation-policy time limits. The following table is an overview of the escalation policy.

Level	Description	Escalation Policy	Notification
I	Catastrophic outage affecting overall registry operations	Data-center manager escalates to Neustar management and Disaster-Recovery Team if not resolved in 15 minutes	Web portal and e-mail notifications to all Registrars within 15 minutes; updates every 30 minutes
II	Systems outage affecting one or two registrar sessions but not	Systems engineer escalates to data-center manager if not resolved in one hour	Web-portal notification to all registrars; hourly updates
III	Technical questions	Help Desk customer-support specialist escalates to the systems engineer if not resolved in two hours	Hourly updates to registrar via e-mail

IV	Basic questions	Help Desk customer-support specialist escalates to the systems engineer if not resolved within four hours	Hourly updates to registrar via e-mail
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Staffing

Initially, Neustar will staff its Help Desk with a complement of customer service specialists. Neustar will add staff as necessary to respond to incoming requests within the performance specification guidelines. Customer-service specialists will obtain assistance from Neustar's technical staff for any problems that cannot be resolved in one (1) phone call.

Test and Evaluation Facility

Neustar will establish an operational test-and-evaluation facility that will be available for Registrars to test their client EPP system. Neustar's technical-support team, which consists of functional experts in the processes and technologies for domain-name registration, will support the registrars' testing.

Once each new registrar is satisfied that its system is compatible with the Registry System, it will schedule a formal acceptance test that will be monitored by usTLD support team. After a registrar has passed the acceptance test, Neustar will issue its user id and passwords, and the registrar can then begin operations.

Customer Satisfaction Survey

To determine the satisfaction of registrars with usTLD Services, Neustar will implement a Web-based customer-satisfaction survey that will consist of a set of survey questions related to the operations and performance of the usTLD.

Exhibit C

Policy on Transfer of Sponsorship of Registrations Between Registrars

A. Holder-Authorized Transfers

1. Registrar Requirements

The Registration Agreement between each registrar and its Registrant must allow for Registrants to transfer their domain name registrations between Registrars provided that the Gaining Registrar's transfer process meets the minimum standards of this policy. Inter-Registrar domain name transfer processes must be clear and concise in order to avoid confusion. Further, Registrars should inform Registrants of, and provide access to, the published documentation of the specific transfer process employed by the Registrars.

Both the Administrative Contact and the Registrant, as listed in the usTLD Administrator's publicly accessible WHOIS service, are the only parties that have the authority to approve or deny a transfer request to the Gaining Registrar. In the event of a dispute, the Registrant's authority supersedes that of the Administrative Contact. For the purposes of this Exhibit, the Registrant and the Administrative Contact are collectively referred to as the "Registered Name Holder."

2. Gaining Registrar Requirements

For each instance where a Registered Name Holder requests to transfer a domain name registration to a different Registrar, the Gaining Registrar shall:

2.1 Obtain express authorization from Registered Name Holder including the standard form of authorization and the Registered Name Holder's unique "AuthInfo" code.

2.1.1 The authorization must be made via a valid Standardized Form of Authorization (FOA).

a) There are two different FOA's available on the usTLD Administrator's website. The FOA labeled "Initial Authorization for Registrar Transfer" must be used by the Gaining Registrar to request an authorization for a registrar transfer from the Registered Name Holder. The FOA labeled "Confirmation of Registrar Transfer Request" may be used by the Registrar of Record to request confirmation of the transfer from the Registered Name Holder. The FOA shall be communicated in English, and any dispute arising out of a transfer request shall be conducted in the English language.

b) In the event that the Gaining Registrar relies on a paper-based process to obtain this authorization, a paper copy of the FOA will suffice insofar as it has been signed by the Registered Name Holder.

c) If the Gaining Registrar relies on a paper-based authorization process, then the Gaining Registrar assumes the burden of obtaining reliable evidence of the identity of the Registered Name Holder and maintaining appropriate records proving that such evidence was obtained. Further the Gaining Registrar also assumes the burden for ensuring that the entity making the request is indeed authorized to do so. The acceptable forms of identification for these purposes are:

- Notarized statement
- Policy on Transfer of Sponsorship of Registrations Between Registrars continued
- Valid Driver's license
- Passport
- Articles of Incorporation
- Military ID
- State/Government issued ID
- Birth Certificate

d) In the event that the Gaining Registrar relies on an electronic process to obtain this authorization the acceptable forms of identity would include:

Electronic signature in conformance with United States legislation, in the location of the Gaining Registrar (if such legislation exists).

Consent from an individual or entity that has an email address matching the Registered Name Holder's email address.

e) The Registrar of Record may not deny a transfer request solely because it believes that the Gaining Registrar has not received the confirmation set forth above.

f) A transfer must not be allowed to proceed if no confirmation is received by the Gaining Registrar. The presumption in all cases will be that the Gaining Registrar has received and authenticated the transfer request made by a Registered Name Holder.

2.1.2 Collection of unique "AuthInfo" code from Registered Name Holder.

a) Registrars must provide all Registered Name Holders with their unique "AuthInfo" code within five (5) calendar days of the Registered Name Holder's initial request if the Registrar

does not provide facilities for the Registered Name Holder to generate and manage their own unique “AuthInfo” code.

b) In addition, Registrars may not employ any mechanism for complying with a Registered Name Holder’s request to obtain the applicable “AuthInfo” code that is more restrictive than the mechanisms used for changing any aspect of the Registered Name Holder’s contact or name server information.

c) The Registrar must not refuse to release an “AuthInfo” code to the Registered Name Holder solely because there is a dispute between the Registered Name Holder and the Registrar over payment.

d) Registrar-generated “AuthInfo” codes must be unique on a per-domain basis. The “AuthInfo” codes must be used solely to identify a Registered Name Holder.

2.2 Request by the transmission of a “transfer” command as specified in the Registrar Tool Kit that the usTLD Administrator database be changed to reflect the new Registrar.

2.2.1 Transmission of a “transfer” command constitutes a representation on the part of the Gaining Registrar that the requisite authorization has been obtained from the Registered Name Holder listed in the authoritative Whois database.

Policy on Transfer of Sponsorship of Registrations Between Registrars continued

2.2.2 The Gaining Registrar is responsible for validating the Registered Name Holder requests to transfer domain names between Registrars. However, this does not preclude the Registrar of Record (also referred to as the “Losing Registrar”) from exercising its option to independently confirm the Registered Name Holder’s intent to transfer its domain name to the Gaining Registrar in accordance with Section 3 of this policy.

3. Obligations of the Registrar of Record

3.1 A Registrar of Record can choose independently to confirm the intent of the Registered Name Holder when a notice of a pending transfer is received from the Registry. The Registrar of Record must do so in a manner consistent with the standards set forth in this agreement pertaining to Gaining Registrars and must use the FOA for the purposes of verifying intent.

3.2 The FOA shall be communicated in English and any dispute arising out of a transfer request shall be conducted in the English language. This requirement does not preclude the Registrar of Record from marketing to its existing customers through separate communications in a language other than English.

3.3. The FOA should be sent by the Registrar of Record to the Registered Name Holder as soon as possible, but must be sent not later than twenty-four (24) hours after receiving the transfer request from the usTLD Administrator.

3.4 Failure by the Registrar of Record to respond within five (5) calendar days to a notification from the Registry regarding a transfer request will result in a default “approval” of the transfer.

3.5 In the event that a Registered Name Holder listed in the WHOIS has not confirmed its request to transfer with the Registrar of Record and the Registrar of Record has not explicitly denied the transfer request, the default action will be that the Registrar of Record must allow the transfer to proceed.

3.6 Upon denying a transfer request for any of the following reasons, the Registrar of Record must provide the Registered Name Holder and the potential Gaining Registrar with the reason for denial. The Registrar of Record may deny a transfer request only in the following specific instances:

1. Evidence of fraud
2. usTLD Dispute Resolution action
3. Court order by a court of competent jurisdiction
4. Reasonable dispute over the identity of the Registrant or Administrative Contact
5. No payment for previous registration period (including credit card charge-backs) if the domain name is past its expiration date or for previous or current registration periods if the domain name has not yet expired. In all such cases, however, the domain name must be put into “Registrar Hold” status by the Registrar of Record prior to the denial of transfer.
6. Express written objection to the transfer from the Registered Name Holder (e.g., email, fax, paper document or other processes by which the Registered Name Holder has expressly and voluntarily objected through opt-in means).
7. A domain name was already in “lock status” provided that the Registrar provides a readily accessible and reasonable means for the Registered Name Holder to remove the lock status.
8. A domain name is in the first 60 days of an initial registration period.
9. A domain name is within 60 days after being transferred (apart from being transferred back to the original Registrar in cases where both Registrars so agree and/or where a decision in the dispute resolution process so directs).

3.7 Instances when the requested change of Registrar may not be denied include, but are not limited to:

Nonpayment for a pending or future registration period

No response within seven (7) calendar days of sending a communication to the Registrant or Administrative Contact.

Domain name in Registrar Lock Status, unless the Registered Name Holder has been provided with the reasonable opportunity and ability to unlock the domain name prior to the Transfer Request.

Domain name registration period time constraints, other than during the first 60 days of initial registration or during the first 60 days after a registrar transfer.

General payment disputes between Registrar and business partners / affiliates in cases in which the Registered Name Holder for the domain in question has paid for the registration.

A dispute over payment. The Registrar of Records must not employ transfer processes as a mechanism to secure payment for services from a Registered Name Holder. Exceptions to this requirement are as follows: (i) in the case of non-payment for previous registration period(s) if the transfer is requested after the expiration date, or (ii) in the case of non-payment of the previous or current registration period, if transfer is requested before the expiration date.

4. Registrar Coordination

4.1 Each Registrar is responsible for keeping copies of documentation, including the FOA and the Registered Name Holders response thereto that may be required for filing and supporting a dispute under the dispute resolution policy. Gaining Registrars must maintain copies of the FOA as received from the Registered Name Holder. Copies of the reliable evidence of identity must be kept with the FOA.

4.2 The Gaining Registrar must retain and produce pursuant to a request by a Losing Registrar a written or electronic copy of the FOA. In instances in which the Registrar of Record has requested copies of the FOA, the Gaining Registrar must fulfill the Registrar of Record's request (including providing the attendant supporting documentation) within five (5) calendar days. Failure to provide this documentation within the time period specified is grounds for reversal by the usTLD Administrator in the event that a transfer complaint is filed in accordance with the requirements of this policy.

4.3 If either a Registrar of Record or a Gaining Registrar does not believe that a transfer request was handled in accordance with the provisions of this policy, then the Registrar may initiate a complaint with the usTLD Administrator.

Policy on Transfer of Sponsorship of Registrations Between Registrars continued

4.4 For purposes of facilitating transfer requests, Registrars should provide and maintain a unique and private email address for use only by other Registrars and the usTLD Administrator:

4.4.1 This email address is for issues related to transfer requests and the procedures set forth in this policy only.

4.4.2 The email address should be managed to ensure messages are received by someone who can respond to the transfer issue.

4.4.3 Messages received at such email address must be responded to within a commercially reasonable timeframe not to exceed seven (7) calendar days.

5. Registry Requirements

5.1 Upon receipt of the “transfer” command from the Gaining Registrar, the usTLD Administrator will transmit an electronic notification to both Registrars.

5.2 The usTLD Administrator shall complete the requested transfer unless within five (5) calendar days it receives a NACK protocol command from the Registrar of Record.

5.3. The usTLD Administrator shall undo a transfer if, after a transfer has occurred, the usTLD Administrator receives one of the notices as set forth below. In such case, the transfer will be reversed and the domain name reset to its original state. The usTLD Administrator must undo the transfer within five (5) calendar days of receipt of the notice except in the case of a Registry dispute decision, in which case the usTLD Administrator must undo the transfer within fourteen (14) calendar days unless a court action is filed. The notice required shall be one of the following:

5.3.1 Agreement of the Registrar of Record and the Gaining Registrar sent by email, letter or fax that the transfer was made by mistake or was otherwise not in accordance with the procedures set forth in this policy;

5.3.2 The final determination of a dispute resolution body having jurisdiction over the transfer;
or

5.3.3 Order of a court having jurisdiction over the transfer.

6. Records of Registration

Each Registrar shall require its customer, the Registered Name Holder, to maintain its own records appropriate to document and prove the initial domain name registration date.

7. Effect on Term of Registration

The completion by usTLD Administrator of a holder-authorized transfer under this Part A shall result in a one-year extension of the existing registration, provided that in no event shall the total unexpired term of a registration exceed ten (10) years.

B. usTLD Administrator Approved Transfers

Transfer of all of the registrations held by one registrar as the result of acquisition of that registrar or its assets by another registrar may be made according to the following procedure:

(a) The acquiring registrar must be accredited by usTLD Administrator for the usTLD under an Accreditation Agreement and must have in effect a usTLD Administrator-Registrar Agreement with usTLD Administrator for the usTLD.

(b) The usTLD Administrator shall determine in its sole discretion that the transfer would promote the community interest, such as the interest in stability that may be threatened by the actual or imminent business failure of a registrar.

Upon satisfaction of these two conditions, the usTLD Administrator will make the necessary one-time changes in the registry database for no charge for transfers involving 50,000 name registrations or fewer; provided that the data to be transferred to the usTLD Administrator is in the form specified by the usTLD Administrator ("Approved Format"). If the transfer involves registrations of more than 50,000 names, and the data to be transferred to the usTLD Administrator is in the Approved format, the usTLD Administrator will charge the acquiring registrar a one-time flat fee of US \$50,000. If the data to be transferred is not in the Approved Format, the usTLD Administrator may charge a reasonable fee, as determined by the usTLD Administrator, in connection with the cost associated with reformatting such data

usTLD Domain Name Transfer Policy: STANDARDIZED FORM OF AUTHORIZATION

DOMAIN NAME TRANSFER - Confirmation of Registrar Transfer Request

DOMAIN NAME TRANSFER

Attention: <insert Registered Name Holder or Administrative Contact of Record as listed in the usTLD WHOIS>

Re: Transfer of <insert domain name or list of domain names>

<insert name of registrar and/or name of reseller> received notification on <insert date of notification> that you have requested a transfer to another domain name registrar. If you want to proceed with this transfer, you do not need to respond to this message. If you wish to cancel the transfer, please contact us before <insert date> by:

[NOTE: a registrar may choose to include one or more of the following in the message sent to the Registered Name Holder or Admin contact, and additional processes may be added with Neustar approval. The order in which options are presented is a decision for each registrar]

[optional] send an email to <insert contact details>

[optional] send a fax to <insert contact details>

[optional] or please go to our website <insert URL of confirmation webpage>

[Note: website to contain text as above, with the option the transfer.]

If we do not hear from you by <insert date>, the transfer will proceed.

STANDARDIZED FORM OF AUTHORIZATION

DOMAIN NAME TRANSFER - Initial Authorization for Registrar Transfer

Attention: <insert Registered Name Holder or Administrative Contact of Record as listed in the usTLD WHOIS>

Re: Transfer of <insert one or more domain names>

[OPTIONAL text: The current registrar of record for this domain name as reflected in the usTLD WHOIS, which can be found at www.whois.us is <insert name of losing registrar>.]

<insert name of gaining registrar> has received a request from <insert name of person/entity/reseller requesting transfer>

[OPTIONAL text:] via <insert method of request e.g. email address or fax>

[END OPTIONAL TEXT]

on <insert date of request> for us to become the new registrar of record.

You have received this message because you are listed as the Registered Name Holder or Administrative contact for this domain name in the usTLD WHOIS database.

Please read the following important information about transferring your domain name:

- You must agree to enter into a new usTLD Registration Agreement with us. You can review the full terms and conditions of the Agreement at <insert instructions for accessing the new terms and conditions, e.g. URL where the term and conditions can be found>
- Once you have entered into the Agreement, the transfer will take place within five (5) calendar days unless the current registrar of record denies the request.
- Once a transfer takes place, you will not be able to transfer to another registrar for 60 days, apart from a transfer back to the original registrar, in cases where both registrars so agree or where a decision in the dispute resolution process so directs.

If you WISH TO PROCEED with the transfer, you must respond to this message via one of the following methods (note if you do not respond by <date>, <domain name or domain names> will not be transferred to us.).

[NOTE: a registrar can choose to include one or more of the following in the message sent to the Registered Name Holder or Admin contact, and additional processes may be added with Neustar approval. The order in which options are presented is a decision for each registrar. Further, in addition to the options below, the registrar may choose to request the "Auth-Info" code from the Registered Name Holder or Administrative Contact]

[option 1] please email us with the following message:

"I confirm that I have read the Domain Name Transfer - Request for Confirmation Message.

I confirm that I wish to proceed with the transfer of <insert domain name> from <insert name of losing registrar> to <insert name of gaining registrar>."

[Option 2] please go to our website; <insert URL of confirmation webpage> to confirm.

[Note: website to contain text as above, with the option to confirm or deny the transfer]

[Option 3] please print out a copy of this message and send a signed copy to <insert fax or postal address details>

If you DO NOT WANT the transfer to proceed, then don't respond to this message.

If you have any questions about this process, please contact <insert contact details>.

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Exhibit D

PERFORMANCE SPECIFICATIONS

1. Introduction. The Performance Specification Matrix ("Matrix") below provides a list of performance specifications as they apply to the three Core Services provided by the Registry-SRS, Nameserver and Whois services.
2. Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Agreement.
 - 2.1 "Core Services" refers to the three core services provided by the Registry System—SRS, Nameserver, and Whois Services.
 - 2.2 "Performance Specification" refers to the specific committed performance service levels as specified herein.
 - 2.3 "Performance Specification Priority" refers to the Neustar's rating system for Performance Specifications. Some Performance Specifications are more critical to the operations of the Neustar than others. Each of the Performance Specifications is rated as C1-mission critical, C2-mission important, C3-mission beneficial, or C4-mission maintenance.
 - 2.4 "Registrar Community" refers to all the registrars accredited by Neustar that have executed Neustar-Registrar Agreements with Neustar for the usTLD.
 - 2.5 "SRS" refers to the Shared Registration System; the service that the Registry System provides to the Registrar Community. Specifically, it refers to the ability of registrars to add, modify, and delete information associated with domain names, nameserver, contacts, and registrar profile information. This service is provided by systems and software maintained in coactive data centers. The service is available to registrars via an Internet connection.
 - 2.6 "Nameserver" refers to the nameserver function of the Registry System and the nameservers that resolve DNS queries from Internet users. This service is performed by multiple nameserver sites that host DNS resource records. The customers of the nameserver service are users of the Internet. The

nameservers receive a DNS query, resolve it to the appropriate address, and provide a response.

- 2.7** "Service Level Measurement Period" refers to the period of time for which a Performance Specification is measured. Monthly periods are based on calendar months, quarterly periods are based on calendar quarters, and annual periods are based on calendar years.

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Exhibit E

SERVICE LEVEL AGREEMENT

1. **Definitions.** Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to them in Exhibit G to the usTLD Registrar Accreditation and Registry- Registrar Agreement.
2. **Credits.** If Neustar fails to meet the Performance Specifications defined in Exhibit G ("Service Level Exception" or "SLE"), Neustar shall pay in the aggregate to the Registrar Community a credit according to the tables provided below ("Applicable Credit"). Each Registrar shall only be entitled to a fraction of the Applicable Credit. Such fractions of the credit specified in the tables to be paid to any individual Registrar will be calculated based upon the number of domain names that such Registrar added to the Registry System during the Service Level Measurement Period compared to the total number of domain names added to the Registry System by all Registrars during the Service Level Measurement Period in which the SLE occurred. The credit due to Registrar may be paid as an offset to registrations and other fees owed to Neustar by Registrar. All credits shall be paid in U.S. Dollars. The following Credit Lookup Matrix indicates the corresponding credit table for which the credits defined in this Appendix will be levied.

3.

CREDIT LOOKUP MATRIX

Performance Specification Description	SRS		Nameserver	Whois
1	Service Availability	Table C1a	Table C1b	Table C1a
2	Processing Time - Add, Modify, Delete	Table C2	NA	NA
3	Processing Time - Query Domain	Table C2	NA	NA
4	Processing Time –	NA	NA	Table C2
5	Processing Time – Nameserver	NA	Table C2	NA

6	Update Frequency	NA	Table C3	Table C3
7	Planned Outage – Duration	Table C4b	NA	Table C4b
8	Planned Outage – Timeframe	Table C4a	NA	Table C4a
9	Planned Outage – Notification	Table C4a	NA	Table C4a
10	Extended Planned Outage – Duration	Table C4b	NA	Table C4b
11	Extended Planned Outage – Timeframe	Table C4a	NA	Table C4a
12	Extended Planned Outage – Notification	Table C4a	NA	Table C4a

If one or more SLEs occur as the direct result of a failure to meet a Performance Specification in a single credit class, Neustar shall be responsible only for the credit assessed for the credit class that is the proximate cause for all directly related failures. ®

The following tables identify total Registrar Community credits due for SLEs in the four credit classes C1 - C4. Notwithstanding the credit levels contained in these tables, the total credits owed by Neustar under this Agreement shall not exceed

\$30,000 USD monthly and \$360,000 USD annually. The credits contained in Tables C1a- C4 represent the total credits that may be assessed in a given SLR category in one Service Level Measurement Period.

2.1 C1 Credit Class—If availability of C1 Credit Class components or systems does not meet C1 Performance Specifications in any given Service Level Measurement Period described in the Performance Specification Matrix in Exhibit G, Neustar will credit the Registrar Community according to the tables (which amount will be credited to the Registrar on a proportional basis as set forth above).

Table C1a

SLE	< 30 sec.'s	30-60 sec.'s	1-2 min.'s	2-10 min.'s	10-30 min.'s	over 30 min.'s
Monthly Credit to Registrar Community	\$ 750	\$ 1,500	\$	\$ 3,750	\$ 5,000	\$ 6,000

C1a Availability Example: In a given measurement period, the SRS Availability is 99.87%, which equates to 52 minutes of unplanned downtime. The Neustar's Performance Specification for SRS Availability is 99.9%, or 43 minutes of downtime. The Service Level Exception, therefore, is 9 minutes (52-43 minutes), the difference between the Performance Specification and the actual measured performance. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C1a. In Table C1a, the time interval (2-10 minutes) has a corresponding credit of \$3,750 USD to be paid to the Registrar Community.

Table C1b

SLE	< 10 min.'s	10-30 min.'s	30-60 min.'s	1-2 hours	2-4 hours	over 4
Annual Credit to Registrar Community	\$ 7,500	\$ 15,000	\$ 25,000	\$ 35,000	\$ 50,000	\$ 75,000

C1b Availability Example: In a given Service Level Measurement Period, the measured Nameserver Availability is 99.990% over a twelve (12) month period, which equates to 52 minutes of downtime. The Neustar's Performance Specification for Nameserver Availability is 100 %, or 0 minutes of downtime per calendar year. The Service Level Exception, therefore, is 52 minutes (52-0 minutes), the difference between the Performance Specification and the actual measured performance. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C1b. In Table C1b, the time interval (30-60 minutes) has a corresponding credit of \$25,000 USD to be paid to the Registrar Community.

2.2 C2 Credit Class—If processing time for C2 Credit Class services does not meet C2 Service Levels in any given Service Level Measurement Period,

Neustar will credit the Registrar Community according to the following table (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C2

SLE	< 2 sec.'s	2-5 sec.'s	5-10 sec.'s	10-20 sec.'s	20-30 sec.'s	over 30
Monthly Credit to Registrar Community	\$ 375	\$ 750	\$ 1,500	\$ 3,500	\$ 4,000	\$ 7,500

C2 Processing Example: The Performance Specification for Processing Time for Add, Modify, and Delete is 3 seconds or less for 95% of the transactions. In a given Service Level Measurement Period 7% of the transactions are greater than 3 seconds. The 5% of those transactions with the longest processing times are not subject to the SLE calculation (3 seconds for 95%). The SLE is calculated using the average processing time for the 2% of the transactions that are subject to the SLE. If there were 1,000 transactions and they took a total of 4,000 seconds the average is 4 seconds. That generates an SLE of 1 second (4 seconds - 3 seconds). From the Credit Lookup Matrix, we see the relevant SLA is found in Table C2. In Table C2, the SLE time interval (< 2 seconds) has a corresponding credit \$375 USD to be paid to the Registrar Community.

2.3 C3 Credit Class—If update frequency measurements of C3 Credit Class components or systems do not meet C3 Service Levels in any given Service Level Measurement Period as described in the Performance Specification Matrix in Exhibit G, Neustar will credit the Registrar Community according to the following tables (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C3

SLE	< 30 sec.'s	30-60 sec.'s	1-2 min.'s	2-10 min.'s	10-30 min.'s	over 30 min.'s
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Monthly Credit to Registrar Community	\$ 188	\$ 375	\$ 625	\$ 938	\$ 1,250	\$ 1,500
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C3 Update Frequency Example: In a given Service Level Measurement Period, 95% of the updates to the Nameserver take 24 minutes or less to complete. The corresponding Neustar's Performance Specification is 15 minutes for 95% of the updates. The SLE, therefore, is 9 minutes. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C3. The SLE time interval (2-10 minutes) has a corresponding credit of \$938 USD to be paid to the Registrar Community.

2.4 C4 Credit Class—If Neustar fails to comply with C4 Credit Class category Performance Specifications, Neustar will credit the Registrar Community according to the following tables (C4a and C4b) (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C4a

SLE	Any
Monthly Credit to Registrar Community	\$ 500

C4a Planned Outage Notification Example: In each instance the Neustar fails to meet the Performance Specifications for Notification and Timeframe related to Planned Outages and Extended Planned Outages, the Neustar is subject to the credit in Table C4a. For example, the Neustar informs the Registrar Community that it will initiate a Planned Outage of the SRS on the next calendar Sunday (five (5) days advance notice). The corresponding Neustar's Performance Specification is 28 days notice. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C4a. This results in a credit of \$500 USD to be paid to the Registrar Community.

Table C4b

SLE	< 1 hour	1-2 hours	2-4 hours	4-6 hours	6-10 hours	over 10
Monthly Credit to Registrar Community	\$ 300	\$ 750	\$	\$	\$ 3,500	\$ 4,000

C4b Planned Outage Example: In a given Service Level Measurement Period, the actual duration of a planned outage is 11 hours and 20 minutes for the SRS. The corresponding Neustar's Performance Specification is 8 hours per month for the SRS. The SLE, therefore, is 3 hours and 20 minutes. From the Credit Lookup Matrix the relevant SLA is found in Table C4b. The SLE time interval (2-4 hours) has a corresponding credit of \$1,200 USD to be paid to the Registrar Community.

3. Receipt of Credits. In order for Registrars to claim credits, the following procedure must be followed:

- 3.1 Neustar shall perform the required measurements in order to obtain the total credits associated with the applicable Service Level Measurement Period. Such measurements and associated documentation shall be delivered by e-mail to each of the Registrars in the Registrar Community. Such notice shall also include the total credit (if any) to be paid to the Registrar Community as a result of any outages.
- 3.2 Receipt of Credit - When the above steps have been completed, the Neustar shall enter in each Registrar's account balance the amount of credit (if applicable) that can be used immediately toward registrations in the Registry.

4. Obligations.

- 4.1 Except in the case of cross-network nameserver performance (which is not a subject of this Service Level Agreement), Neustar will perform monitoring from internally located systems as a means to verify that the conditions of the SLA are being met.
- 4.2 Upon written request, and at the sole expense of the requesting Registrar(s), Neustar will retain an independent third party to be

selected by Neustar with the consent of the Registrar(s). The Registrar may, under reasonable terms and conditions, audit the reconciliation records for the purposes of verifying measurements of the Performance Specifications. The frequency of these audits will be no more than once yearly during the term of the agreement between Neustar and the Registrar.

- 4.3 Neustar's obligations under this SLA are waived during the first 120 days after the date that the expanded space of the usTLD goes "live." ("Commencement of Service Date").
- 4.4 A Registrar must report each occurrence of alleged occasion of Unavailability of Core Services to the Neustar customer service help desk in the manner required by the Neustar (i.e., e-mail, fax, telephone) in order for an occurrence to be treated as Unavailable for purposes of the SLE.
- 4.5 In the event that the Core Services are Unavailable to an individual Registrar, Neustar will use commercially reasonable efforts to re-establish the affected Core Services for such Registrar as soon as reasonably practicable. In the event that the Unavailability of Core Services affects all Registrars, the Neustar is responsible for opening a blanket trouble ticket and immediately notifying all Registrars of the trouble ticket number and details.
- 4.6 Both Registrar and the Neustar agree to use reasonable commercial good faith efforts to establish the cause of any alleged Core Services Unavailability. If it is mutually determined to be a Neustar problem, the issue will become part of the Unplanned Outage minutes.
- 4.7 The Neustar will use commercially reasonable efforts to restore the critical systems of the Core Services within 24 hours after the termination of a force majeure event and restore full system functionality within 48 hours after the termination of a force majeure event. Outages due to a force majeure will not be considered Service Unavailability.
- 4.8 Incident trouble tickets must be opened within a commercially reasonable period of time.

5. Miscellaneous.

5.1 "Whois" refers to the Neustar's Whois service. The Neustar will provide contact information related to registered domain names and nameserver through a Whois service. Any person with access to the Internet can query the Neustar's Whois service directly (via the Neustar website) or through a registrar.

3. Performance Specifications. Neustar shall use commercially reasonable efforts to provide Registry Services for the usTLD.

3.1 Service Availability. Service Availability is defined as the time, in minutes, that the Registry System's Core Services are responding to its users. Service is unavailable when a service listed in the Matrix is unavailable to all users, that is, when no user can initiate a session with or receive a response from the Registry System ("Unavailability"). Service Availability is a C1 priority level.

3.1.1 Service Availability is measured as follows:

Service Availability % = $\{[(TM - POM) - UOM] / (TM - POM)\} * 100$ where:

TM = Total Minutes in the Service Level Measurement Period (#days*24 hours*60 minutes).

POM = Planned Outage Minutes (sum of (i) Planned Outages and (ii) Extended Planned Outages during the Service Level Measurement Period).

UOM = Unplanned Outage Minutes (Difference between the total number of minutes of Unavailability during the Service Level Measurement Period minus POM).

Upon written request, and at the sole expense of the requesting registrar(s), Neustar will retain an independent third party (to be selected by Neustar to perform an independent calculation of the UOM). The frequency of this audit will be no more than once yearly during the term of the Agreement between Neustar and the Registrar.

This calculation is performed and the results reported for each calendar month for SRS and Whois availability and for each calendar year for Nameserver availability. Results will be reported periodically to the Registrar Community via e-mail.

3.1.2 Service Availability–SRS = 99.9% per calendar month. Service Availability as it applies to the SRS refers to the ability of the SRS to respond to registrars that access and use the SRS through the EPP protocol. SRS Unavailability will be logged with the usTLD Administrator as Unplanned Outage Minutes. The committed Service Availability for SRS is 99.9% and the Service Level Measurement Period is monthly.

3.1.3 Service Availability–Nameserver = 100% per calendar year. Service Availability as it applies to the Nameserver refers to the ability of the Nameserver to resolve a DNS query from an Internet user. Nameserver Unavailability will be logged with the Neustar as Unplanned Outage Minutes. The committed Service Availability for Nameserver is 100% and the Service Level Measurement Period is annually.

3.1.4 Service Availability–Whois = 99.95% per calendar month. Service Availability as it applies to Whois refers to the ability of all users to access and use the Neustar's Whois service. Whois Unavailability will be logged with the Neustar as Unplanned Outage Minutes. The committed Service Availability for Whois is 99.95% and the Service Level Measurement Period is monthly.

3.2 **Planned Outage.** High volume data centers like that used in the Registry System require downtime for regular maintenance. Allowing for regular maintenance ("Planned Outage") ensures a high level of service for the Registry System. Planned Outage Performance Specifications are a C4 priority level.

3.2.1 Planned Outage Duration. The Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the Neustar is allowed to take the usTLD Services out of service for regular maintenance. Planned Outages are planned in advance and the

Registrar Community is provided warning ahead of time. This Performance Specification, where applicable, has a monthly Service Level Measurement Period. The Planned Outage Duration for the Core Services is as follows:

- 3.2.1.1 Planned Outage Duration–SRS = 8 hours (480 minutes) per month;
- 3.2.1.2 Planned Outage Duration–Nameserver = (no planned outages allowed); and
- 3.2.1.3 Planned Outage Duration–Whois = 8 hours (480 minutes) per month.

3.2.2 Planned Outage Timeframe. The Planned Outage Timeframe defines the hours and days in which the Planned Outage can occur. The Planned Outage Timeframe for the Core Services is as follows:

- 3.2.2.1 Planned Outage Timeframe–SRS = 0000 Saturday-2400 UTC Sunday;
- 3.2.2.2 Planned Outage Timeframe–Nameserver =(no planned outages allowed); and
- 3.2.2.3 Planned Outage Timeframe–Whois = 0000 Saturday-2400 UTC Sunday.

3.2.3 Planned Outage Notification. The Neustar will notify all of its registrars of any Planned Outage. The Planned Outage Notification Performance Specification defines the number of days prior to a Planned Outage that the Neustar will notify its registrars. The Planned Outage Notification for the Core Services is as follows:

- 3.2.3.1 Planned Outage Timeframe–SRS = 3 days;
- 3.2.3.2 Planned Outage Timeframe–Nameserver =(no planned outages allowed); and
- 3.2.3.3 Planned Outage Timeframe–Whois = 3 days.

3.3 Extended Planned Outage. In some cases such as software upgrades and platform replacements an extended maintenance timeframe is required. Extended Planned Outages will be less frequent than regular Planned Outages but their duration will be longer. Extended Planned Outage Performance Specifications are a C4 priority level.

3.3.1 Extended Planned Outage Duration. The Extended Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the Neustar is allowed to take the usTLD Services out of service for extended maintenance. Extended Planned Outages are planned in advance and the Registrar Community is provided warning ahead of time. Extended Planned Outage periods are in addition to any Planned Outages during any Service Level Measurement Period. This Performance Specification, where applicable, has a Service Level Measurement Period based on a calendar quarter. The Extended Planned Outage Duration for the Core Services is as follows:

- 3.3.1.1** Extended Planned Outage Duration–SRS = 18 hours (1080 minutes) per calendar quarter;
- 3.3.1.2** Extended Planned Outage Duration–Nameserver = (no planned outages allowed); and
- 3.3.1.3** Extended Planned Outage Duration–Whois = 18 hours (1080 minutes) per calendar quarter.

3.3.2 Extended Planned Outage Timeframe. The Extended Planned Outage Timeframe defines the hours and days in which the Extended Planned Outage can occur. The Extended Planned Outage Timeframe for the Core Services is as follows:

- 3.3.2.1** Extended Planned Outage Timeframe–SRS = 0000 Saturday-2400 UTC Sunday;
- 3.3.2.2** Extended Planned Outage Timeframe–Nameserver = (no planned outages allowed); and

3.3.2.3 Extended Planned Outage Timeframe—Whois =
0000 Saturday -0800 UTC Sunday.

3.3.3 Extended Planned Outage Notification. The Neustar will notify all of its registrars of any Extended Planned Outage. The Extended Planned Outage Notification Performance Specification defines the number of days prior to an Extended Planned Outage that the Neustar will notify its registrars. The Extended Planned Outage Notification for the Core Services is as follows:

3.3.3.1 Extended Planned Outage Timeframe—SRS = 4
weeks;

3.3.3.2 Extended Planned Outage Timeframe—Nameserver
= (no planned outages allowed); and

3.3.3.3 Extended Planned Outage Timeframe—Whois = 4
weeks.

3.4 Processing Time. Processing Time is an important measurement of transaction-based services like those provided by the Registry System. The first three Performance Specifications, Service Availability, Planned Outages and Extended Planned Outages, measure the amount of time that the service is available to its users. Processing Time measures the quality of that service.

Processing Time refers to the time that the Registry System receives a request and sends a response to that request. Since each of the usTLD Services has a unique function the Performance Specifications for Processing Time are unique to each of the usTLD Services. For example, a Performance Specification for the Nameserver is not applicable to the SRS and Whois, etc. Processing Time Performance Specifications are a C2 priority level.

Processing Time Performance Specifications have a monthly Service Level Measurement Period and will be reported on a monthly basis. The Registry System will log the processing time for all of the related transactions, measured from the time it receives the request to the time that it returns a response.

3.4.1 Processing Time—Add, Modify, Delete = 3 seconds for 95%

3.4.1.1 Processing Time—Add, Modify, and Delete is applicable to the SRS as accessed through the EPP protocol. It measures the processing time for add, modify, and delete transactions associated with domain names, nameserver, contacts, and registrar profile information.

3.4.1.2 The Performance Specification is 3 seconds for 95% of the transactions processed. That is, 95% of the transactions will take 3 seconds or less from the time the Registry System receives the request to the time it provides a response.

3.4.2 Processing Time—Query Domain = 1.5 seconds for 95%

3.4.2.1 Processing Time—Query Domain is applicable to the SRS as accessed through the EPP protocol. It measures the processing time for an availability query of a specific domain name.

3.4.2.2 The performance specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time the Registry System receives the query to the time it provides a response as to the domain name's availability.

3.4.3 Processing Time—Whois Query = 1.5 seconds for 95%

3.4.3.1 Processing Time—Whois Query is only applicable to the Whois. It measures the processing time for a Whois Query.

3.4.3.2 The Performance Specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time the Whois receives a query to the time it responds.

3.4.4 Processing Time–Nameserver Resolution = 1.5 seconds for 95%

3.4.4.1 Processing Time–Nameserver Resolution is only applicable to the Nameserver. It measures the processing time for a DNS query.

3.4.4.2 The Performance Specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time Nameserver receives the DNS query to the time it provides a response.

3.5 Update Frequency. There are two important elements of the Registry System that are updated frequently and are used by the general public: Nameserver and Whois. Registrars generate these updates through the SRS. The SRS then updates the Nameserver and the Whois. These will be done on a batch basis. Update Frequency Performance Specifications are a C3 priority level.

The committed Performance Specification with regard to Update Frequency for both the Nameserver and the Whois is 15 minutes for 95% of the transactions. That is, 95% of the updates to the Nameserver and Whois will be effectuated within 15 minutes. This is measured from the time that the registry confirms the update to the registrar to the time the update appears in the Nameserver and Whois. Update Frequency Performance

Specifications have a monthly Service Level Measurement Period and will be reported on a monthly basis.

3.5.1 Update Frequency–Nameserver = 15 minutes for 95%.

3.5.2 Update Frequency–Whois = 15 minutes for 95%.

Performance Specification	SRS	Nameserver	Whois
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1	Service Availability	99.9% per calendar month	100 % per calendar	99.95% per calendar month
2	Processing Time—Add, Modify, Delete	3 sec for 95%	NA	NA
3	Processing Time—Query Domain	1.5 sec for 95%	NA	NA
4	Processing Time—Whois	NA	NA	1.5 sec for 95%
5	Processing Time—Nameserver Resolution	NA	1.5 sec for 95%	NA
6	Update Frequency	NA	15 min for 95%	15 min for 95%
7	Planned Outage—Duration	8 hrs per calendar	not allowed	8 hrs per calendar
8	Planned Outage—Timeframe	0600 – 1400 UTC Sun	not allowed	0600 – 1400 UTC Sun
9	Planned Outage—Notification	3 days	not allowed	3 days
10	Extended Planned Outage—Duration	18 hrs per calendar quarter	not allowed	18 hrs per calendar quarter
11	Extended Planned Outage—	1201 – 0800 UTC Sat or Sun	not allowed	1201 – 0800 UTC Sat or Sun
12	Extended Planned Outage—Notification	28 days	not allowed	28 days

usTLD Specification on Registrant's Benefits and Responsibilities

Domain Name Registrants' Rights:

Your domain name registration must be subject to a Registration Agreement with a usTLD Accredited Registrar. You are entitled to review this Registration Agreement at any time, and download a copy for your records. You are entitled to accurate and accessible information about:

- The identity of your usTLD Accredited Registrar;
- The identity of any proxy or privacy service provider affiliated with your Registrar;
- Your Registrar's terms and conditions, including pricing information, applicable to domain name registrations;
- The terms and conditions, including pricing information, applicable to any privacy services offered by your Registrar;
- The customer support services offered by your Registrar and the privacy services provider, and how to access them;
- How to raise concerns and resolve disputes with your Registrar and any privacy services offered by them; and
- Instructions that explain your Registrar's processes for registering, managing, transferring, renewing, and restoring your domain name registrations, including through any proxy or privacy services made available by your Registrar.

You shall not be subject to false advertising or deceptive practices by your Registrar or through any proxy or privacy services made available by your Registrar. This includes deceptive notices, hidden fees, and any practices that are illegal under the consumer protection law of your residence.

Domain Name Registrants' Responsibilities:

- You must comply with the terms and conditions posted by your Registrar, including applicable policies from your Registrar, the Registry and Neustar.
- You must review your Registrar's current Registration Agreement, along with any updates.
- You will assume sole responsibility for the registration and use of your domain name.
- You must provide accurate information for publication in directories such as WHOIS, and promptly update this to reflect any changes.
- You must respond to inquiries from your Registrar within fifteen (15) days, and keep your Registrar account data current. If you choose to have your domain name registration renew automatically, you must also keep your payment information current.

Neustar Policies and Specifications for kids.us

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KIDS.US CONTENT POLICY: GUIDELINES AND RESTRICTIONS

A word from Neustar

On December 4, 2002, President George W. Bush signed into law the Dot Kids Implementation and Efficiency Act of 2002. This Act requires that Neustar, “as the administrator of the .US country code top-level domain (ccTLD), establish a kids.us domain to serve as a haven for material that promotes positive experiences for children and families using the Internet, provides a safe online environment for children, and helps to prevent children from being exposed to harmful material on the Internet.” This legislation was the culmination of years of effort by several members of the United States Congress. In anticipation of this legislation, Neustar began a public outreach campaign to seek input and advice from members of the children’s content community, child advocacy groups, parents, educators, law enforcement organizations, and other interested individuals to create an initial draft of Guidelines and Requirements, which were published on the Internet in August 2002. The comments we received were instrumental in finalizing this document.

The policies identified in this document will set forth the guidelines for the administration and management of content in the kids.us domain. We would like to thank every individual and organization that contributed to this document, and for helping make kids.us a reality.

INTRODUCTION

Background

More than 140 million Americans, half of our nation, are now online. 90 percent of the children in America between the ages of 5 and 17 now use computers and 65 percent of 10-13 year olds use the Internet today. Usage among even the youngest members of our society is significant, with more than 84 percent of 5-9 year olds using computers at home, school, or both. Our nation’s youngest citizens are increasingly gaining access to the Internet. How children use the Internet and what they are exposed to while online are topics that have long been examined, discussed, applauded, and criticized. These examples of widespread use of the Internet by children in all aspects of their lives demonstrate the demand for a domain designed for children.

Interested parties and individuals ranging from parents and educators to communities and members of Congress have all expressed great excitement at the potential benefits of a distinct place on the Internet for our nation’s children. To accomplish the goal of establishing a place for children on the Internet, the Dot Kids Implementation and Efficiency Act of 2002, Public Law No. 107-317 (herein referred to as the “kids.us Act”), was introduced in the U.S. House of Representatives in the 107th Congress, and with nearly unanimous support was approved by both the House and the U.S. Senate. Enactment of the kids.us Act demonstrates the strong commitment by our nation’s leaders to create a rewarding online experience for our nation’s youth.

The role of Neustar in the design and implementation of the kids.us domain

The kids.us Act “assign[s] to the [National Telecommunications and Information Administration] responsibility for providing for the establishment, and overseeing operation, of a second-level Internet domain within the United States country code domain.”² In October 2001, The United States Department of Commerce (“DOC”), National Institute of Standards and Technology (“NIST”) selected Neustar to manage and administer the .us domain name space, the official ccTLD for the United States (Purchase Order No. SB 1335-02-W-0175) (the “Government Contract”). As part of this contract with the DOC, Neustar agreed to reserve a select set of second level domain names to be used to serve the public. Among the reserved names was “kids”, which was put aside in order to enable an entity to manage a kids.us domain name space for the benefit of children. In accordance with the kids.us Act, Neustar will act as the Registry operator for all third-level registrations under the kids.us domain and have overall responsibility for managing the name space to ensure appropriateness of content.

In light of the fact that Neustar will have the primary responsibility for ensuring that content within the kids.us domain is appropriate for children under the age of 13, Neustar has created the role of the kids.us “Content Manager” to oversee this enormous responsibility. The Content Manager may either be Neustar itself or may be an entity, or several entities, approved by both Neustar and the NTIA to perform these functions. The Content Manager will be responsible for reviewing and approving content that is appropriate for the kids.us domain pursuant to these kids.us Content Guidelines and Requirements along with any other rules, restrictions or regulations determined by Neustar and the NTIA.

To fulfill a requirement under the kids.us Act, Neustar has drafted this policy for content guidelines and requirements based on input from a variety of diverse sources. We attempted to identify the major publicly and legally accepted children’s content standards for purposes of application to the kids.us domain. This document reflects the excellent work developed through government and privately-funded research, testimony delivered at Congressional Hearings, articles, books, and some preliminary conversations with members of the children’s media communities. Because of the public resource value of the kids.us domain, we have taken great effort to reflect a wide sampling of the information publicly available. Additionally, an initial draft of this document was issued for public comment in August of 2002. Neustar would like to thank the individuals and organizations that responded to our request for comments by contributing comments on the design of the domain, suggested content, and restrictions for content.

Core objectives of kids.us – a domain for children

The objective of the kids.us domain is to facilitate the establishment of a friendly and enjoyable environment for children using the Internet. The kids.us Act states that the kids.us domain is intended to serve “any person under 13 years of age”. This benchmark for the

kids.us domain is not surprising as it is consistent with other existing legal frameworks in a variety of media, including, for example, the Children's Online Protection Act.

Specifically, the kids.us domain is designed to restrict access to content that is "harmful to minors", which has been defined by the kids.us Act as:

- "The average person, applying contemporary community standards, would find, taking the material as a whole and with respect to minors, that it is designed to appeal to, or is designed to pander to, the prurient interest;
- The material depicts, describes, or represents, in a manner patently offensive with respect to minors, an actual or simulated sexual act or sexual contact, an actual or simulated normal or perverted sexual act, or a lewd exhibition of the genitals or post-pubescent female breast; and
- Taken as a whole, the material lacks serious, literary, artistic, political, or scientific value for minors."

Further, the kids.us Act also states that the domain should have content that is "suitable for minors", or content that:

- "Is not psychologically or intellectually inappropriate for minors; and
- Serves (1) the educational, informational, intellectual, or cognitive needs of minors; or (2) the social, emotional, or entertainment needs of minors."

It is important to understand that the kids.us domain is not intended to be a cure-all solution to the many problems and dangers associated with children's use of the Internet. As the National Academies of Sciences ("NAS") concluded in the recently released report "Youth, Pornography, and the Internet," there is no single approach that will, on its own, protect children from online dangers. Rather, the kids.us domain is being designed as an alternative on the Internet that children, parents, educators, and children's content providers may elect to use. A domain for children alone cannot address the larger problems associated with children's Internet use. Given the technical and legal limitations that plague any Internet domain, a space dedicated to children can be targeted by bad actors or subject to technical problems. These facts demonstrate that there can be no truly safe place or "haven" for children. To the contrary, a place for children can be effective only if it is accompanied by the many components identified by the NAS in their report, including parental involvement, adult supervision, social and educational support, and publicly available, user-friendly, and cost-effective technology-based tools.

KIDS.US GUIDELINES AND RESTRICTIONS

Content guidelines for the kids.us domain

The following are the specific content guidelines for determining which content is “suitable for minors” that resolves within a kids.us-approved domain name. Each of these standards are currently used or accepted in a variety of public communications and media forums. Aggregating existing standards and integrating them into the kids.us domain provides a means of defining what is acceptable content in a domain for children, and also acts as a notice to kids.us registrants of some existing standards and laws that are applicable to children online.

In addition, these content guidelines and restrictions are applicable to all domains within the kids.us domain, whether at the third, fourth or higher level, which is defined herein as any web page that is associated with a domain name ending in kids.us – all pages “behind” the primary URL and all pages associated with domains “to the left” of kids.us. Thus, although domain names with four or more levels (e.g., registry.neustar.kids.us) are permitted and can be managed at the discretion of the registrant, those pages are considered part of the kids.us domain and are therefore subject to all guidelines, restrictions and policies of the kids.us space.

Compliance with existing laws, regulations, and relevant voluntary standards

In addition to the guidelines and requirements contained herein, all content that resides within a kids.us-approved domain must be in compliance with existing laws, widely adopted children’s online protection policies, advertising policies, privacy requirements and other policies, restrictions and guidelines approved by Neustar and the NTIA. These include, but are not limited to, the several key legal, regulatory, and voluntary standards listed below that impact multimedia children’s content today.

Compliance with existing rules and regulations regarding indecency on the airwaves

In light of the public significance of both the usTLD and the kids.us second level domain, the registry operator already reviews, for possible deletion, all registered .us domain names that contain, within the characters of the domain name registration, any of the seven words identified in *Federal Communications Commission v. Pacifica Foundation*. An expanded version of this policy will be extended to the kids.us registrations.

A commitment to offer some educational and informational content

Pursuant to the Children’s Television Act and the FCC’s rules implementing this statute, broadcasters have a public interest obligation to air a specific number of hours of programming that offers some educational and informational content targeted to children under 13. These rules are consistent with the spirit of the “suitable for minors” clause in the

kids.us Act and thus, all registrants within the kids.us domain are encouraged to have some component of educational and informational content for children on their respective domains.

Compliance with the children's online privacy protection act (COPPA) requirements

The Children's Online Privacy Protection Act (COPPA) requires the Federal Trade Commission (FTC) to issue and enforce rules concerning children's online privacy. In doing so, the FTC stated its primary goal as placing parents in control over the information that may be collected from their children online. Specifically, the COPPA rules apply to three groups of website operators: operators of commercial websites or online services directed to children under 13 that collect personal information from children; operators of general audience sites that collect personal information from children under 13; and operators of general audience sites that have a separate children's area and that collect personal information from children.

These three groups of operators are required to perform certain tasks. First, these operators must post a privacy policy, provide notice to parents about the site's information collection practices, and in many instances, obtain parental consent prior to collecting personal information from children. In addition, the operators must provide parents access to their child's information and the opportunity to delete information, they may not condition a child's participation in an activity on the disclosure of more information than is reasonably necessary, and they must maintain the confidentiality, security and integrity of the personal information collected from children. As stated above, the kids.us domain must be in strict compliance with existing laws, including of course, the requirements of the COPPA, however, neither Neustar, the DOC nor any Content Manager will be responsible for enforcing these requirements.

Compliance with children's advertising review unit (CARU) advertising standards

One example of widely adopted policies relating to advertising includes the efforts of the Children's Advertising Review Unit (CARU) of the Better Business Bureau. The CARU reviews and evaluates advertising in all media directed to children under 12. This includes print, broadcast and cable television, radio, video, CD-ROM, 900/976 teleprograms, and interactive electronic media. CARU reviews advertising to determine consistency with its guidelines. If advertising is found to be misleading, inaccurate, or inconsistent with the guidelines, CARU works to achieve voluntary cooperation from the relevant parties to ensure compliance. All kids.us registrants are encouraged to be in compliance with the CARU Guidelines.

Restrictions within the kids.us domain

In addition to the proposed general standards identified above, below is a core list of content restrictions to be followed within the kids.us domain. The following information or content is not permitted within the kids.us domain:

Mature content—actual and/or simulated normal or perverted sexual acts or sexual contact; sexually explicit information that is not of medical or scientific nature which includes

- Discussion or descriptions of sexual techniques or exercises;
- Sexual paraphernalia;
- Explicit discussions of sex and sexuality; and
- Lewd clothing sales.

Pornography—content that is sexually explicit and/or has a purpose of arousing a sexual or prurient interest which includes

- Lewd exhibitions of genitals or post-pubescent female breasts;
- Pornographic fiction or erotica;
- Sex-related phone and video information;
- Adult services (e.g., escort services, exotic dancers);
- Personals or dating services;
- Fetish information or clothing; and
- Sex toys.

Inappropriate language—use of profane, indecent, pornographic or sexually-related language, including the seven words identified in *Federal Communications Commission v. Pacifica Foundation*, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978) in the domain name or content of any kids.us website

Violence—content which advocates or provides instructions for causing physical harm to people, animals or property which includes

- Information or instructions for injuring or killing people or animals;
- Explosives and bombs – manufacturing, obtaining materials, transport and detonation;
- Graphic images of blood and gore with no medical or scientific purpose;
- Destructive mischief, pranks or practical jokes; and
- Dangerous chemistry, physics and engineering.

Hate speech—content with hostility or aggression toward an individual or group on the basis of race, religion, gender, nationality, ethnic origin, or other involuntary characteristics OR denigrates others on the basis of these characteristics or justifies inequality on the basis of those characteristics. This includes

- Racism;
- Religious-based hate speech, such as anti-Semitism;
- Misogyny;
- Race-based separatism; and
- Ageism.

Drugs—content that advocates the illegal use of drugs or abuse of over-the-counter or prescription medications. This includes

- Direct or indirect sale of illegal substances;
- Narcotic paraphernalia;
- Manufacture of illegal substances (organic or chemical);
- Abuse of over-the-counter or prescription drugs or medical treatments;
- Direct or indirect distribution of illegal substances; and
- Use of illegal substances.

Alcohol—content that advocates or contemplates alcohol consumption which includes

- Offers for sale;
- Supplies recipes for creating, encouraging or guidance on consumption;
- Paraphernalia to make or consume; and
- Drinking games or other recreational displays

Tobacco—content that features smoking or use of other tobacco products, which includes

- Retailers or other means of acquiring;
- Tobacco products and paraphernalia;
- Instructions for using tobacco products; and
- Glamorization of tobacco use.

Gambling—content that advocates legal or illegal gambling, which includes

- Online Casinos, lotteries, gaming or online betting sites;
- Information or tips for placing bets of handicapping; and
- Fundraisers that use gambling.

Weapons—content that sells or advocates the use of weapons, which includes

- Direct sale or information on the procurement of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons; and
- Information on use or modification of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons.

Criminal activities—content that advocates or provides information or instruction for engaging criminal activity, which includes

- Theft;
- Bodily harm;
- Property damage; and
- Computer-related crimes.

Notwithstanding the list contained above, all content will be reviewed by the Content Manager(s) on the whole prior to being approved for display on a kids.us domain. If such

content is deemed by the Content Manager(s) and/or Neustar as having serious educational, informational, intellectual, literary, artistic, political, or scientific value for minors we believe that exceptions can be made to allow this content to appear in the kids.us domain.

Technology restrictions

Because there is no foolproof method for protecting children online at this time, the kids.us Act specifies limitations put on specific technologies commonly used on the Internet today. These technologies are prohibited from use in any kids.us domains:

- Two-way and multi-user interactive services, which includes: e-mail, chat, instant messaging, Usenet, Message Boards of like user forum, and peer-to-peer connections, place “unless the registrant certifies to the registrar that such service will be offered in compliance with content standards established ... and is designed to reduce the risk of exploitation of minors using such two-way and multi-user interactive services”; and
- Hyperlinks that take a user outside of the kids.us domain.

ENFORCEMENT PROCESSES AND PROCEDURES

Pursuant to the kids.us Act, the registry operator has responsibility for creating “a process for removing from the new domain any content that is not in accordance with the [content] standards and requirements of the registry.” This enforcement power, though severe, is not absolute and finite, as the registry is also required to create “a process to provide registrants to the new domain with an opportunity for a prompt, expeditious, and impartial dispute resolution process regarding any material of the registrant excluded from the new domain.”¹³ The purpose of providing this enforcement power to the registry operator is to strengthen a core objective of the kids.us Act, which is both to create an online arena that is free from material that is harmful to minors and to ensure that the kids.us domain remains safe from such harmful material.

At the time of initial content review, all potential websites must completely abide by the kids.us Content Guidelines and Restrictions before any content may reside within the kids.us domain. Once content is available, the Registry can be made aware of any true or alleged content infractions from the Content Manager or through feedback received directly from the Internet community. On an on-going basis, the Registry will follow a defined process for removing appropriate content from the kids.us domain. This process is designed to balance the needs of maintaining a stable domain space as well as ensuring a timely and expeditious means for registrants to resolve any true or alleged content infractions.

In order to aid the registry operator in its enforcement, these content restrictions have been assigned a “severity level” that will guide the registry in addressing content violations. Because the registry does not have direct access to the content within a website, actions by the registry are limited to removing a domain name from the authoritative database, thereby

blocking the site in its entirety¹⁵. Although complete removal of a domain name may appear to be an extreme course of action in some instances, the objective of protecting children is paramount and must be the guiding factor in the enforcement process. name from the zone file, that name could still be accessed if it has been cached with the ISP. Additionally, if the IP address for the domain name has been made available, that can be entered into the URL line of the browser in lieu of an alphanumeric domain name thereby making a website accessible without using DNS.

Content Restrictions are broken into three categories:

Level 1	Level 2	Level 3
Mature content	Hate speech	Hyperlinks to acceptable
Pornography	Drugs	
Inappropriate language	Weapons	
Violence	Hyperlinks to Level 2 or Level 3 content	
Hyperlinks to Level 1 content	Gambling	
Interactive or multi-user	Alcohol	
Criminal activity	Tobacco	

When the Registry is actually notified of an alleged violation, each site will be reviewed within a reasonable time period and categorized pursuant to the table above. If the Content Manager and/or the registry operator determine that a violation has occurred, the following actions will be taken for each of the categories:

Level 1—Registry will immediately remove the domain name from the Zone file, contact the Registrar and Registrant and provide them notification of removal. The registrant will be required to repeat the content review process before the name can be re-established in the zone.

Level 2—Registry will notify the Registrar and Registrant of the infraction and provide 4 hours for the error to be modified. The registrant will be subject to an additional review.

Level 3—Registry will notify the Registrar or Registrant of the infraction and provide 12 hours for the error to be modified.

Registrants found in violation of the content standards desiring to be reinstated within the kids.us domain will be subject to a new review and re-activation fee each time a domain name is removed from the zone file and then re-entered. This fee is designed to recover the operational expense associated with manual removal and insertion into the Registry zone file, the additional content reviews, and other administrative expenses.

Registrants found repeatedly violating the content policy may be subject to permanent loss of their domain name, at the sole discretion of the registry

neustar®

CONTENT MANAGEMENT SERVICE TERMS AND CONDITIONS v. 2.0

THIS IS A LEGALLY BINDING AGREEMENT BETWEEN NEUSTAR, INC. ("NEUSTAR") AND YOU, THE HOLDER OF A DOMAIN NAME REGISTERED IN THE KIDS.US DOMAIN NAME SPACE ("REGISTRANT") SEEKING AN ACTIVE KIDS.US REGISTRATION WHICH IS ELIGIBLE TO HAVE LIVE CONTENT. THESE TERMS AND CONDITIONS ARE THE COMPLETE AND EXCLUSIVE STATEMENT OF THE TERMS AND CONDITIONS REGARDING USE OF NEUSTAR'S CONTENT MANAGEMENT SERVICE (THE "SERVICE").

BY SELECTING "I AGREE," BY USING THE SERVICE OR BY SIGNIFYING ITS ACCEPTANCE IN ANY OTHER WAY, YOU AGREE TO BE BOUND BY THESE TERMS AND CONDITIONS. IF YOU DO NOT AGREE WITH ALL OF THESE TERMS AND CONDITIONS, YOU ARE NOT AUTHORIZED TO USE THE SERVICE AND YOU MUST DISCONTINUE ANY FURTHER USE.

1. The Service. On December 4, 2002, President George W. Bush signed into law the "Dot Kids Implementation and Efficiency Act of 2002," Public Law No. 107-317 ("Dot Kids Act") requiring the United States Department of Commerce ("DOC") to establish a second level domain within the .us domain to provide access to material that is suitable for and not harmful to minors. Neustar, Inc., has been appointed to be the administrator of the kids.us domain name space by the DOC, pursuant to Modification No. 7 to the usTLD Agreement between kids.us Administrator and the DOC (Order No. SB 1335-02-W-0175) dated February 13, 2003, to operate a shared registrations system, domain nameservers, and other equipment for the kids.us second-level domain. Neustar provides these services to owners of registered domain names in the kids.us space ("Registered Names") seeking to activate their domain names ("Active Registration") to enable third parties to be able to view content (as defined below) through a website associated with the Registered Name ("Kids.us Site"). You may review frequently asked questions regarding the Service by reviewing Neustar's FAQs <http://www.kids.us/faqs.html>

2. Registration, Password and Security. To use the Service and obtain an Active Registration, You may be asked to first create an account and obtain a login name. In addition, You will be asked for Your password. Your initial password will be Your Auth-Info Code that You received from Your Registrar when You were awarded the Registered Name. If You do not have Your Auth-Info Code, please contact Your Registrar to obtain this information. You must provide Neustar with accurate, complete and current registration information and must update this information promptly if it changes. If any information You provide is inaccurate, incomplete or not current, Neustar may suspend or terminate Your account and access to the Service. You may change such information at any time by logging into Your account, which can be found at <http://www.kids.us/>

3. You represent and warrant that You are at least eighteen (18) years of age or older and are either an Registrant or an agent ("Agent") duly authorized to represent an

Registrant(s) in connection with the Service and participating in the Service on behalf of an Registrant(s). Agent will indemnify and hold harmless Neustar for any claims brought by Registrant or third parties relating to the use of the Service.

4. You are solely responsible for maintaining the confidentiality of Your login name and password. You must immediately notify Neustar of any unauthorized use of Your login name and You are responsible for any unauthorized activities, charges and/or liabilities made on or through Your login name until Neustar receives such notification. You may not transfer or lend login names to any other third party.

5. License to Use Data / Privacy. By submitting data to participate in this Service, You hereby grant Neustar a limited, royalty-free, non-exclusive worldwide license to use all of the data contained in Your Active Registration application ("Application") solely for the purposes of implementing the Service, processing Your Application, notifying You of changes to the Service, for archival purposes and for the dissemination of other information relating to the Service. Neustar is committed to maintain the privacy of Your information. Neustar will not use the information You provide other than to provide the Service, notify You of changes to the Service, notify You of additional Neustar kids.us content-related products and services, and for archival purposes. Please take an opportunity to review our privacy policy, which can be found at www.kids.us/privacy.html

6. The Application / Content Review.

6.1 Registered Name. In order to submit an Application for an Active Registration through the Service, You must first have obtained a Registered Name through a kids.us accredited registrar ("Registrar"). A list of Registrars is provided at www.kids.us/buy.html. You may not obtain a Registered Name from Neustar and/or any of its affiliates. A Registered Name merely provides You with a license to the Kids.us domain name. It does not give You the right to have a Kids.us Site. A Kids.us Site is only allowed once You have obtained an Active Registration and Your content has been reviewed and approved by a Content Manager in accordance with Section 4.3 below.

6.2 Application for an Active Registration. An Active Registration may only be obtained by completing Neustar's Application form for each Registered Name that You would like to have an Active Registration and paying the requisite fees set forth in Section 6 below. For each Application, You must submit complete contact information, representative contact information and notification details. You may specify in the representative field that an Agent may receive correspondence regarding the Application / Active Registration. You may submit up to five (5) fourth-level domain names within the Registered Name that may also host Content, in addition to the Registered Name itself. Once You have submitted an Application, Neustar will send a confirmation email. You must retain the confirmation e-mail for

each Application You submit. You also may review detailed instructions to complete and submit an Application by reviewing our INSTRUCTIONS, which can be found at <http://www.kids.us/accreditation.html>.

- 6.3 Initial Kids.us Site. Prior to having a live Kids.us Site, all “Content” associated with an Active Registration shall be reviewed by Neustar or one or more Content Managers appointed by Neustar to ensure that Your Content is in compliance with the restrictions described more fully in Section 4.3.1. For the purpose of this Agreement “Content” shall mean the output of a web server in response to Hyper- Text Transport Protocol request. Content includes, but is not limited to, URLs, text, graphics, scripts, information, data, and all other material capable of existing on the Internet.

6.3.1 Content Policy.

- 6.3.1.1 All Content must be suitable for persons under 13 years of age (“Minors”) and not harmful to Minors. For the purposes of this Agreement, the term:

- (a) ‘harmful to Minors’ means, with respect to material, that:
- (i) the average person, applying contemporary community standards, would find, taking the material as a whole and with respect to minors, that it is designed to appeal to, or is designed to pander to, the prurient interest;
 - (ii) the material depicts, describes, or represents, in a manner patently offensive with respect to minors, an actual or simulated sexual act or sexual contact, an actual or simulated normal or perverted sexual act, or a lewd exhibition of the genitals or post- pubescent female breast; and
 - (iii) taken as a whole, the material lacks serious, literary, artistic, political, or scientific value for minors.
- (b) Suitable for Minors. The term ‘suit able for minors’ means, with respect to material, that it:
- (i) is not psychologically or intellectually inappropriate for minors; and
 - (ii) serves:
 - 1. the educational, informational, intellectual, or cognitive needs of minors; or
 - 2. the social, emotional, or entertainment needs of minors.”

- 6.3.1.2 More specifically, all Content in the Kids.us domain must comply with

the rules set forth by Neustar Content Policy. The Content Policy which can be found at www.kids.us/content_policy/, may be revised at any time by the Neustar.

- (a) Content Review. All Content shall be submitted to one or more entities appointed by Neustar to ensure that the Content is in accordance with the Content Policy prior to having a live Kids.us Site through the process set forth at www.kids.us/content_policy/. A list of such Content Manager(s) can be found at www.kids.us/content_policy/. If the content is found by the Content Manager(s) to be in compliance with the Content Policy, You will receive a notice of approval from Neustar (or directly from the applicable Content Manager) to have a Kids.us Site. In the event that Your Content is deemed by the Content Manager(s) and/or Neustar to be in violation of the Content Policy, You will be notified as such and You will not be allowed to obtain a Kids.us Site until such time that Your Content is approved. You shall be entitled to initiate an administrative proceeding in the event that Your Content is not approved. The administrative proceeding, the Kids.us Content Dispute Policy and Rules can be found at www.kids.us/content_policy/challenge.html. Such dispute policy and rules may be modified by Neustar with approval of the DOC.
- POSSESSING AN ACTIVE REGISTRATION IN NO WAY GUARANTEES YOU THE RIGHT TO HAVE A KIDS.US SITE. ALL KIDS.US SITES MUST BE APPROVED IN THE MANNER SET FORTH ABOVE. ALL ACTIVE REGISTRATION FEES ARE NONREFUNDABLE, REGARDLESS OF WHETHER OR NOT YOU QUALIFY TO HAVE A KIDS.US SITE. IN ADDITION, INITIAL APPROVAL OF A KIDS.US SITE IN NO WAY GUARANTEES THAT THE KIDS.US SITE IS AND WILL REMAIN IN COMPLIANCE WITH THE CONTENT POLICY AND, AS SUCH, MAY BE SUBJECT TO FUTURE CANCELLATION, DELETION AND/OR REMOVAL IN THE EVENT THAT YOUR KIDS.US SITE IS DETERMINED TO BE IN VIOLATION OF THE CONTENT POLICY.

- 6.4 Ongoing Content Review. All Kids.us Sites will be reviewed on an ongoing basis by Neustar or one or more Content Managers. In the event that Your Content is initially approved through the process above, but subsequently violates any provision of the Content Policy, such Kids.us Site, Active Registration and/or their Registered Name may be subject to cancellation, deletion, or removal pursuant to the take down policies and procedures set forth at www.kids.us/content_policy/takedown.html ("Take Down Procedures"). You shall be entitled to initiate a Kids.us Content Dispute Policy proceeding in the event that Neustar and/or a Content Manager has taken action to remove Your Kids.us Site, or Your Active Registration from the zone file for violation of the Content Policy. Such dispute policy and rules, and may be modified by Neustar

with approval by the DOC.

- 6.5 Reactivation of a Kids.us Site. In the event that Your Kids.us Site is cancelled, deleted or removed for violation of the Content Policy, You may Reactivate the Kids.us Site by submitting Your Content to Neustar or the Content Manager(s), whichever applicable, through the process set forth in Section 4.3 above for the fees set forth in Section 6 below.
- 6.6 Neustar Reservation. Neustar reserves the right to deny, cancel, transfer or otherwise make unavailable any registration that it deems necessary, in its sole discretion; (1) to protect the integrity and stability of the kids.us domain; (2) to comply with the Content Policy or any applicable laws, government rules, policies or requirements, requests of law enforcement, in compliance with any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of kids.us, as well as its affiliates, subsidiaries, officers, directors, representatives, employees, and stockholders; (4) for violations of any agreement between Neustar and any third party related to the kids.us domain; (5) to correct mistakes made by Neustar, Content Manager or any registrar in connection with a domain name registration in the Kids.us domain.
- 6.7 Fourth-level names. You may use fourth-level sub-domains of your Registered Name provided that any Content within such fourth-level sub-domain does not violate the Content Policy. All Content made available at a fourth-level will be considered a violation of the Content Policy unless the fourth-level name is directly or indirectly accessible (via a link) from the website hosted at the Registered Name or the particular fourth-level sub-domain is one of those made available to Neustar through the process set forth in Section 4.2.
7. Restrictions of Use. In addition to other restrictions contained herein, use of an Active Registration is subject to the following restrictions. Failure to comply with any of these restrictions may result in a Content Violation.
- 7.1 Prohibitions in the kids.us space.
- 7.1.1 Interactive Services. Your Content may not contain any two-way or multi-user interactive services, as defined further in the Content Policy, absent express approval by Neustar.
- 7.1.2 Hyperlinks. Under no circumstances may Your Kids.us Site contain any hyperlinks that take kids.us users outside the kids.us second-level domain
- 7.2 Content Accessibility. All of the Content on Your Kids.us shall be accessible from one or all of your Root Names. You shall not provide, develop, or use any method which develops Content that in any way negatively impacts the ability of Neustar or any of its subcontractors to access Content.

- 7.3 Other names. You may not use names that are at the fifth or greater levels sub-domains within Your Registered Name. For example, if the Registered Name is “sample.kids.us”, the name “sample.sample.sample.kids.us” will not be allowed. If You are found to possess fifth level or higher sub-domains, Neustar may suspend or delete Your Active Registration.
- 7.4 Other services. You may not use your Registered Name to provide non- web-based services of any kind. These include, but are not limited to File Transfer Protocol (FTP), telnet, Secure File Copy (SCP), Secure Shell (SSH), Internet Relay Chat (IRC), Simple Object Access Protocol (SOAP), Remote Procedure Call (RPC), email, and gopher
8. Kids.us Site Accessibility. As part of the Content Review process, Neustar or any of its subcontractors may from time to time conduct systematic, comprehensive scans of Your Kids.us Site. You may not restrict, inhibit, obstruct, or delay this process in any way at any time. The failure of Neustar or its subcontractors to access Your Kids.us Site during Content Review may result in your Kids.us Site being taken down.
9. Conduct. You may access and use the Service for lawful purposes only and You are solely responsible for the knowledge and adherence to the then-current Content Policy, any and all laws, statutes, rules and regulations pertaining to Your use of the Service. You agree that You will not (i) use an Active Registration or Kids.us Site in violation of the Content Policy (ii) use the Active Registration or Kids.us Site to commit a criminal offense or to encourage conduct that would constitute a criminal offense or give rise to a civil liability, or otherwise violate any local state, Federal or international law or regulation; (iii) upload or otherwise transmit any content that You do not have a right to transmit under any law or contractual or fiduciary duty; (iv) interfere or infringe with any trademark or proprietary rights of any other party; (v) interfere with the ability of other users to access or use the Service; (vi) claim a relationship with or to speak for any individual, business, association, institution or other organization for which You are not authorized to claim such a relationship; (vii) interfere with or disrupt the Service or servers or networks connected to the Service, or disobey any requirements, procedures, policies or regulations of networks connected to the Service; or (viii) reproduce, duplicate, copy, use, distribute, sell, resell or otherwise exploit for any commercial purposes any portion of the Service.
- The Re-activation Fee shall be due and payable upon any such reactivation. In the event that You dispute any fee, or take any action to initiate a credit card chargeback for any of the fees described above, such action may result in Your Kids.us Site and or Active Registration being suspended until such time as the dispute is resolved, at which time, depending on the outcome of the dispute, the Active Registration and/or Kids.us Site may be reinstated or cancelled, whichever is applicable.
10. Agents. You agree that, if Your agent (e.g., an attorney, employee, etc.) submits an

Application on Your behalf, You are nonetheless bound as a principal by all terms and conditions herein. Your continued use of an Active Registration and/or the Services shall ratify any unauthorized actions of Your agent. By acting on Your behalf, Your agent certifies that he or she is authorized to submit an Application and/or use the Service on Your behalf, that he or she is authorized to bind You to these Terms and Conditions and that he or she has apprised You of these Terms and Conditions of this Agreement. In addition, You are responsible for any errors made by Your agent. We will not refund fees paid by You or Your agent on Your behalf for any reason, including, but not limited to, in the event that Your agent fails to comply with these Terms and Conditions, Your agent incorrectly provides information in the Application process or if Your agent changes or otherwise modifies Your Application incorrectly.

11. Registrar / Internet Service Providers. By using the Service, an Active Registration and/or a Kids.us Site, You acknowledge that Neustar has no control over the use of the underlying Registered Name, Internet Hosting, or Internet Service Provider's service, and therefore disclaims all such liability arising out of, or related to those specific services with respect to the Registered Name. In addition, You acknowledge that in the event any third party, including but not limited to, Your Registrar or reseller, places Your Registered Name on Hold, deletes and/or cancels Your Registered Name, You are not entitled to a refund from Neustar.

12. Copyright. You acknowledge that the Service, any underlying technology used in connection with the Service, and all software, material, information, communications, text, graphics, links, electronic art, animations, audio, video, photos, and other data (collectively, the "Intellectual Property") available within the Service are provided by Neustar or third-party providers and are the copyrighted works of Neustar and/or such third parties. Except as expressly authorized by Neustar or such third parties in these Terms and Conditions or as may be posted on the Service, You may not copy, reproduce, publish, distribute, modify, create derivative works of, rent, lease, sell, transfer, display, transmit, compile or collect in a database, or in any manner commercially exploit any part of the Intellectual Property or the Service, in whole or in part. You may not store any significant portion of any Intellectual Property or the Service owned by, or licensed to Neustar in any form, whether archival files, computer-readable files, or any other medium. You also may not "mirror" any Intellectual Property or the Service on any other server.

13. Links. Some links on Neustar's website lead to sites posted by independent site owners. Because Neustar has no control over these sites, Neustar is not responsible for such sites' accessibility via the Internet and does not endorse products, services, or information provided by such sites. As such, Neustar shall not be responsible or liable, directly or indirectly, for any damage or loss caused or alleged to be caused by or in connection with, use or reliance on any content, goods or services available on or through any other site. Further, the inclusion of these links does not imply that the other sites have given permission for inclusion of these links, or that there is any relationship between Neustar and the linked

sites.

14. Trademark Notice. Neustar[®], Neustar logos, taglines, and the unique trade dress of the Service are the trademarks, service marks, trade dress and logos of Neustar, Inc.. All other trademarks, service marks, trade dress, and logos used on the Service are the trademarks, service marks, trade dress, and logos of their respective owners.

15. Designated Agent. The Digital Millennium Copyright Act, signed into law on October 28, 1998, amended the copyright law to provide limitations for service provider liability relating to material online. In compliance with such Act, Neustar has a Designated Agent to receive notice of alleged copyright infringements contained on the Service. All inquiries into alleged copyright infringement on the Service should be sent to Neustar, c/o Jeffrey J. Neuman, Director of Law and Policy, 46000 Center Oak Plaza, Building Ten, Sterling, VA 20166.

16. Local Laws; Export Control. Neustar controls and operates the Service from its headquarters in the United States and makes no representation that the Service is appropriate or available for use in other locations. If You use the Service from other locations, You are responsible for compliance with applicable local laws, including, but not limited to, export and import regulations of other countries. Unless otherwise explicitly stated, all marketing or promotional materials found on the Service are solely directed to individuals, companies, or other entities located in the United States.

17. Disclaimer of Warranty, Limitation of Liability.

BY USING THE SERVICE, YOU ACKNOWLEDGE THAT NEUSTAR, YOUR REGISTRAR AND ANY CONTENT MANAGER(S) ARE DEEMED TO BE INTERACTIVE COMPUTER SERVICE PROVIDERS FOR PURPOSES OF SECTION 230(C) OF THE COMMUNICATIONS ACT OF 1934 (47 U.S.C. 230(C)). SEE THE DOT KIDS IMPLEMENTATION AND EFFICIENCY ACT OF 2002, PUB. LAW NO. 107-317. YOU AGREE THAT YOUR ACCESS TO AND USE OF THE SERVICE, AN ACTIVE REGISTRATION OR KIDS.US SITE IS AT YOUR OWN RISK. NEITHER NEUSTAR NOR ITS PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBCONTRACTORS OR AGENTS WARRANT THAT THE SERVICE, AN ACTIVE REGISTRATION OR A KIDS.US SITE WILL BE UNINTERRUPTED OR ERROR-FREE; NOR DO THEY MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICE, AN ACTIVE REGISTRATION OR A KIDS.US SITE OR AS TO THE ACCURACY, RELIABILITY, OR CONTENT WITHIN THE SERVICE. THE SERVICE IS PROVIDED ON AN "AS IS, "AS AVAILABLE" BASIS WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSES AND NON-INFRINGEMENT. IN NO EVENT WILL NEUSTAR NOR ITS PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBCONTRACTORS AND AGENTS BE LIABLE TO YOU OR ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (EVEN IF ADVISED OF THE POSSIBILITY OF SUCH

DAMAGES), ARISING OUT YOUR USE OF OR INABILITY TO ACCESS OR USE THE SERVICE, INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR ANTICIPATED PROFITS, LOSS OF GOODWILL, LOST BUSINESS, LOST DATA, COMPUTER FAILURE OR MALFUNCTION, OR ANY AND ALL OTHER DAMAGES OR LOSSES THAT RESULT FROM MISTAKES, INACCURATELY ENTERED DATA, UNAUTHORIZED USE, OMISSIONS, INTERRUPTIONS, ERRORS, DEFECTS, DELAYS IN OPERATION, OR ANY FAILURE OF PERFORMANCE, WHETHER OR NOT LIMITED TO ACTS OF GOD, COMMUNICATIONS FAILURE, THEFT, DESTRUCTION OR UNAUTHORIZED ACCESS TO INSTITUTIONS RECORDS, PROGRAMS OR SERVICES. YOU AGREE THAT THE FOREGOING LIMITATIONS OF LIABILITY REPRESENTS A REASONABLE ALLOCATION OF RISK. IN NO EVENT, SHALL NEUSTAR BE LIABLE TO YOU FOR ANY AMOUNT EXCEEDING THE AMOUNT OF FEES PAID BY YOU FOR AN ACTIVE REGISTRATION.

18. Indemnification. You agree to indemnify and hold harmless Neustar and its parents, subsidiaries, shareholders, members, officers, directors, employees, affiliates and agents from any claim or demand, including reasonable attorney's fees made by any third party due to or arising out of Your use of the Service, an Active Registration and/or a Kids.us Site resulting from Your breach of these Terms and Conditions, any content submitted to the Service, or any disputes involving the intellectual property rights of the Trademarks.

19. Modifications to the Service. Neustar reserves the right at any time and from time to time to modify or discontinue, temporarily or permanently, the Service (or any part thereof) with or without notice. You agree that Neustar will not be liable to You or to any third party for any modification, suspension, or discontinuation of the Services.

20. Termination. You may discontinue Your participation in and access to the Service at any time. These Terms and Conditions will continue to apply to all past use of the Service by You, even if You are no longer using the Service. You acknowledge and agree that Neustar may terminate or block Your use of all or part of the Service, Your Active Registration or Kids.us Site, without prior notice for any reason, including, without limitation, if Neustar believes You have engaged in conduct prohibited by these Terms and Conditions.

21. Arbitration.

Any dispute, controversy or claim arising out of or relating to these Terms and Conditions or the breach, termination or validity hereof, shall be finally settled in accordance with the commercial arbitration rules of the American Arbitration Association (the "AAA") then obtaining, by a panel of three arbitrators. Judgment upon the award of the Arbitrators may be entered by any court of competent jurisdiction over the parties on the subject matter of this Agreement. Each party shall have the right to appoint one arbitrator from the list of arbitrators supplied to the parties by the AAA, and the two arbitrators so appointed shall appoint the third. The place of arbitration shall be the County of Loudoun, VA., U.S.A. The language of the arbitration shall be in English. The arbitrators shall determine the matters in dispute in accordance with the internal law of the Commonwealth of Virginia, without

reference to the Convention on Contracts for the International Sale of Goods. Except as precluded by the United Nations Convention on the Recognition and Enforcements of Foreign Arbitral Awards, the internal procedural and substantive laws of Virginia and the United States Federal Arbitration Act shall govern all questions of arbitral procedure, arbitral review, scope of arbitral authority, and arbitral enforcement. The parties agree that the award of the arbitrators shall be the sole and exclusive remedy between them regarding any claims, counterclaims, issues or accountings presented or pled to the arbitrators, that the award shall be made and shall be promptly payable in U.S. dollars, free of any tax, deduction or offset, and that any costs, fees or taxes instant to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. No claim may be submitted by a party to arbitration in accordance with this Article 21 unless notified by the other party within one (1) year of the date on which the submitting party first knew or should have known of the existence of the facts indicating the existence of such dispute.

22. Governing Law. These Terms and Conditions shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its principles of conflicts of law.

23. Changes to the Terms and Conditions. Neustar reserves the right to modify the Terms and Conditions at any time and from time to time. Any modifications shall be effective upon the posting by Neustar of the modified Terms of Use at www.kids.us/content_policy/kids_content_terms.pdf. You agree to review these Terms and Conditions periodically so that You are aware of any modifications. Your continued use of the Service shall be deemed Your acceptance of the modified Terms and Conditions.

24. Severability. In the event that any provision of these Terms and Conditions shall be unenforceable or invalid under any applicable law or be so held by applicable court decision, such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole, and, in such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such provision within the limits of applicable law or applicable court decision.

25. Entire Agreement. These Terms and Conditions completely and exclusively state the agreement of the parties regarding the subject matter, and supersede all prior agreements and understandings, whether written or oral, with respect to the subject matter of these Terms and Conditions.

KIDS.US CONTENT REMOVAL CHALLENGE POLICY

- 1) **Purpose.** This Content Removal Challenge Policy (the “Policy”) has been adopted by Neustar, Inc., the Administrator for KIDS.US, and approved by the United States Department of Commerce (“DOC”). It is incorporated by reference into the KIDS.US Registration Agreement, and sets forth the terms and conditions applicable to challenges brought by you as the Registrant (the “Challenger”) against Neustar, Inc., the registry administrator for KIDS.US (the “Registry”) over the Registry’s decision to either:
 - a) remove of a KIDS.US domain name from the authoritative domain name service, on the grounds that the KIDS.US domain name or the content on the associated KIDS.US website is in violation of the KIDS.US Content Policy (the “Content Policy”) set forth at www.neustar.us; or
 - b) require that certain content be removed from the Kids.us domain, on the grounds that such content is in violation of the Content Policy.Proceedings under Paragraph 3 of this Policy will be conducted according to the Rules for the Content Removal Challenge Policy (the “Rules”).
- 2) **Your Representations.** By applying to register a KIDS.US domain name, registering a KIDS.US domain name, or by asking to maintain or renew a KIDS.US domain name registration, you hereby represent and warrant that the statements that you made in your KIDS.US Registration Agreement are complete and accurate; (b) you are not registering the domain name for an unlawful purpose; and (c) you will not knowingly use the domain name in violation of any applicable laws or regulations, including the Content Policy. It is your responsibility to determine whether your domain name registration is in compliance with the KIDS.US Registration Agreement.
- 3) **Availability of Administrative Proceeding.** You are entitled to initiate an administrative proceeding (“Challenge”) in the event that the Registry has taken action to remove your registered KIDS.US domain name from the zone file or has issued you a Content Violation Notice of Intent to Remove your KIDS.US domain name from the zone file (the “Removal Notice”) for violation of the Content Policy.
 - a) **Initiation of Proceeding and Process and Appointment of Administrative Panelist.** The Rules set forth the process for initiating and conducting a proceeding and for appointing the Panelist that will decide the challenge (the “Administrative Panelist”).
 - b) **Fees.** All fees charged by the dispute-resolution service provider (the

“Provider”) in connection with any dispute before an Administrative Panelist pursuant to this Policy shall be paid by the Challenger.

c) **Limitation of Liability.** The Registry will not be liable as a result of any decisions rendered by the Administrative Panelist.

d) **Remedies.** The remedies available to a Challenger pursuant to any proceeding before an Administrative Panelist shall be limited to requiring the reinstatement of the domain name or withdrawal of a Removal Notice. Under no circumstances may the Administrative Panelist order any other remedy except as stated above.

e) **Notification.** The Provider shall notify the Parties of any decision made by an Administrative Panelist with respect to a KIDS.US domain name.

4) **All Other Disputes and Litigation.** All other disputes between you and any party other than the Registry regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 3 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

5) **Compliance During Administrative Proceeding.** The Registry has the authority to act on Content Guideline violations that arise during a pending Challenge, including but not limited to, the removal of a domain name in question from the zone file. If a Registrant fails to cure a Content Guideline violation or if there is newly added or newly discovered content that violates the Content Policy, the Registry has the sole discretion to remove the KIDS.US domain name from the zone file until the proceeding has been concluded. Challenges based on newly added or discovered content must be brought separately as new proceedings.

6) **The Registry’s Involvement in Disputes.** The Registry will not participate in any way in any dispute between you and any party other than the Registry regarding the registration and use of your KIDS.US domain name. You shall not name the Registry as a party or otherwise include the Registry in any such proceeding. In the event that the Registry is named as a party in any such proceeding, the Registry reserves the right to raise any and all defenses deemed appropriate, and to take any other action necessary to defend itself.

7) **Policy Modifications.** The Registry reserves the right to modify this Policy at any time, subject to DOC approval. The Registry will post the revised Policy at www.neustar.us at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the initiation of an administrative proceeding with the Provider, in which event the version of the Policy in effect at the time it was invoked will apply until the administrative proceeding is over, all such changes will be binding

upon you with respect to any KIDS.US domain name Challenge, whether the Challenge arose before, on or after the effective date of the change. In the event that you object to a change in this Policy, your sole remedy is to cancel your KIDS.US domain name registration, provided that you will not be entitled to a refund of any fees you paid. The revised Policy will apply to you until you cancel your KIDS.US domain name registration.

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RULES FOR CONTENT REMOVAL CHALLENGE POLICY (THE “RULES”)

Administrative proceedings for the resolution of Challenges under the KIDS.US Content Removal Challenge Policy adopted by DOC shall be governed by these Rules.

1) **Definitions.** In these Rules:

- a) **Challenger** means the party initiating a Challenge concerning a KIDS.US domain name removal for violation of the Content Policy.
- b) **Content Policy means** the KIDS.US Content Policy set forth at www.neustar.us.
- c) **DOC** refers to the United States Department of Commerce.
- d) **Panelist** means an administrative Panelist appointed by the Provider to decide a Challenge concerning a KIDS.US domain name registration.
- e) **Party** means a Challenger or the Registry.
- f) **Policy** means the Content Removal Challenge Policy that is incorporated by reference and made a part of the Registration Agreement.
- g) **Provider** means a dispute-resolution service provider approved by DOC to administer Content Removal Challenges, and listed at www.neustar.us.
- h) **Registrant** means the holder of a KIDS.US domain name registration.
- i) **Registry** means Neustar, Inc., the registry administrator for the KIDS.US domain name space.
- j) **Removal** means the deletion by the Registry of a KIDS.US domain name from the authoritative domain name service.
- k) **Removal Notice** means the Content Violation Notice of Intent to Remove sent to the Registrant by the Registry announcing the Registry’s intention to delete the Registrant’s KIDS.US domain name if certain material that violates the Content Policy is not removed from the website within the time frames set forth in the Content Policy.

- l) **Supplemental Rules** means the rules adopted by the Provider administering a proceeding to supplement these Rules. Supplemental Rules shall not be inconsistent with the Policy or these Rules and shall cover such topics as fees, word and page limits and guidelines, and the means for communicating with the Provider and the Panel.

2) **Communications**

- a) Any written communication required under these Rules shall be made electronically using the Provider's online challenge communication procedures.
- b) Any communication to the Provider or the Panelist shall be made in accordance with the Provider's Supplemental Rules.
- c) All communications shall be made in English.
- d) Either Party may update its contact details by notifying the Provider through the Provider's online challenge communication procedures.
- e) Except as otherwise provided in these Rules, or decided by a Panelist, all communications provided for under these Rules shall be deemed to have been made on the date that the communication was electronically transmitted, provided that the date of transmission is verifiable.
- f) Except as otherwise provided in these Rules, all time periods calculated under these Rules shall begin to run on the earliest date that the communication is deemed to have been made in accordance with Paragraph 2(e).
- g) Except as otherwise provided in these Rules, any communication between the Provider, the Parties, or the Panelist shall be conducted using the Provider's online challenge communication procedures, which will assure that communication by:
 - i) A Panelist to any Party is copied to the Provider and to the other Party;
 - ii) The Provider, following the commencement of an administrative proceeding pursuant to Paragraph 4(c), to any Party is copied to the other Party; and
 - iii) A Party is copied to the other Party, the Panelist and the Provider, as the case may be.

3) The Challenge

- a) The Registrant of any KIDS.US domain name that has been Removed by the Registry, or has been issued a Removal Notice from the Registry, for violation of the Content Policy may initiate a Content Removal Challenge by submitting such Challenge to the Provider in accordance with the Policy and these Rules.
- b) The Challenge must be initiated no later than thirty (30) calendar days following the date of removal or the date of the Removal Notice, whichever is earlier.
- c) The Challenge shall be submitted electronically to the Provider using the Provider's online challenge filing procedures.
- d) The Challenge shall:
 - i) Request that the Challenge be submitted for decision in accordance with the Policy and Rules and describe why the domain name registration should be considered subject to the Policy;
 - ii) Provide the full name, postal and e-mail addresses, and the telephone and facsimile numbers of the Challenger and of any representative authorized to act for the Challenger in the administrative proceeding;
 - iii) Specify a preferred method for electronic communications directed to the Challenger in the administrative proceeding (including person to be contacted);
 - iv) Specify the KIDS.US domain name that is the subject of the Challenge;
 - v) Describe, in accordance with the Policy, why the Registry's removal decision should be reversed and the Challenge sustained;
 - vi) Identify any other legal proceedings that have been commenced or terminated in connection with or relating to the KIDS.US domain name that is the subject of the Challenge;
 - vii) Conclude with the following statement followed by the electronic signature of the Challenger or its authorized representative:

"Challenger waives all claims and remedies against (a) the dispute

resolution provider and panelists, except in the case of deliberate wrongdoing, (b) the registrar, (c) the Registry, (d) any content manager(s) approved by the Registry and (e) the Department of Commerce, as well as their directors, officers, employees, and agents.”

“Challenger certifies that the information contained in this Challenge is to the best of Challenger’s knowledge complete and accurate, that this Challenge is not being presented for any improper purpose, such as to harass, and that the assertions in this Challenge are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument”; and

viii) Annex any documentary or other evidence together with a schedule indexing such evidence.

e) A Challenge may relate to only one KIDS.US domain name, provided that the domain name has been removed or issued a Removal Notice within the requisite time period.

4) Notification of Challenge

a) The Provider shall review the Challenge for formal compliance with the Policy and the Rules. If the Challenge is found to be in compliance, the Provider shall forward the Challenge to the Registry.

b) If the Provider finds the Challenge to be formally deficient, or if the Challenger has not included its Fees with the Challenge, the Provider shall promptly notify the Challenger of the nature of the deficiencies identified. The Challenger shall have five (5) calendar days within which to correct any such deficiencies or the administrative proceeding will be dismissed.

c) The date of commencement of the administrative proceeding shall be the date on which the Provider forwards the Challenge to the Registry.

d) The Provider shall notify the Parties of the date of commencement of the administrative proceeding.

5) Registry Response

a) Within twenty (20) calendar days of the date of commencement of the administrative proceeding the Registry shall submit a Response to the Provider using the Provider’s online challenge communication procedures. The Response shall:

i) Detail the rationale for removing or sending a Removal Notice to the Registrant of the KIDS.US domain name that is subject of this proceeding;

- ii) Describe how the KIDS.US domain name itself or the content contained on the Registrant's associated KIDS.US website violates the Content Policy;
 - iii) Although the Registry is not required to communicate with the Registrant prior to issuing a Removal Notice or removing the domain name from the zone file, to the extent there have been communications, it should detail such relevant communication;
 - iv) Although the Registry is not required to respond to the specific statements contained in the Challenge, it may do so at its discretion;
 - v) Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the Challenge;
 - vi) Conclude with the following statement followed by the electronic signature of the Registry's authorized representative:

"Registry certifies that the information contained in this Response is to the best of this representative's knowledge complete and accurate, that this Response is not being presented for any improper purpose, such as to harass, and that the assertions in this Response are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument." and
 - vii) Annex any documentary or other evidence upon which the Registry relies, together with a schedule indexing such documents.
- 6) **Appointment of the Panelist.** The Provider shall appoint a single Panelist within five (5) calendar days following Provider's receipt of the Registry's Response.
- 7) **Impartiality and Independence.** An appointed Panelist shall be impartial and shall disclose any circumstances giving rise to justifiable doubt as to the Panelist's impartiality or independence. If, at any stage during the administrative proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the Panelist, that Panelist shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the discretion to appoint a substitute Panelist.
- 8) **Communication Between Parties and the Panelist.** No Party or anyone acting on its behalf may have any unilateral communication with the Panelist.
- 9) **General Powers of the Panelist**

- a) The Panelist shall conduct the administrative proceeding in such manner as it considers appropriate in accordance with the Policy and these Rules.
 - b) In all cases, the Panelist shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.
 - c) The Panelist shall ensure that the administrative proceeding takes place with due expedition. It may, at the request of a Party or on its own motion, extend, in exceptional cases, a period of time fixed by these Rules or by the Panelist.
 - d) The Panelist shall determine the admissibility, relevance, materiality and weight of the evidence.
- 10) **Further Statements.** In addition to the Challenge and the Response, the Panelist may request, in its sole discretion, further statements or documents from either of the Parties.
- 11) **In-Person Hearings.** There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panelist determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the Challenge.
- 12) **Default**
- a) In the event that either Party, in the absence of exceptional circumstances, does not comply with any of the time periods established by these Rules or the Panelist, the Panel shall proceed to a decision on the Challenge.
 - b) If either party, in the absence of exceptional circumstances, does not comply with any provision of, or requirement under, these Rules or any request from the Panelist, the Panelist shall draw such inferences therefrom as it considers appropriate. Such Panelist may not draw any inferences against the Registry for failure to comply with any provision of, or requirement under, these Rules or any request from the Panelist.
 - c) Notwithstanding Section (b) above, and pursuant to Section 5(a) (4), a Panelist may draw no adverse inferences against the Registry for not responding to the specific statements contained within the Challenge. Nor shall the absence of the Registry's response to the specific statements contained within the Challenge be deemed a default, or be construed as a waiver of any claims or defenses against the Registrant.
- 13) **Grounds for Termination.** If, before the Panelist's decision is made, it becomes unnecessary or impossible to continue the administrative proceeding for any reason, the Panelist shall terminate the administrative proceeding,

unless a Party raises justifiable grounds for objection within a period of time to be determined by the Panelist.

14) Effect of Court Proceedings

- a) In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a KIDS.US domain name that is the subject of a Challenge, the Panelist shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision.
- b) A Party shall promptly notify the Provider In the event that it initiates any legal proceedings concerning a KIDS.US domain name while an administrative proceeding is pending. The Provider will communicate this information to the Panelist.

15) Panelist Decisions

- a) The Panelist shall decide a Challenge on the basis of the materials submitted and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.
- b) In the absence of exceptional circumstances, the Panelist shall forward its decision on the Challenge to the Provider electronically within fourteen (14) calendar days of its appointment pursuant to Paragraph 6.
- c) If the Panelist determines that the Registry submitted sufficient evidence to demonstrate that the removal or Removal Notice was justified due to violations of the KIDS.US Content Policy and Requirements, the Panelist shall issue its finding upholding the Registry's action utilizing the Provider's online challenge communication procedures.
- d) If the Panelist determines that the evidence submitted fails to demonstrate that the Registrant violated the Content Policy or, alternatively, that the Registrant has satisfactorily cured any possible violation, the Panelist shall issue its finding utilizing the Provider's online challenge communication procedures with an order that Registrant's KIDS.US domain name be restored and the Registry's actions be reversed.
- e) The Provider shall electronically communicate the content of the Panelist decision to each Party.
- f) The Registry shall have seven (7) calendar days to implement any

reinstatement or removal ordered by the Panelist.

16) **Fees**

a) The Challenger shall pay to the Provider an initial fixed fee, in accordance with the Provider's Supplemental Rules, within the time and in the amount required.

b) The Provider shall not take any action on a Challenge until it has received from Challenger the initial fee.

17) **Exclusion of Liability**—Except in the case of deliberate wrongdoing, neither the Registry, the Provider nor a Panelist shall be liable to a Party for any act or omission in connection with any administrative proceeding under the Policy and the Rules.

18) **Amendments.** The version of these Rules in effect at the time of the submission of the Challenge to the Provider shall apply to the administrative proceeding commenced thereby. These Rules may not be amended without the approval of DOC.



KIDS.US TAKEDOWN PROCEDURES

I. PROCEDURES FOR REMOVING INAPPROPRIATE CONTENT FROM THE KIDS.US DOMAIN

Introduction. The Dot Kids Implementation and Efficiency Act of 2002 requires that Neustar, Inc., as the Registry Operator for the kids.us domain (the Registry Operator), maintain a domain that “provides access only to material that is suitable for minors and not harmful to minors.” To carry out the content enforcement obligations of the kids.us Act, the Registry Operator is required to establish a “process for removing from the new domain any content that is not in accordance with the standards and requirements of the Registry.” We recognize, however, that even with strict enforcement procedures and clear content guidelines, there remains the possibility that unsuitable content could make its way into the namespace. Because it is the goal of Congress that there be an online area for children that is free from harmful material, the Registry Operator was given broad enforcement authority. This document provides the details of the required enforcement process.

To address the instances where an individual or an entity endeavors to corrupt the kids.us domain with content that is inconsistent with the kids.us Act and the kids.us Content Policy⁴ the Registry Operator has developed the following procedures for removing inappropriate content (which includes the domain name itself). These procedures include the following steps:

- Initial review of content complaints;
- Notification process;
- Internal review, including categorization of the content violation, determination of the “severity” of the violation, registrant contact, zone file modifications, and, if required, takedown of the domain; and
- Cure and reactivation of domains.

Registry takedown occurs at the third-level domain name, (e.g., “example.kids.us”), thereby being a de facto takedown of all sub-domains.

Initial review of content complaints

In all instances where the Registry Operator is notified of alleged inappropriate content within the kids.us domain, it will administer the following procedures in a neutral and even-handed fashion. The alleged content violation will be reviewed in accordance with the kids.us Content Policy⁵ – the identical content standards followed for all potential registrants in the initial content review prior to activation and the on-going content monitoring of active kids.us registrations. The Registry Operator will maintain records of all kids.us Content Policy violations.

Pursuant to the kids.us Act, all enforcement procedures and actions by the Registry Operator are subject to public scrutiny. Specifically, the kids.us Act requires that the Registry Operator “prepare, on an annual basis, a report on the Registry’s monitoring and enforcement



procedures” for the kids.us domain.⁶ The Act further requires that the Registry Operator submit that report to the “Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.”

Notification process

The Registry Operator may be notified of alleged content policy violations by any person or entity using either of these two (2) mechanisms:

- Content Manager contact made to the Registry Operator, or
- Direct end user contact of the Registry Operator made by e-mail, fax, or toll-free phone calls.

The Registry Operator will clearly publicize the contact information for end user complaints on the kids.us website. The Registry will respond to all inquiries within a reasonable timeframe. Each individual handling content policy complaints will receive training about the requirements of the kids.us Act and the kids.us Content Guidelines and Requirements. For all direct end user complaints, individuals registering an alleged violation are required to provide the following information:

- Name;
- Contact information (place to follow-up for contact, if necessary);
- Exact URL of alleged content policy violation;
- Date and time the alleged violation was detected; and
- A description of the alleged violation (by category, if possible).

Upon receipt of any complaint alleging violation of the kids.us Content Guidelines and Requirements, the Registry Operator will initiate internal review and takedown procedures.

Internal review, categorization, severity determination, and takedown

Internal review and takedown involve multiple steps. First, upon notice of a violation of the kids.us Content Policy, the Registry Operator will access the website containing alleged kids.us content violations and take a screenshot of the page or pages with alleged violations. Next, a determination will be made as to whether the alleged violation does in fact involve content that is inconsistent with the kids.us Content Policy.

If the content within the domain is not found to be in violation, no further action will be taken. If the content is found to be in violation, a determination of the category of content violation will be made.

The categorization of the content violation will be made in accordance with the twelve (12) categories defined in the kids.us Content Policy as follows: mature content; pornography; inappropriate language; violence; hate speech; drugs; alcohol; tobacco; gambling; weapons; criminal activity; and technology restrictions.



After the category is determined, the Registry Operator will determine the “severity” of the violation involved.

In accordance with the enforcement policy defined in the kids.us Content Policy, the categorization of content violations assigns a “severity level” that will guide the Registry Operator in the next phase of takedown procedures. The severity level and the penalty for each level are as follows:

Level 1 violation—The domain name will be immediately removed from the kids.us zone file resulting in takedown of the domain. The Registry Operator will notify the registrant according to the contact information included in the content registration form. The Registrar of record (listed in the Whois) will be copied on this correspondence.

Level 2 violation—The registrant will be contacted and informed they have 4 [business] hours to modify the content. The registrant must inform the Registry Operator when the content violation has been cured. If the violation is not cured and the proper notice is not provided within the specific timeframe, the domain name will be removed from the kids.us zone file. The Registrar of record (listed in the Whois) will be copied on this correspondence.

Level 3 violation—The registrant will be contacted and informed they have 12 business hours to modify the content. The registrant must inform the Registry Operator when the content violation has been cured. If the violation is not cured and the proper notice is not provided within the specific timeframe, the domain name will be removed from the kids.us zone file. The Registrar of record (listed in the Whois) will be copied on this correspondence.

Cure and reactivation of domains

When a domain name is removed from the kids.us zone, the registrant will be required to reactivate their domain name and place the content through the formal review process if it desires to reactivate its name. The registrant will remain registrant of record for the remainder of that term and any subsequent renewal term. The registrant will repeat the initial content review process for compliance with the kids.us Content Policy. A reactivation fee of \$400 will be charged by the Registry Operator to the registrant in each instance that a name is removed from the zone and reactivated. When the content passes the content review process, the name will then be reactivated in the kids.us zone file. The registrant’s “initial activation date” for the domain name registration and content registration will not be changed as a reflection of the takedown procedures.

The Registry Operator reserves the right to cancel any domain name registered to registrants who repeatedly violate the kids.us Content Policy.

Registrants are entitled to initiate an administrative proceeding (“Challenge”) in the event that the Registry has taken action to remove a kids.us domain name from the zone file or has



issued a Content Violation Notice of Intent to Remove a kids.us domain name from the zone file (the "Removal Notice") for violation of the Content Policy.

Notification of law enforcement (as needed)

Neustar reserves the right to report any content policy violation to an appropriate law enforcement agency if it deems in its sole discretion that such report is warranted.



usTLD REGISTRAR ACCREDITATION AND REGISTRY-REGISTRAR AGREEMENT

This REGISTRAR ACCREDITATION AND REGISTRY-REGISTRAR AGREEMENT (this "Agreement") is by and between NeuStar, Inc., a Delaware corporation, with its principal place of business located at 21575 Ridgetop Circle, Sterling, VA 20166 ("Neustar"), and [Registrar's name], a [jurisdiction and type of organization], with its principal place of business located at [Registrar's location] ("Registrar").

1. **DEFINITIONS.** For purposes of this Agreement, the following definitions shall apply:

- 1.1. "Accredited" or "Accreditation" means to identify and set minimum standards for the performance of registration functions, to recognize persons or entities meeting those standards, and to enter into this Agreement which sets forth the rules and procedures applicable to the provision of Registrar Services in the usTLD.
- 1.2. "Affiliate" means a person or entity that, directly or indirectly, through one or more intermediaries, Controls, is controlled by, or is under common control with, the person or entity specified.
- 1.3. "Affiliated Registrar" is another Accredited registrar that is an Affiliate of Registrar.
- 1.4. "Agreement" means this usTLD Registrar Accreditation and Registry-Registrar Agreement, together with the following schedules and specifications, each of which are attached hereto and incorporated by reference herein, and in each case as amended from time to time in accordance with this Agreement:
 - 1.4.1. Terms and Conditions for Registrar Use of usTLD Registry System
 - 1.4.2. Current usTLD Specifications and Policies Schedule
 - 1.4.2.1. usTLD Nexus Policy
 - 1.4.2.2. usTLD Transfer Policy
 - 1.4.2.3. usTLD Privacy Policy
 - 1.4.2.4. usTLD Add Grace Period Policy
 - 1.4.2.5. usTLD Reservation of Rights Policy
 - 1.4.2.6. usTLD Acceptable Use Policy
 - 1.4.2.7. usTLD Policy Statement
 - 1.4.2.8. usTLD Dispute Resolution Policy and Rules
 - 1.4.2.9. usTLD Nexus Dispute Resolution Policy and Rules
 - 1.4.2.10. usTLD Whois Accuracy Program Specification
 - 1.4.2.11. usTLD Whois Specification
 - 1.4.2.12. usTLD Registrar use of Resellers Specification
 - 1.4.2.13. usTLD Data Retention Specification
 - 1.4.3. Fee Schedule
 - 1.4.4. Logo License Specification
 - 1.4.5. Registrar-Registrant Agreement Specification
 - 1.4.6. Registrant Rights and Responsibilities Specification
 - 1.4.7. Registrar Information Specification
 - 1.4.8. Additional Technical Specifications Schedule

- 1.5. "Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.
- 1.6. "DNS" refers to the Internet domain-name system.
- 1.7. The "Effective Date" is [].
- 1.8. The "Expiration Date" is [].
- 1.9. "usTLD" or "the usTLD" refers to the top-level domain of the DNS operated by Neustar pursuant to the usTLD Agreement.
- 1.10. "usTLD Zone-File Data" means all data contained in the DNS zone file for the usTLD, or for any subdomain for which Registry Services are provided and that contains Registered Names, as provided to nameservers on the Internet.
- 1.11. "Illegal Activity" means conduct involving use of a Registered Name sponsored by Registrar that is prohibited by applicable law and/or exploitation of Registrar's domain name resolution or registration services.
- 1.12. "Personal Data" refers to data about any identified or identifiable natural person.
- 1.13. "Registered Name" refers to a domain name within the usTLD domain, whether consisting of two (2) or more (e.g., john.smith.us) levels, about which Neustar maintains data in a Registry Database, arranges for such maintenance, or derives revenue from such maintenance. A name in a Registry Database may be a Registered Name even though it does not appear in the usTLD zone file (e.g., a registered but inactive name).
- 1.14. "Registered Name Holder" means the holder of a Registered Name in the usTLD.
- 1.15. The word "registrar," when appearing without an initial capital letter, refers to a person or entity that contracts with Registered Name Holders and with Neustar and collects registration data about the Registered Name Holders and submits registration information for entry in the usTLD Registry Database.
- 1.16. "Registrar Services" means the services subject to this Agreement provided by a registrar in connection with the usTLD, and includes contracting with Registered Name Holders, collecting registration data about the Registered Name Holders, and submitting registration information for entry in the usTLD Registry Database.
- 1.17. "Registry Data" means all data submitted by registrars and maintained in electronic form, in the Registry Database, including all usTLD Zone-File Data, all data used to provide Registry Services, , and all other data used to provide Registry Services concerning particular domain name registrations or nameservers maintained in electronic form in the Registry Database.
- 1.18. "Registry Database" means a database comprised of data about one or more DNS domain names within the usTLD domain that is used to generate either DNS resource records that are published authoritatively or responses to domain- name availability lookup requests or Whois queries.

- 1.19. "Registry System" means the system operated by Neustar for Registered Names in the usTLD including, without limitation, the EPP, the APIs, the Registrar Toolkit, as described in the Terms and Conditions for Registrar Use of usTLD Registry System.
- 1.20. "Registry Services," are the services provided by Neustar pursuant to the usTLD Agreement.
- 1.21. A "Reseller" is a person or entity that participates in Registrar's distribution channel for domain name registrations (a) pursuant to an agreement, arrangement or understanding with Registrar or (b) with Registrar's actual knowledge, provides some or all Registrar Services, including collecting registration data about Registered Name Holders, submitting that data to Registrar, or facilitating the entry of the registration agreement between the Registrar and the Registered Name Holder.
- 1.22. A Registered Name is "sponsored" by the registrar that placed the record associated with that registration into the registry. Sponsorship of a registration may be changed at the express direction of the Registered Name Holder or, in the event a registrar loses Accreditation, in accordance with then-current Neustar Specifications and Policies.
- 1.23. "usTLD Agreement" means the usTLD Agreement by and between Neustar and the United States Department of Commerce ("DOC") dated [REDACTED], 2013 [Order No. [REDACTED]], for the administration and operation of the usTLD. For the avoidance of doubt, nothing in this Agreement entitles Registrar to enforce any agreement between Neustar and DOC, and Registrar shall not be deemed to be a third-party beneficiary to any Agreement between the Neustar and the DOC.
- 1.24. The "usTLD Registry Operator" is Neustar or any entity subsequently under contract with the DOC to perform Registry Services for the usTLD.
- 1.25. "usTLD Specifications and Policies" are those specifications, policies, and procedures established by Neustar in accordance with the procedures specified in the usTLD Agreement, and taking into account input from the usTLD stakeholder community, as appropriate. Registrar agrees and acknowledges that the authoritative listing of usTLD Specifications and Policies is posted on the usTLD website at <http://www.neustar.us/policies/>.
- 1.26. "Term of this Agreement" begins on the Effective Date and continues until the earlier of (a) the Expiration Date, or (b) any other termination of this Agreement pursuant to the terms herein.

2. NEUSTAR OBLIGATIONS.

- 2.1. Accreditation. During the Term of this Agreement and subject to the terms and conditions of this Agreement, Registrar is hereby Accredited by Neustar to provide Registrar Services for the usTLD.
- 2.2. Access to usTLD System. Throughout the Term of this Agreement, Neustar shall provide Registrar with access as a registrar to the usTLD Registry System in accordance with the terms and conditions set forth in the Terms and Conditions for Registrar Use of usTLD Registry System.
- 2.3. Maintenance of Registrations Sponsored by Registrar. Subject to the provisions of this Agreement, and requirements under the usTLD Agreement, Neustar shall maintain the

registrations of Registered Names sponsored by Registrar in the usTLD System so long as Registrar has paid the Fees owing in accordance with the Fee Schedule and this Agreement remains in effect.

- 2.4. Registrar Use of Neustar and usTLD Name, Website and Trademarks. Neustar hereby grants to Registrar a non-exclusive, worldwide, royalty-free license during the Term of this Agreement (a) to state that it is Accredited by Neustar as a registrar for the usTLD, and (b) to link to pages and documents within Neustar's usTLD website. Subject to the terms and conditions set forth in the Logo License Specification attached hereto, Neustar hereby grants to Registrar a non-exclusive, worldwide right and license to use the Trademarks (as defined in the Logo License Specification). No other use of Neustar's name, website or Trademarks is licensed hereby. This license may not be assigned or sublicensed by Registrar to any other party, including, without limitation, any Affiliate of Registrar or any Reseller.
- 2.5. General Obligations of Neustar. With respect to all matters that impact the rights, obligations, or role of Registrar, Neustar shall during the Term of this Agreement:
 - 2.5.1. Exercise its responsibilities in an open and transparent manner;
 - 2.5.2. Not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and not single out Registrar for disparate treatment unless justified by substantial and reasonable cause; and
 - 2.5.3. Ensure, through its reconsideration and independent review policies, adequate appeal procedures for Registrar, to the extent it is adversely affected by Neustar standards, policies, procedures or practices.

3. REGISTRAR OBLIGATIONS.

- 3.1. Obligations to Provide Registrar Services. During the Term of this Agreement, Registrar agrees that it will operate as a registrar for the usTLD in accordance with this Agreement.
- 3.2. Submission of Registered Name and Registrant Data to Registry Database. During the Term of this Agreement:
 - 3.2.1. As part of its registration of Registered Names in the usTLD, Registrar shall submit to, or shall place in the Registry Database operated by Neustar for the us TLD the following data elements:
 - 3.2.1.1. The name of the Registered Name being registered;
 - 3.2.1.2. The IP addresses of the primary nameserver and secondary nameserver(s) for the Registered Name;
 - 3.2.1.3. The corresponding names of those nameservers;
 - 3.2.1.4. Unless automatically generated by the Registry System, the identity of the Registrar;
 - 3.2.1.5. Unless automatically generated by the Registry System, the expiration date of the registration of the Registered Name;

- 3.2.1.6. Any other data Neustar requires be submitted to it including, specifically, the data elements listed in Subsection 3.3 below as well as information regarding the primary purpose for which a domain name is registered (e.g., business, education, etc.); and
- 3.2.1.7. Updates from the Registered Name Holder to the data elements listed in Subsections 3.2.1.2 - 3.2.1.6 above for any Registered Name that Registrar sponsors, within 5 days of Registrar's receipt of such updates.
- 3.2.2. Records. In order to allow reconstitution of the Registry Database in the event of an otherwise unrecoverable technical failure or a change in the designated usTLD Registry Operator, within ten (10) days of any such request by Neustar, Registrar shall submit an electronic database containing the data elements listed in Subsections 3.2.1.1 through 3.2.1.6 for all active records in the usTLD sponsored by Registrar, in a format specified by Neustar.
- 3.2.3. Public Access to Data on Registered Names. During the Term of this Agreement, Registrar shall, at its expense, provide a Whois service consisting of an interactive web page providing free public query-based access of up to date (i.e., updated at least daily) data concerning all active Registered Names sponsored by Registrar in the usTLD. The accessible data shall consist of elements that are designated from time to time by Neustar. Registrar may satisfy the interactive web page Whois requirement by providing a link to the usTLD Whois service operated by Neustar. Until Neustar otherwise specifies by means of a usTLD Specification or Policy, the usTLD Whois service operated by Registrar shall consist of the following elements as required by this Agreement or the usTLD Agreement:
 - 3.2.3.1. The name of the Registered Name;
 - 3.2.3.2. The names of the all nameserver(s) for the Registered Name;
 - 3.2.3.3. The identity of Registrar (which may be provided through Registrar's website);
 - 3.2.3.4. The applicable status of the Registered Name;
 - 3.2.3.5. The original creation date of the registration;
 - 3.2.3.6. The expiration date of the registration;
 - 3.2.3.7. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the Registered Name Holder;
 - 3.2.3.8. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the Registered Name; and
 - 3.2.3.9. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the Registered Name.

- 3.2.3.10. An appendix to this Agreement, or an applicable second-level Registrar agreement, for a particular second level domain may state substitute language for Subsections 3.2.3.1 through 3.2.3.9 as applicable to that second level domain; and in such event, the substitute language shall replace and supersede such Subsections 3 for all purposes under this Agreement but only with respect to that particular second level domain.
- 3.2.4. Upon receiving any updates to the data elements listed in Subsections 3.2.3.1 through 3.2.3.9 above from the Registered Name Holder, Registrar shall promptly update its database used to provide the public access described in Subsection 3.2.3.
- 3.2.5. To comply with applicable statutes and regulations and for other reasons, Neustar may amend the usTLD Privacy Policy to establish additional or different limits or requirements (a) on the Personal Data concerning Registered Names that Registrar may make available to the public through a public-access service described in this Subsection 3.2 and (b) on the manner in which Registrar may make such data available. Registrar shall comply with any such usTLD Specification or Policy.
- 3.2.6. Registrar shall meet or exceed the requirements set forth in the Whois Specification and the Whois Accuracy Program Specification.
- 3.3. Retention of Registered Name Holder and Registration Data.
 - 3.3.1. For each Registered Name sponsored by Registrar within the usTLD, Registrar shall collect and securely maintain, in its own electronic database, as updated from time to time:
 - 3.3.1.1. The data specified in the Data Retention Specification for the period specified therein;
 - 3.3.1.2. The data elements listed in Subsections 3.2.3.1 through 3.2.3.9;
 - 3.3.1.3. The name and (where available) postal address, e-mail address, voice telephone number, and fax number of the billing contact; and
 - 3.3.1.4. Any other Registry Data that Registrar has submitted to Neustar or placed in the Registry Database under Section 3.2.
 - 3.3.2. During the Term of this Agreement and for three (2) years thereafter, Registrar shall make the data, information and records specified in Section 3.3 available for inspection and copying by Neustar upon reasonable notice. In addition, upon reasonable notice and request from Neustar, Registrar shall deliver copies of such data, information and records to Neustar related to limited transactions or circumstances that may be the subject of a compliance-related inquiry; provided, however, that such obligation shall not apply to requests for copies of the Registrar's entire database or transaction history. Such copies are to be provided at Registrar's expense. Neustar shall not disclose the content of such data, information or records except as expressly required by applicable law, any legal proceeding or a usTLD Specification or Policy.
 - 3.3.3. Notwithstanding any other requirement in this Agreement or the Data Retention

Specification, Registrar shall not be obligated to maintain records relating to a domain registration beginning on the date two (2) years following the domain registration's deletion or transfer to a different registrar.

- 3.4. Rights in Data. Registrar disclaims all rights to exclusive ownership or use of the data elements listed in Subsection 3.2.1 and 3.2.3 for all Registered Names submitted by Registrar to the Registry Database for, or sponsored by Registrar in, the usTLD. Upon a change in sponsorship from Registrar of any Registered Name in the usTLD, Registrar acknowledges that the registrar gaining sponsorship shall have the rights of an owner to the data elements listed above concerning that Registered Name, with Registrar also retaining the rights of an owner in that data. Nothing in this Subsection prohibits Registrar from (1) restricting bulk public access to data elements in a manner consistent with this Agreement and any Specifications or Policies or (2) transferring rights it claims in data elements subject to the provisions of this Subsection 3.4.
- 3.5. Data Escrow. During the Term of this Agreement, on a schedule, under the terms, and in the format specified by Neustar, Registrar shall submit an electronic copy of the data described in Subsections 3.2.1.1 through 3.2.1.5 to Neustar or, at Registrar's election and at its expense, to a reputable escrow agent mutually approved by Registrar and Neustar, such approval also not to be unreasonably withheld by either party. The data shall be held under an agreement among Registrar, Neustar, and the escrow agent (if any) providing that (1) the data shall be received and held in escrow, with no use other than verification that the deposited data is complete, consistent, and in proper format, until released to Neustar; (2) the data shall be released from escrow upon expiration without renewal or termination of this Agreement; and (3) Neustar's rights under the escrow agreement shall be assigned with any assignment of this Agreement. The escrow shall provide that in the event the escrow is released under this Subsection, Neustar (or its assignee) shall have a non-exclusive, irrevocable, royalty-free license to exercise (only for transitional purposes) or have exercised all rights necessary to provide Registrar Services.
- 3.6. Business Dealings, Including with Registered Name Holders.
- 3.6.1. In the event Neustar adopts a Specification or Policy that is supported by a consensus of Neustar-Accredited registrars, establishing or approving a Code of Conduct for Neustar-Accredited registrars, Registrar shall abide by that Code of Conduct.
- 3.6.2. Registrar shall abide by applicable U.S. laws and governmental regulations, all usTLD Specifications and Policies as amended and/or added from time to time in accordance with this Agreement and the usTLD Agreement, and any requirements approved or mandated by the DOC in accordance with the usTLD Agreement.
- 3.6.3. Registrar shall not represent to any actual or potential Registered Name Holder that Registrar enjoys access to the usTLD Registry System that is superior to that of any other registrar Accredited for the usTLD.
- 3.6.4. Registrar shall not activate any Registered Name unless and until it is satisfied that it has received a reasonable assurance of payment of its registration fee. For this purpose, a charge to a credit card, general commercial terms extended to creditworthy customers, or other mechanism providing a similar level of assurance of payment shall be sufficient, provided that the obligation to pay becomes final and non-revocable by the Registered Name Holder upon activation of the registration.

- 3.6.5. At the conclusion of the registration period for any particular Registered Name, failure by or on behalf of the Registered Name Holder to consent that the registration be renewed within the time specified in a second notice or reminder shall, in the absence of extenuating circumstances, result in cancellation of the registration by the end of the auto-renew grace period (although Registrar may choose to cancel the name earlier).
- 3.6.5.1. Extenuating circumstances are defined as: usDRP action, valid court order, failure of a Registrar's renewal process (which does not include failure of a Registered Name Holder to respond), the domain name is used by a nameserver that provides DNS service to third-parties (if additional time is required to migrate the records managed by the nameserver), the Registered Name Holder is subject to bankruptcy proceedings, payment dispute (where a Registered Name Holder claims to have paid for a renewal, or a discrepancy in the amount paid), billing dispute (where a Registered Name Holder disputes the amount on a bill), domain name subject to litigation in a court of competent jurisdiction, or other circumstance as approved specifically by Neustar.
- 3.6.5.2. Where Registrar chooses, under extenuating circumstances, to renew a Registered Name without the explicit consent of the Registered Name Holder, the Registrar must maintain a record of the extenuating circumstances associated with renewing that specific Registered Name for inspection by Neustar consistent with clauses 3.2.2 and 3.3 of this Agreement.
- 3.6.5.3. In the absence of extenuating circumstances (as defined in Section 3.6.5.1 above), a Registered Name must be deleted within forty-five (45) days of either the Registrar or the Registered Name Holder terminating a registration agreement.
- 3.6.6. Registrar shall provide notice to each new Registered Name Holder describing the details of their deletion and auto-renewal policy including the expected time at which a non-renewed Registered Name would be deleted relative to the Registered Name's expiration date, or a date range not to exceed ten (10) days in length. If Registrar makes any material changes to its deletion policy during the period of the registration agreement, it must make at least the same effort to inform the Registered Name Holder of the changes as it would to inform the Registered Name Holder of other material changes to the registration agreement (as defined in clause 3.6.8 of this agreement).
- 3.6.7. Registrar shall operate a website for domain name registration or renewal of Registered Names.
- 3.6.8. Details of Registrar's deletion and auto-renewal policies must be clearly displayed on the website used by Registrar for domain name registrations or renewals.
- 3.6.9. Registrar's website should state, both at the time of registration and in a clear place on its website, any fee charged for the recovery of a domain name during the Redemption Grace Period.

- 3.6.10. In the event that a Registered Name that is the subject of a usDRP dispute is deleted or expires during the course of the dispute, the complainant in the usDRP dispute will have the option to renew or restore the Registered Name under the same commercial terms as the Registered Name Holder. If the complainant renews or restores the Registered Name, the name will be placed in Registrar HOLD and Registrar LOCK status by Neustar, the WHOIS contact information for the previous Registered Name Holder will be removed, and the WHOIS entry will indicate that the name is subject to dispute. If the complaint is terminated, or the usDRP dispute finds against the complainant, the name will be deleted within forty-five (45) days. The Registered Name Holder retains the right under the existing redemption grace period provisions to recover the name at any time during the Redemption Grace Period, and retains the right to renew the name before it is deleted.
- 3.6.11. Registrar shall not insert or renew any Registered Name in the usTLD in a manner contrary to (i) any usTLD Specification or Policy stating a list or specification of excluded Registered Names that is in effect at the time of insertion or renewal, or (ii) any list of names to be reserved from registration for the usTLD as determined by Neustar or DOC in their sole discretion.
- 3.6.12. Registrar shall require all Registered Name Holders to enter into an electronic or paper registration agreement with Registrar (the "Registrar-Registrant Agreement") including at least the provisions set forth in the Registrar-Registrant Agreement Specification. In addition, the Registrar-Registrant Agreement shall otherwise set forth the terms and conditions applicable to the registration of a domain name sponsored by Registrar. The Registered Name Holder with whom Registrar enters into a Registrar-Registrant Agreement must be a person or legal entity other than the Registrar, provided that Registrar may be the Registered Name Holder for domains registered for the purpose of conducting its Registrar Services, in which case the Registrar shall submit to the provisions set forth in the Registrar-Registrant Agreement and shall be responsible to Neustar for compliance with all obligations of the Registered Name Holder as set forth in this Agreement and Specifications and Policies. Registrar shall use commercially reasonable efforts to enforce compliance with the provisions of the Registrar-Registrant Agreement between Registrar and any Registered Name Holder that relate to implementing the requirements the Registrar-Registrant Agreement Specification and any usTLD Specification or Policy.
- 3.6.13. Neither Registrar nor any of its resellers, affiliates, partners and/or contractors shall be permitted to offer anonymous or proxy domain name registration services which prevent the Registry from having and displaying the true and accurate data elements contained in Section 3.3 for any Registered Name.
- 3.6.14. Registrar shall use commercially reasonable efforts to enforce compliance with the provisions of the Registrar-Registrant Agreement between Registrar and any Registered Name Holder that relate to implementing the requirements the Registrar-Registrant Agreement Specification and any usTLD Specification or Policy.
- 3.6.15. Registrar shall comply with the obligations specified in Whois Accuracy Program Specification. In addition, notwithstanding anything in the Whois Accuracy Program Specification to the contrary, Registrar shall abide by any usTLD Policy requiring reasonable and commercially practicable (a) verification, at the time of registration,

of contact information associated with a Registered Name sponsored by Registrar or (b) periodic re-verification of such information. Registrar shall, upon notification by any person of an inaccuracy in the contact information associated with a Registered Name sponsored by Registrar, take reasonable steps to investigate that claimed inaccuracy. In the event Registrar learns of inaccurate contact information associated with a Registered Name it sponsors, it shall take reasonable steps to correct that inaccuracy.

- 3.6.16. Registrar shall abide by any usTLD Specification or Policy prohibiting or restricting warehousing of or speculation in domain names by registrars.
- 3.6.17. Registrar shall publish on its website(s) and/or provide a link to the Registrants' Benefits and Responsibilities Specification, and Registrar shall not take any action inconsistent with the corresponding provisions of this Agreement or applicable law.
- 3.6.18. Registrar shall make available a description of the customer service processes available to Registered Name Holders regarding Registrar Services, including a description of the processes for submitting complaints and resolving disputes regarding the Registrar Services.
- 3.6.19. Nothing in this Agreement prescribes or limits the amount Registrar may charge Registered Name Holders for registration of domain names or renewals or transfers of Registered Names.
- 3.6.20. Domain-Name Dispute Resolution. During the Term of this Agreement, Registrar shall have in place a policy and procedures for resolution of disputes concerning Registered Names. Until different policies and procedures are established by Neustar under Section 4, Registrar shall comply with the United States Dispute Resolution Policy ("usDRP") and the Nexus Dispute Policy ("NDP"), both of which shall be easily accessible on Registry's website. The appendix to this Agreement for a particular second-level domain and/or a separate Registry/Registrar agreement for a particular second-level domain may state additional dispute resolution policies and procedures to be implemented with respect to Registered Names in a particular second-level domain name space; in that event there are additional policies and procedures, such policies and procedures shall supplement the dispute policies and procedures contained in this Subsection 3.6 only with respect to that particular second level domain. Registrar shall also comply with the usTLD Rapid Suspension ("usRS") procedure or its replacement, as well as with any other applicable dispute resolution procedure as required by Neustar for the usTLD. These policies are set forth on the usTLD Dispute Resolution Program Specification
- 3.7. Fees. Registrar shall pay to Neustar the Fees set forth in the Fee Schedule.
- 3.8. Obligations of Registrars under common controlling interest. Registrar shall be in breach of this Agreement if:
 - 3.8.1. Neustar terminates an Affiliated Registrar's agreement with Neustar (an "Affiliate Termination");
 - 3.8.2. Affiliated Registrar has not initiated arbitration challenging Neustar's right to terminate the Affiliated Registrar's agreement under Section 5.9 of this Agreement, or has initiated such arbitration and has not prevailed;

- 3.8.3. The Affiliate Termination was the result of misconduct that materially harmed consumers or the public interest;
- 3.8.4. A second Affiliated Registrar has pursued, after the Affiliate Termination, the same course of conduct that resulted in the Affiliate Termination; and
- 3.8.5. Neustar has provided Registrar with written notice that it intends to assert the provisions of this Section 3.8 with respect to Registrar, which notice shall identify in reasonable detail the factual basis for such assertion, and Registrar has failed to cure the impugned conduct within fifteen (15) days of such notice.
- 3.9. Obligations Related to Provision of Registrar Services by Third Parties. Registrar is responsible for the provision of Registrar Services for all Registered Names that Registrar sponsors being performed in compliance with this Agreement, regardless of whether the Registrar Services are provided by Registrar or a third party, including a Reseller. Registrar must enter into written agreements with all of its Resellers that enable Registrar to comply with and perform all of its obligations under this Agreement, including all requirements set forth in the Registrar use of Resellers Specification.
- 3.10. [INTENTIONALLY OMITTED]
- 3.11. Registrar Self-Assessment and Audits. Registrar shall complete and deliver to Neustar on a schedule and in the form specified by Neustar from time to time in consultation with registrars a Registrar self-assessment. Registrar shall complete and deliver to Neustar within twenty (20) days following the end of each calendar year, in a form contained in the Registrar's Certification Specification a certificate executed by the president, chief executive officer, chief financial officer or chief operating officer (or their equivalents) of Registrar certifying compliance with the terms and conditions of this Agreement. Neustar may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct on its behalf, contractual compliance audits to assess compliance by Registrar with the terms and conditions of this Agreement. Any audits pursuant to this Section 3.11 shall be tailored to achieve the purpose of assessing compliance, and Neustar will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by Neustar, and (b) use commercially reasonable efforts to conduct such audit in such a manner as to not unreasonably disrupt the operations of Registrar. As part of such audit and upon request by Neustar, Registrar shall timely provide all responsive documents, data and any other information necessary to demonstrate Registrar's compliance with this Agreement. Upon no less than ten (10) days notice (unless otherwise agreed to by Registrar), Neustar may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registrar with the terms and conditions of this Agreement. Neustar shall not disclose Registrar confidential information gathered through such audits except as required by applicable law, legal proceedings, or as expressly permitted by any usTLD Specification or Policy; provided, however, that, except as required by applicable law or legal proceedings, Neustar shall not release any information that Registrar has marked as, or has otherwise designated in writing to Neustar as, a "confidential trade secret," "confidential commercial information" or "confidential financial information" of Registrar. If any applicable law, legal proceeding or Specification or Policy permits such disclosure, Neustar will provide Registrar no less than fifteen (15) days notice of its intent to disclose such information, unless such notice is prohibited by law or legal proceeding. Such notice shall include to whom and in

what manner Neustar plans to disclose such information.

3.12. [INTENTIONALLY OMITTED]

3.13. Registrar Contact, Business Organization and Officer Information. Registrar shall provide to Neustar and maintain accurate and current information as specified in the Registrar Information Specification to this Agreement. In addition, Registrar shall publish on each website through which Registrar provides or offers Registrar Services the information specified as requiring such publication in the Registrar Information Specification. Registrar shall notify Neustar within five (5) days of any changes to such information and update Registrar's website(s) within twenty (20) days of any such changes.

3.14. Registrar's Abuse Contact and Duty to Investigate Reports of Abuse.

3.14.1. Registrar shall maintain an abuse contact to receive reports of abuse involving Registered Names sponsored by Registrar, including reports of Illegal Activity. Registrar shall publish an email address to receive such reports on the home page of Registrar's website (or in another standardized place that may be designated by Neustar from time to time). Registrar shall take reasonable and prompt steps to investigate and respond appropriately to any reports of abuse.

3.14.2. Registrar shall establish and maintain a dedicated abuse point of contact, including a dedicated email address and telephone number that is monitored 24 hours a day, seven days a week, to receive reports of Illegal Activity by law enforcement, consumer protection, quasi-governmental or other similar authorities designated from time to time by the national or territorial government of the jurisdiction in which the Registrar is established or maintains a physical office. Well-founded reports of Illegal Activity submitted to these contacts must be reviewed within twenty-four (24) hours by an individual who is empowered by Registrar to take necessary and appropriate actions in response to the report. In responding to any such reports, Registrar will not be required to take any action in contravention of applicable law.

3.14.3. Registrar shall publish on its website a description of its procedures for the receipt, handling, and tracking of abuse reports. Registrar shall document its receipt of and response to all such reports. Registrar shall maintain the records related to such reports for the shorter of two (2) years or the longest period permitted by applicable law, and during such period, shall provide such records to Neustar upon reasonable notice.

3.15. Additional Technical Specifications to Implement IPV6, DNSSEC and IDNs. Registrar shall comply with the Additional Technical Specifications Schedule attached hereto and incorporated by reference herein.

3.16. Notice of Bankruptcy, Convictions and Security Breaches. Registrar will give Neustar notice within seven (7) days of (i) the commencement of any of the proceedings referenced in Section 5.5.8. (ii) the occurrence of any of the matters specified in Section 5.5.2 or Section 5.5.3 or (iii) any unauthorized access to or disclosure of Registered Name Holder account information or registration data. The notice required pursuant to Subsection (iii) shall include a detailed description of the type of unauthorized access, how it occurred, the number of Registered Name Holders affected, and any action taken by Registrar in response.

4. PROCEDURES FOR ESTABLISHMENT OR REVISION OF SPECIFICATIONS AND POLICIES.

- 4.1. Compliance with usTLD Specifications and Policy. During the Term of this Agreement, Registrar shall comply with and implement all usTLD Specifications and Policies in existence as of the Effective Date and posted at [insert URL] from time to time and as may in the future be developed and adopted in accordance with the usTLD Agreement and taking into account input from usTLD stakeholders, as appropriate.
- 4.2. Registrar's Ongoing Obligation to Comply With New or Revised Specifications and Policies. During the Term of this Accreditation Agreement, Registrar shall comply, on the schedule set forth in Section 4, with new or revised usTLD Specifications or Policies established through the procedures outlined in the usTLD Agreement and on the usTLD website www.neustar.us and taking into account input from the usTLD Internet community, as appropriate or as required by operation of the usTLD Agreement.
- 4.3. Time Allowed for Compliance. Registrar shall be afforded a reasonable period of time after receiving notice of the establishment of a usTLD Specification or Policy in which to comply with that specification or policy, taking into account any urgency involved.

5. TERM, TERMINATION AND DISPUTE RESOLUTION.

- 5.1. Term of Agreement. This Agreement shall be effective on the Effective Date and shall have an initial term running until the Expiration Date, unless sooner terminated.
- 5.2. Renewal. This Agreement and Registrar's Accreditation will be automatically renewed for successive periods of five (5) years upon the Expiration Date and the expiration of each successive five-year term thereafter under the terms and conditions of this Agreement, unless:
 - 5.2.1. At the time of such renewal, Registrar no longer meets Neustar registrar Accreditation criteria then in effect;
 - 5.2.2. Registrar is not in compliance with its obligations under this Agreement at the time of the Expiration Date or at the expiration of any successive five (5) year term thereafter;
 - 5.2.3. Registrar has been given notice by Neustar of three (3) or more material breaches of this Agreement within the two (2) years preceding the Expiration Date or the date of expiration of any successive five (5) year term thereafter; or
 - 5.2.4. This Agreement has terminated prior to the Expiration Date or the expiration date of any successive five (5) year term thereafter.
 - 5.2.5. In the event Registrar intends to renew this Agreement pursuant to this Section 5.2, Registrar shall provide Neustar written notice thereof during the period that is no more than ninety (90) days and no less than sixty (60) days prior to the Expiration Date and each successive five (5) year term thereafter. The provision of such notice shall not be a condition to renewal hereunder. Pursuant to its customary practices (as may be modified by Neustar), Neustar will provide notice to Registrar of the Expiration Date and the date of expiration of any subsequent term hereunder.
- 5.3. Right to Substitute Updated Agreement. In the event that, during the Term of this Agreement,

Neustar adopts a revised form Registrar Accreditation and Registry-Registrar Agreement (the "Updated Agreement"), Registrar (provided it has not received (i) a notice of breach that it has not cured or (ii) a notice of termination or suspension of this Agreement under this Section 5) may elect, by giving Neustar written notice, to enter into the Updated Agreement. In the event of such election, Registrar and Neustar shall as soon as practicable enter into the Updated Agreement for the term specified in the Updated Agreement, and this Agreement will be deemed terminated.

5.4. Termination of Agreement by Registrar. This Agreement may be terminated before its expiration by Registrar by giving Neustar thirty (30) days written notice. Upon such termination by Registrar, Registrar shall not be entitled to any refund of fees paid to Neustar pursuant to this Agreement.

5.5. Termination of Agreement by Neustar. This Agreement may be terminated before its expiration by Neustar in any of the following circumstances:

5.5.1. There was a material misrepresentation, material inaccuracy, or materially misleading statement in Registrar's application for Accreditation or renewal of Accreditation or any material accompanying the application.

5.5.2. Registrar:

- is convicted by a court of competent jurisdiction of a felony or other serious offense related to financial activities, or is judged by a court of competent jurisdiction to have:
- committed fraud,
- committed a breach of fiduciary duty, or
- with actual knowledge (or through gross negligence) permitted Illegal Activity in the registration or use of domain names or in the provision to Registrar by any Registered Name Holder of inaccurate Whois information; or
- failed to comply with the terms of an order issued by a court of competent jurisdiction relating to the use of domain names sponsored by the Registrar;
- or is the subject of a judicial determination that Neustar reasonably deems to be the substantive equivalent of any of the foregoing; or
- is disciplined by the government of its domicile for conduct involving dishonesty or misuse of funds of others; or
- is the subject of a non-interlocutory order issued by a court or arbitral tribunal, in each case of competent jurisdiction, finding that Registrar has, directly or through an Affiliate, committed a specific violation(s) of applicable law regulation relating to cybersquatting or its equivalent; or
- is found by Neustar, based on its review of the findings of arbitral tribunals, to have been engaged, either directly or through its Affiliate, in a pattern and practice of trafficking in or use of domain names identical or confusingly similar to a trademark or service mark of a third party in which the

Registered Name Holder has no rights or legitimate interest, which trademarks have been registered and are being used in bad faith.

- 5.5.3. Registrar knowingly employs any officer that is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that Neustar reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) days of Registrar's knowledge of the foregoing; or any member of Registrar's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that Neustar reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registrar's board of directors or similar governing body within thirty (30) days of Registrar's knowledge of the foregoing.
- 5.5.4. Registrar fails to cure any breach of this Agreement within twenty-one (21) days after Neustar provides Registrar notice of the breach.
- 5.5.5. Registrar fails to comply with a ruling granting specific performance under Sections 5.9 or 10.1.
- 5.5.6. Registrar has been in breach of its obligations under this Agreement at least three (3) times within a twelve (12) month period.
- 5.5.7. Registrar fails to promptly cease any actions that Neustar has reasonably determined endangers the stability or operational integrity of the Internet or the usTLD or Neustar's network after receiving notice of that determination.
- 5.5.8. (i) Registrar makes an assignment for the benefit of creditors or similar act; (ii) attachment, garnishment or similar proceedings are commenced against Registrar, which proceedings are a material threat to Registrar's ability to provide Registrar Services for the usTLD, and are not dismissed within sixty (60) days of their commencement; (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registrar or maintains control over any of Registrar's property; (iv) execution is levied upon any property of Registrar, (v) proceedings are instituted by or against Registrar under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within thirty (30) days of their commencement, or (vi) Registrar files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations.
- 5.6. Termination Procedures. This Agreement may be terminated in circumstances described in Subsections 5.5.1 through 5.5.8 above only upon fifteen (15) days written notice to Registrar (in the case of Subsection 5.5.4 occurring after Registrar's failure to cure), with Registrar being given an opportunity during that time to initiate arbitration under Subsection 5.9 to determine the appropriateness of termination under this Agreement. This Agreement may be terminated immediately upon notice to Registrar in circumstances described in Subsections 5.5.7 and 5.5.8.
- 5.7. Suspension.

- 5.7.1. Upon the occurrence of any of the circumstances set forth in Section 5.5, Neustar may, in Neustar's sole discretion, upon delivery of a notice pursuant to Subsection 5.7.2, elect to suspend Registrar's ability to sponsor new Registered Names or initiate inbound transfers of Registered Names for the usTLD for a period of up to a twelve (12) months following the effectiveness of such suspension. Suspension of a Registrar does not preclude Neustar's ability to issue a notice of termination in accordance with the notice requirements of Section 5.6.
- 5.7.2. Any suspension under Subsections 5.7.1 will be effective upon fifteen (15) days written notice to Registrar, with Registrar being given an opportunity during that time to initiate arbitration under Subsection 5.9 to determine the appropriateness of suspension under this Agreement.
- 5.7.3. Upon suspension, Registrar shall notify users, by posting a prominent notice on its web site, that it is unable to create or sponsor new usTLD domain name registrations or initiate inbound transfers of Registered Names. Registrar's notice shall include a link to the notice of suspension from Neustar.
- 5.7.4. If Registrar acts in a manner that Neustar reasonably determines endangers the stability or operational integrity of the Internet, usTLD, or Neustar's network and upon notice does not immediately cure, Neustar may suspend this Agreement for five (5) working days pending Neustar's application for more extended specific performance or injunctive relief under Subsection 10.1. Suspension of the Agreement under this Subsection may, at Neustar's sole discretion, preclude the Registrar from (i) providing Registration Services for the usTLD delegated by Neustar on or after the date of delivery of such notice to Registrar and (ii) creating or sponsoring new Registered Names or initiating inbound transfers of Registered Names for any the usTLD. Registrar must also post the statement specified in Subsection 5.7.3.
- 5.8. **Effect of Termination.** Upon the expiration or termination of this Agreement for any reason:
- 5.8.1. Neustar will complete the registration of all domain names processed by Registrar prior to the effective date of such expiration or termination, provided that all Registrar's payments to Neustar for Fees are current and timely.
- 5.8.2. Registrar shall immediately transfer its sponsorship of Registered Names to another registrar in compliance with any procedures established or approved by Neustar.
- 5.8.3. All Confidential Information in the possession of the Receiving Party shall be immediately returned to the Disclosing Party.
- 5.8.4. All Fees and any other amounts owing to Neustar shall become immediately due and payable.
- 5.9. Resolution of Disputes Under this Agreement. Any and all disputes of any nature arising under or in connection with this Agreement, including requests for specific performance, shall be resolved through binding arbitration conducted as provided in this Section pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in the English language and shall occur in the District of Columbia, Washington, D.C., USA. There shall be three (3) arbitrators: each party shall choose one arbitrator, who together will select

a third; if the two arbitrators are not able to agree on a third arbitrator within fifteen (15) calendar days of the designation of the second arbitrator, the AAA shall choose the third. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety (90) calendar days of the selection of the third arbitrator. Any litigation brought to enforce an arbitration award shall be brought in a Commonwealth or federal court in the Eastern District of the Commonwealth of Virginia, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of a party during the pendency of an arbitration, each party shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or any court of competent jurisdiction located in the Eastern District of the Commonwealth of Virginia, USA, which shall not be a waiver of this arbitration agreement. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia (without regard to any rules or principles of conflicts of law that might look to any jurisdiction outside Virginia).

- 5.10. Limitations on Monetary Remedies for Violations of this Agreement. NEUSTAR'S AGGREGATE MONETARY LIABILITY FOR VIOLATIONS OF THIS AGREEMENT SHALL NOT EXCEED AN AMOUNT EQUAL TO THE FEES PAID BY REGISTRAR TO NEUSTAR UNDER SUBSECTION 3.7 OF THIS AGREEMENT DURING THE PRECEDING TWELVE-MONTH PERIOD. REGISTRAR'S MONETARY LIABILITY TO NEUSTAR FOR VIOLATIONS OF THIS AGREEMENT SHALL BE LIMITED TO FEES OWING TO NEUSTAR UNDER THIS AGREEMENT AND, EXCEPT IN THE CASE OF A GOOD FAITH DISAGREEMENT CONCERNING THE INTERPRETATION OF THIS AGREEMENT, REASONABLE PAYMENT TO NEUSTAR FOR THE REASONABLE AND DIRECT COSTS INCLUDING ATTORNEY FEES, STAFF TIME, AND OTHER RELATED EXPENSES ASSOCIATED WITH LEGITIMATE EFFORTS TO ENFORCE REGISTRAR COMPLIANCE WITH THIS AGREEMENT AND COSTS INCURRED BY NEUSTAR TO RESPOND TO OR MITIGATE THE NEGATIVE CONSEQUENCES OF SUCH BEHAVIOR FOR REGISTERED NAME HOLDERS AND THE INTERNET COMMUNITY. IN THE EVENT OF REPEATED WILLFUL MATERIAL BREACHES OF THE AGREEMENT, REGISTRAR SHALL BE LIABLE FOR SANCTIONS OF UP TO FIVE (5) TIMES NEUSTAR'S ENFORCEMENT COSTS, BUT OTHERWISE IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES FOR ANY VIOLATION OF THIS AGREEMENT.

6. REPRESENTATIONS AND WARRANTIES

- 6.1. Registrar. Registrar represents and warrants that: (1) it is an organization (e.g., corporation, partnership, limited liability company, government agency) duly formed, validly existing and in good standing under the laws of the [jurisdiction] (2) it has all requisite power and authority to execute, deliver and perform its obligations under this Agreement, (3) it is, and during the Term of this Agreement will continue to be, accredited by Neustar, (4) the execution, performance and delivery of this Agreement has been duly authorized by Registrar, (5) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by Registrar in order for it to enter into and perform all its obligations under this Agreement.
- 6.2. Neustar. Neustar represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under

this Agreement, (3) the execution, performance and delivery of this Agreement has been duly authorized by Neustar, and (4) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by Neustar in order for it to enter into and perform all its obligations under this Agreement.

7. CONFIDENTIALITY AND SECURITY

- 7.1. Use of Confidential Information. During the Term of this Agreement, each party (the "Disclosing Party") may be required to disclose its Confidential Information to the other Party (the "Receiving Party"). Each party's use and disclosure of the Confidential Information of the other party shall be subject to the following terms and conditions:
- 7.1.1. The Receiving Party shall treat as strictly confidential, and use all reasonable efforts to preserve the secrecy and confidentiality of, all Confidential Information of the Disclosing Party, including implementing reasonable physical security measures and operating procedures.
 - 7.1.2. Each Party agrees that it and any person to whom it grants access to the Confidential Information of the other Party shall at all times hold such Confidential Information in trust and in the strictest confidence, with appropriate security safeguards and shall not, except the purpose of exercising its right or performing its obligations under this Agreement, use, exploit, duplicate, recreate, display, decompile, reverse assemble, modify, translate, or create derivative works based upon such Confidential Information.
 - 7.1.3. The Receiving Party shall make no disclosures whatsoever of any Confidential Information of the Disclosing Party to others; provided, however, that if the Receiving Party is a corporation, partnership, or similar entity, disclosure is permitted to the Receiving Party's officers, employees, contractors and agents who have a demonstrable need to know such Confidential Information; further provided the Receiving Party shall advise such personnel of the confidential nature of the Confidential Information and of the procedures required to maintain the confidentiality thereof, and shall require them to acknowledge in writing that they have read, understand, and agree to be individually bound by the confidentiality terms of this Agreement.
 - 7.1.4. The Receiving Party shall not modify or remove any confidentiality legends and/or copyright notices appearing on any Confidential Information of the Disclosing Party.
 - 7.1.5. Notwithstanding the foregoing, this Subsection 7.1 imposes no obligation upon the parties with respect to information that (a) is disclosed with the Disclosing Party's prior written approval; or (b) is or has entered the public domain through no fault of the Receiving Party; or (c) is known by the Receiving Party prior to the time of disclosure; or (d) is independently developed by the Receiving Party without use of the Confidential Information; or (e) is made generally available by the Disclosing Party without restriction on disclosure.
 - 7.1.6. In the event the Receiving Party is required by law, regulation or court order to disclose any of Disclosing Party's Confidential Information, Receiving Party will promptly notify Disclosing Party in writing prior to making any such disclosure in order to facilitate Disclosing Party seeking a protective order or other appropriate remedy from the proper authority, at the Disclosing Party's expense. Receiving Party

agrees to cooperate with Disclosing Party in seeking such order or other remedy. Receiving Party further agrees that if Disclosing Party is not successful in precluding the requesting legal body from requiring the disclosure of the Confidential Information, it will furnish only that portion of the Confidential Information that is legally required.

- 7.1.7. The Receiving Party's duties under this Subsection 7.1 shall expire five (5) years after the information is received or earlier, upon written agreement of the parties.

8. Intellectual Property.

- 8.1. Subject to the licenses granted in this Agreement, each party will continue to independently own its intellectual property, including all patents, trademarks, trade names, service marks, copyrights, trade secrets, proprietary processes and all other forms of intellectual property. In addition, Registry Operator, or its suppliers and/or licensees, shall own all right, title and interest in and to the EPP, APIs, Registrar Tool Kits, and any software incorporated into the Registry System, as well as all intellectual property appurtenant thereto.
- 8.2. Without limiting the generality of the foregoing, no commercial use rights or any licenses under any patent, patent application, copyright, trademark, know-how, trade secret, or any other intellectual proprietary rights are granted by the Disclosing Party to the Receiving Party by this Agreement, or by any disclosure of any Confidential Information to the Receiving Party under this Agreement.

9. AMENDMENT AND WAIVER.

- 9.1. Except as set forth in Section 4, Subsection 5.3, this Section 9, Section 10.3 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 9 or Section 10.3 shall restrict Neustar and Registrar from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Section 9 or Section 10.3 shall be deemed to limit Registrar's obligation to comply with Section 4.

10. MISCELLANEOUS PROVISIONS.

- 10.1. Specific Performance. While this Agreement is in effect, either party may seek specific performance of any provision of this Agreement in the manner provided in Section 5.9, provided the party seeking such performance is not in material breach of its obligations.
- 10.2. Handling by Neustar of Registrar-Supplied Data. Before receiving any Personal Data from Registrar, Neustar shall specify to Registrar in writing the purposes for and conditions under which Neustar intends to use the Personal Data. Neustar may from time to time provide Registrar with a revised specification of such purposes and conditions, which specification shall become effective no fewer than thirty (30) days after it is provided to Registrar. Neustar shall not use Personal Data provided by Registrar for a purpose or under conditions inconsistent with the specification in effect when the Personal Data was provided. Neustar

shall take reasonable steps to avoid uses of the Personal Data by third parties inconsistent with the specification.

10.3. Assignment; Change of Ownership or Management.

10.3.1. Assignment to Successor usTLD Registry Operator. In the event the usTLD Agreement is terminated (and such termination is deemed final under the usTLD Agreement) or expires without entry by Neustar and DOC of a subsequent registry agreement, Neustar's rights under this Agreement may be assigned to an entity with a subsequent registry agreement covering the usTLD upon DOC's giving Registrar written notice within sixty (60) days of the termination or expiration, provided that the subsequent registry operator assumes all or substantially all of the duties of Neustar under this Agreement.

10.3.2. Assignment in Connection with Assignment of usTLD Agreement with DOC. In the event that the usTLD Agreement for the usTLD is validly assigned, Neustar's rights under this Agreement shall be automatically assigned to the assignee of the usTLD Agreement, provided that the assignee assumes all or substantially all of the duties of Neustar under this Agreement.

10.3.3. Written Agreement. Except as set forth in this Section 10.3, either party may assign or transfer this Agreement only with the prior written consent of the other party, which shall not be unreasonably withheld. If Neustar fails to expressly provide or withhold its consent to any requested assignment (an "Assignment Request") of this Agreement by Registrar within thirty (30) calendar days of Neustar's receipt of notice of such Assignment Request (or, if Neustar has requested additional information from Registrar in connection with its review of such request, sixty (60) calendar days of the receipt of all requested written information regarding such request) from Registrar, Neustar shall be deemed to have consented to such requested assignment. Notwithstanding the foregoing,

(i) Neustar may assign this Agreement without the consent of Registrar upon approval of Neustar Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of Neustar upon such assignee's express assumption of the terms and conditions of this Agreement,

(ii) Registrar may assign this Agreement without the consent of Neustar to a wholly-owned subsidiary of Registrar upon such subsidiary's express assumption of the terms and conditions of this Agreement, and

(iii) Neustar shall be deemed to have consented to an Assignment Request in which the assignee associated with such Assignment Request is a party to a separate registrar agreement with Neustar on the terms set forth in this Agreement (provided that such assignee is then in compliance with the terms and conditions of such agreement in all material respects), unless Neustar provides to Registrar a written objection to such Assignment Request within ten (10) calendar days of Neustar's receipt of notice of such Assignment Request pursuant to this Section 10.3.

To the extent that an entity acquires a Controlling interest in Registrar's stock, assets or business, Registrar shall provide Neustar notice within

seven (7) days of such an acquisition. Such notification shall include a statement that affirms that Registrar meets the Specification or Policy on Accreditation criteria then in effect, and is in compliance with its obligations under this Agreement. Within thirty (30) days of such notification, Neustar may request additional information from the Registrar establishing compliance with this Agreement, in which case Registrar must supply the requested information within fifteen (15) days. Any disputes concerning Registrar's continued Accreditation shall be resolved pursuant to Section 5.9.

- 10.4. Insurance. During the Term of this Agreement (including any renewal terms), Registrar shall have in place US\$500,000 in comprehensive legal liability insurance from a reputable insurance provider with an A.M. Best rating of "A" or better, or an equivalent form of legal liability coverage. Such insurance or coverage shall be used to indemnify and hold harmless Neustar and its employees, directors, officers, representatives, agents, affiliates, and stockholders from all costs and damages (including without limitation reasonable attorneys' fees) which it may suffer by reason of Registrar's failure to indemnify Neustar as provided above; provided, however, that Registrar's indemnity obligations under this Agreement shall **not** deemed to be limited by the amount of such insurance. Registrar shall provide a copy of the insurance policy to Neustar upon Neustar's request and shall name Neustar and the other Indemnified Persons as additional insured parties under that policy.
- 10.5. Third-Party Beneficiaries. The parties expressly agree that DOC is an intended third-party beneficiary of this Agreement. Otherwise, this Agreement shall not be construed to create any obligation by either party to any non-party to this Agreement, including any Registered Name Holder or reseller. Registrar acknowledges that nothing in this Agreement shall confer upon Registrar or any person or entity the status of an intended third-party beneficiary of the usTLD Agreement.
- 10.6. Relationship of the Parties. Nothing in this Agreement shall be construed as creating an employer-employee or agency relationship, a partnership or a joint venture between the parties.
- 10.7. Force Majeure. Except for the non-payment of Fees, neither party shall be liable to the other for any loss or damage resulting from any cause beyond its reasonable control (a "Force Majeure Event") including, but not limited to, insurrection or civil disorder, war or military operations, national or local emergency, acts or omissions of government or other competent authority, compliance with any statutory obligation or executive order, industrial disputes of any kind (whether or not involving either party's employees), fire, lightning, explosion, flood, subsidence, weather of exceptional severity, equipment or facilities shortages which are being experienced by providers of telecommunications services generally, or other similar force beyond such Party's reasonable control, and acts or omissions of persons for whom neither party is responsible. Upon occurrence of a Force Majeure Event and to the extent such occurrence interferes with either party's performance of this Agreement, such party shall be excused from performance of its obligations (other than payment obligations) during the first six (6) months of such interference, provided that such party uses commercially reasonable efforts to avoid or remove such causes of nonperformance as soon as possible.
- 10.8. Waivers. No failure on the part of either party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise or waiver of any such

power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. Neither party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

- 10.9. Attorneys' Fees. Except as otherwise may be provided in Subsection 10.1 above, if any legal action or other legal proceeding (including arbitration) relating to the performance under this Agreement or the enforcement of any provision of this Agreement is brought against a party hereto, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).
- 10.10. Further Assurances. Each party hereto shall execute and/or cause to be delivered to the other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request for the purpose of carrying out or evidencing any of the transactions contemplated by this Agreement.
- 10.11. Notices and Designations. All notices to be given under this Agreement shall be given in writing at the address of the appropriate party as set forth below, unless that party has given a notice of change of address in writing. Each party shall notify the other party within thirty (30) days of any change to its contact information. Any written notice required by this Agreement shall be deemed to have been properly given when delivered in person, when sent by electronic facsimile with receipt of confirmation of delivery, when scheduled for delivery by internationally recognized courier service, or when delivered by electronic means followed by an affirmative confirmation of receipt by the recipient's facsimile machine or email server. For any notice of a new Specification or Policy established in accordance with this Agreement, Registrar shall be afforded a reasonable period of time after notice of the establishment of such Specification or Policy is e-mailed to Registrar and posted on Neustar website in which to comply with that specification, policy or program, taking into account any urgency involved. Notices and designations by Neustar under this Agreement shall be effective when written notice of them is deemed given to Registrar.

If to Neustar, addressed to:

Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attention: Vice President, Registry Services
phone +1 (571) 434-5400
fax: +1 (571) 434-5735

With a copy to:
Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attention: General Counsel
phone +1 (571) 434-5400
fax: +1 (571) 434-5735

If to Registrar, addressed to:
[Registrar Name]
[Courier Address]
[Mailing Address]
Attention: []
Registrar Website URL: [URL]
Telephone: [telephone number] Facsimile: [fax
number]
e-mail: [e-mail address]

- 10.12. Dates and Times. All dates and times relevant to this Agreement or its performance shall be computed based on the date and time observed in Washington, District of Columbia, USA.
- 10.13. Language. All notices, designations, and Specifications or Policies made under this Agreement shall be in the English language.
- 10.14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 10.15. Entire Agreement. Except to the extent (a) expressly provided in a written agreement executed by both parties concurrently herewith or (b) of written assurances provided by Registrar to Neustar in connection with its Accreditation, this Agreement (including the specifications, which form part of it) constitutes the entire agreement of the parties pertaining to the Accreditation of Registrar and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.
- 10.16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement; (b) the balance of this Agreement shall be interpreted as if such provision were so excluded; and (c) the balance of this Agreement shall be enforceable in accordance with its terms.
- 10.17. Construction. The parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.
- 10.18. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia (without regard to any rules or principles of conflicts of law that might look to any jurisdiction outside Virginia).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.



.US DELEGATED MANAGER AGREEMENT

1. **INTRODUCTION.** In this .us Delegated Manager Agreement ("**Agreement**"), "we", "us" and "our" refer to Neustar, Inc. ("**usTLD Administrator**"), a Delaware corporation located at 46000 Center Oak Plaza, Sterling, Virginia 20166, and "you" and "your" refer to any person that serves as a delegated manager ("**Delegated Manager**") responsible for the maintenance, support and administration over .us locality domain names ("**Locality Names**") registered by localities, schools, state agencies, federal agencies, distributed national institutes, and general independent entities (collectively referred to as "**Registrants**"). This Agreement explains our obligations to you, and your obligations to us in relation to our .US domain registration services. If your .US domain name registration services for a particular Locality Name previously were provided under arrangement with any of our predecessors, including, but not limited to VeriSign, Inc., Network Solutions, Inc., or the Information Sciences Institute, University of Southern California (collectively referred to as "**Predecessors**"), your continued service as a Delegated Manager in the .US domain and the use of our .US domain name registration services constitutes your assent to the terms of this Agreement. If you submitted an application for our .US domain name registration services, the Effective Date of this Agreement shall be the date of our acceptance of your application. If you previously received .US domain name registration services from any Predecessor, the Effective Date of this Agreement is October 12, 2005.

2. **TERM.** The term of this Agreement is from the Effective Date to the date on which the usTLD Administrator has no further obligation to render .US Top Level Domain ("**TLD**") administration services under any agreement with the United States Government, or until earlier terminated pursuant to Section 26 hereof (the "**Initial Term**").

3. **FEES.** Any fees charged by Delegated Managers for locality domain names must be fair and reasonable and in accordance with standards and policies set forth in this Agreement.

4. **TRANSFERS OF DELEGATION.** A Delegated Manager may not transfer any delegation to a third party without the express written consent of the usTLD Administrator. In the event that such a transfer is approved by the usTLD Administrator, the new delegated manager must agree to accept all existing sub-delegations and abide by the terms and conditions of this Agreement.

5. **COMPLIANCE WITH RFC 1480, AND ANY SUCCESSOR.** As a Delegated Manager, you hereby agree to provide Delegated Manager services consistent with the requirements set forth in this Agreement. In addition, you are responsible for knowing and agree to abide by the requirements for naming structure, registration, and database information specified in the third party document known as RFC 1480 (currently located at <http://www.ietf.org/rfc/rfc1480.txt?number=1480>), as supplemented by the rules and procedures on the official .us web site at <http://www.nic.us>, which may be amended from



time to time. In addition, a Delegated Manager that intends to re-delegate a locality name must adhere to the rules located at <http://www.nic.us/register/locality.html> as may be amended from time to time. In the event that any provision in this Agreement conflicts with any of those contained within RFC 1480, the provisions of this Agreement shall control.

6. NAME SERVERS. You agree to maintain a minimum of two operational name servers for the specified domain name.

7. ZONE TRANSFERS. You or your Internet Service Provider authorizes us to perform AXFR zone transfers. You or your Internet Service Provider are required to take all steps necessary to enable the hosts at the usTLD Administrator (**LIST IP ADDRESSES**)) to perform .US zone transfers. The usTLD Administrator reserves the right to change the list of IP Addresses above at any time, at its sole discretion.

8. RESPONSIBILITY FOR CUSTOMER SUPPORT. As a Delegated Manager, you are responsible for (i) accepting and processing orders for Locality Names from all Registrants that are qualified to register Locality Names under this Agreement, and (ii) providing customer service (including domain name record support) and technical support to such Registrants. This includes entering into domain name registration services contracts with Registrants, collecting registration data about the Registrants, and submitting registration information for entry in the usTLD registry database in compliance with this agreement ("**Delegated Manager Services**").

9. EQUAL ACCESS TO ALL REGISTRANTS OF LOCALITY NAMES. By accepting your role as a Delegated Manager, you hereby commit to providing all current and prospective Registrants equivalent access to Delegated Manager Services. You shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out any Registrant for disparate treatment unless justified by substantial and reasonable cause. In addition, you may not deny any registrations to any prospective Registrant that meets the qualifications set forth in this Agreement.

10. U.S. NEXUS REQUIREMENT AND OTHER POLICIES. You and each of Your Registrants must meet the U.S. Nexus requirements as set forth in the "usTLD Nexus Requirements" document on the usTLD website at http://www.nic.us/policies/docs/ustld_nexus_requirements.pdf. In addition, you agree to abide by all policies established from time-to-time by the usTLD Administrator and published on the usTLD website.

11. DELEGATED MANAGER'S REGISTRATION AGREEMENT WITH REGISTRANTS. At all times during the Term of this Agreement, you shall have in effect an electronic or paper registration agreement with each Registrant of a Locality Name (a "Registration Agreement"). You shall, if so requested by the usTLD Administrator from time to time, promptly furnish to us a copy of each general form of Registration Agreement you use with Registrants. You shall include in each Registration Agreement those terms specifically required by this Agreement and other terms that are



consistent with your obligations to the usTLD Administrator under this Agreement and that will ensure ongoing compliance with this Agreement. Each Registration Agreement shall require that each Registrant agree to comply with the following:

- a. usTLD Dispute Resolution Policy and Rules
(<http://www.nic.us/policies/docs/usdrp.pdf>)
- b. The usTLD Nexus Requirements
(http://www.nic.us/policies/docs/ustld_nexus_requirements.pdf)
- c. Nexus Dispute Policy and Rules
(http://www.nic.us/policies/docs/nexus_dispute_policy.pdf)
- d. Registration Review Policy (April 22, 2002)
(<http://www.nic.us/policies/index.html>)

Each Registration Agreement shall also provide notice to the registrant that the WHOIS data of registrants will be made available through a publicly accessible WHOIS database.

12. DOC/USTLD ADMINISTRATOR REQUIREMENTS. The usTLD Administrator's obligations hereunder are subject to modification at any time as the result of DoC-mandated requirements from time to time. Notwithstanding anything in this Agreement to the contrary, you shall comply with any such requirements or policies in accordance with the DoC required timelines.

13. SUB-DELEGES. A Delegated Manager may, at its discretion from time to time, designate one or more sub-delegees (each a "Sub-delegee") that will be permitted to provide Delegated Manager Services for Locality Names consistent with those permitted of you under this Agreement. You shall enter into a written agreement with each of your Sub-delegees (a "Sub-delegee Agreement"), which will ensure compliance with this Agreement and include sufficient terms and conditions to obligate each Sub-delegee to abide by all terms and conditions and all your obligations set forth in this Agreement. You shall be primarily liable for all acts or omissions of your Sub-delegee, and the usTLD Administrator's obligations under this Agreement shall not be increased due to your appointment of Sub-delegees. Further, in Your Sub-delegee Agreement with each Sub-delegee, you shall require such Sub-delegee to indemnify, defend and hold harmless the usTLD Administrator, and its directors, officers, employees, representatives, agents, affiliates, and stockholders from and against any and all claims, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to any activities of such Sub-delegee. Each such Sub-delegee Agreement shall further require that this indemnification obligation survive the termination or expiration of that agreement.

14. SUB-DELEGATION RESPONSIBILITIES. In the event sub-delegation records exist for the Locality Name you are registering, You agree to accept and manage the sub-delegation records and place the zone file we provide to you on your servers and ensure that all sub-delegation records are in accordance with this agreement. You must complete this task within seven (7) calendar days from your receipt of our zone file.

15. ACCURACY OF INFORMATION. In addition to submitting the data required by the usTLD Administrator to serve as the Delegated Manager for Locality Names, you are hereby required to submit the following data to the usTLD Administrator for each Locality Name under your control: (i) the Locality Name(s); (ii) the name, postal address e-mail address, voice telephone number and where available the fax number; (iii) the name(s), postal address(es), e-mail address(es), voice telephone number and where available the fax number(s) of the technical and administrative contacts for that Locality Name(s); (iv) the Internet protocol numbers of the primary nameserver and secondary nameserver(s) for such domain name(s); (v) the corresponding names of those nameservers; (vi) the original creation date of the Locality Name (as reflected in the usTLD database; and (vii) the expiration date (if any) of the Locality Names (collectively referred to as “**Data**”). You hereby certify that all data provided by you is, and will remain, true, correct, current, and complete. Furthermore, you shall require each Registrant of Locality Names to certify in their completed Registrant Agreements that all of information submitted in its domain name registration application is true, correct, current, and complete. The Registration Agreement shall also provide that a Registrant's willful or grossly negligent provision of inaccurate or unreliable information, its willful or grossly negligent failure promptly to update information provided to you shall constitute a material breach of the Registration Agreement with you and serve as a basis for cancellation of that registration.

16. ENFORCEMENT OF ACCURATE DATA

- a. You shall accept written complaints from third parties regarding false and/or inaccurate WHOIS data of Registrants.
- b. No later than thirty (30) days after receipt of a written complaint, you shall conduct an initial investigation into the veracity and accuracy of the contact details. If you determine that the information is false, inaccurate or not up to date, you shall issue a letter to the Registrant via e-mail, and regular first class mail, stating that the information contained in the Registrant's WHOIS record may be false, inaccurate or not up to date.
- c. The Registrant shall be required to update its contact information no later than thirty (30) calendar days from the date of such notice. If, within thirty (30) days, Registrant can either (i) show that it has not provided false or inaccurate contact information or (ii) provide the updated WHOIS information, then the registrant will be allowed to maintain its usTLD domain name registration. If, however, after thirty (30) days, the registrant either does not respond to Your notice or is unable to provide true and accurate contact information, the registrant shall be deemed to have breached its registration agreement and you shall be required to notify the usTLD Administrator in writing, terminate the registration, and provide any existing contact information to the usTLD Administrator.



17. USTLD ADMINISTRATOR'S DISCLOSURE OF CERTAIN INFORMATION.

Subject to the requirements of our privacy statement, in order for us to comply with the current rules and policies for the usTLD, you hereby grant to the usTLD Administrator the right to disclose Data to third parties through an interactive publicly accessible registration database. You also grant to the usTLD Administrator the right to make this information available in bulk form to third parties who agree not to use it to (a) allow, enable or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via telephone, facsimile, or e-mail (spam) or (b) enable high volume, automated, electronic processes that apply to our systems to register domain names.

18. U.S. GOVERNMENTS RIGHTS IN DATA. You understand and agree that the U.S. Government shall have the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose whatsoever and to have or permit other to do so, all data provided by you, your Sub-Delegees and your Registrants.

19. DOMAIN NAME DISPUTES.

- a. **Bad Faith Registrations.** As a Delegated Manager in the usTLD, you and your Registrants agree to be bound by the usTLD Dispute Resolution Policy and Rules, that is incorporated herein and made a part of this Agreement by reference. The current version of the usTLD Dispute Resolution Policy and Rules can be found at <http://www.neustar.us/policies/docs/usdrp.pdf>.
- b. **Disputes with Registrants.** In the event that a domain name dispute arises over a Locality Name, in which the Registrant of the Locality Name challenges your authority to serve as the Delegated Manager of the Locality Name, usTLD Administrator reserves the right, at its sole discretion, to take back and administer the entire delegation pending the outcome of such dispute. The usTLD Administrator also reserves the right in such case to provide service, at its sole discretion, to the Registrant pending the outcome of the dispute. You hereby agree and acknowledge that in such an event, you will indemnify and hold us harmless pursuant to the terms and conditions set forth in this Agreement to the extent not prohibited by law.
- c. In the event of any dispute, we reserve the right to prevent changes to your Locality Name records until (i) we are directed to do so by a judicial or administrative body, or (ii) we receive notification by you and the contesting party that the dispute has been settled. Furthermore, you agree that if you are subject to litigation, arbitration or administrative proceeding regarding a locality domain name registration and/or use of our domain name registration services, we may deposit control of that domain name record into the registry of the judicial, arbitration or administrative body by supplying to that body a certificate from us. In the event such control is deposited with the judicial, arbitration or administrative body, you may not be able to either (i) make changes to the domain name record, and/or (ii) use or allow the use of the



domain name during the pendency of the dispute. We will abide by the outcome of the judicial, arbitration or administrative proceeding upon receipt of a final order or award.

20. NOTICES AND ANNOUNCEMENTS. You authorize us to notify you, of information that we deem is of potential interest to you. Notices and announcements may include e-mails sent to the administrative and technical contacts, and other notices describing changes, upgrades, and new services or other information pertaining to the .us top-level domain.

21. INDEMNIFICATION. You, at your own expense and within thirty (30) days after presentation of a demand by usTLD Administrator under this Section, will indemnify, defend and hold harmless usTLD Administrator and its directors, officers, employees, representatives, agents, affiliates, and stockholders (along with usTLD Administrator, each an "Indemnified Person"), against any claim, suit, action, other proceeding of any kind (a "**Claim**") brought against that Indemnified Person based on, arising from, or relating in any way to: (i) any of your products or services; (ii) any agreement, including your dispute policy, with any Registrant or Sub-delegee; or (iii) your business, including, but not limited to, your advertising, domain name application process, systems and other processes, fees charged, billing practices and customer service, or any other business conducted by You; provided, however, that in any such case: (a) usTLD Administrator or any other Indemnified Person provides you with reasonable prior notice of any such Claim, and (b) upon your written request, the usTLD Administrator or any other Indemnified Person will provide to you all available information and assistance reasonably necessary for you to defend such Claim; provided further that you reimburse the usTLD Administrator and such other Indemnified Persons for their actual and reasonable costs incurred in connection with providing such information and assistance. You will not enter into any settlement or compromise of any such indemnifiable Claim with respect to a particular Indemnified Person without the prior written consent of such Indemnified Person, which consent shall not be unreasonably withheld. You will pay any and all costs, damages, liabilities, and expenses, including, but not limited to, reasonable attorneys' fees and costs awarded against or otherwise incurred by the usTLD Administrator and other Indemnified Persons in connection with or arising from any such indemnifiable Claim.

22. RESERVATION OF RIGHTS. The usTLD Administrator reserves the right to deny, cancel or transfer any registration that it deems necessary, in its discretion, or at the direction of the U.S. Government: (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, in compliance with any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of the usTLD Administrator, as well as its affiliates, subsidiaries, officers, directors, representatives, employees, and stockholders; (4) for violations of this Agreement; or (5) to correct mistakes made by the usTLD Administrator or you in connection with a domain name registration. The usTLD Administrator also reserves the right to lock a domain name during resolution of a dispute.

23. Limitation of Liability. EXCEPT WITH RESPECT TO YOUR INDEMNIFICATION OBLIGATIONS SET FORTH ELSEWHERE IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES FOR ANY VIOLATIONS OF, OR CAUSES OF ACTION RELATING TO OR ARISING FROM, THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL THE USTLD ADMINISTRATOR'S LIABILITY UNDER THIS AGREEMENT EXCEED \$1000.00.

24. BREACH. You agree that your failure to abide by any provision of this Agreement, any usTLD Administrator operating rule or policy, or your willful provision of inaccurate or unreliable information as part of the application process, or your failure to update your information to keep it current, complete or accurate, or your failure to respond for over fifteen (15) calendar days to inquiries from us regarding your registrant's domain name registration may be considered by us to be a material breach and that we may provide a written notice, describing the breach, to you. If within ten (10) calendar days of the date of such notice, you fail to provide evidence, which is reasonably satisfactory to us, that you have not breached your obligations under the Agreement, then we may delete the registration or reservation of your domain name and/or terminate the other usTLD Administrator service(s) you are using without further notice. Any such breach by you shall not be deemed to be excused simply because we did not act earlier in response to that, or any other breach, by you.

25. NO GUARANTY. You agree that registration of a locality domain name does not confer immunity from objection to either the registration or use of that name.

26. REPRESENTATIONS AND WARRANTIES. You agree and warrant that: (i) the information that you or your agent on your behalf provide to the usTLD Administrator under this Agreement is, to the best of your knowledge and belief, accurate, current, and complete, and that any future changes to this information will be provided to us in a timely manner according to the modification procedures in place at that time, (ii) to the best of your knowledge and belief neither the registration of the locality domain name nor the manner in which it is intended for use directly or indirectly infringes the legal rights of a third party, (iii) you have all requisite power and authority to execute this Agreement and to perform your obligations hereunder, and (iv) you are of legal age to enter into this Agreement. You agree that your use of our service(s) is solely at your own risk. You agree that all of our services are provided on an "as is" and "as available" basis.

27. DISCLAIMER OF WARRANTIES. WE EXPRESSLY DISCLAIM ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. WE MAKE NO WARRANTY THAT OUR SERVICE(S) WILL MEET YOUR REQUIREMENTS, OR THAT THE SERVICE(S) WILL BE UNINTERRUPTED,



TIMELY, SECURE, OR ERROR FREE; NOR DO WE MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICE(S) OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH OUR .US DOMAIN NAME REGISTRATION SERVICE.

28. TERMINATION. We may terminate this Agreement at any time for any reason by giving you 15 days prior notice. You agree that we may terminate this Agreement if the information that you are obligated to provide under this Agreement , or that you subsequently modify, contains false or misleading information, or conceals or omits any information. Furthermore, you agree that we may suspend, cancel or transfer your domain name registration services in order to: (i) correct mistakes made by us, a delegated domain manager, or the registry in registering your chosen domain name, (ii) resolve a dispute under Section 17, DOMAIN NAME DISPUTES, (iii) enforce the policies of the usTLD Administrator, or (iv) in the event a successor usTLD Administrator is chosen. We may terminate this Agreement if the third-level, fourth-level or higher level Locality Name under which your Locality Name is registered is re-delegated to a third-party in accordance with Section 3, COMPLIANCE WITH RFC 1480. You shall inform the usTLD Administrator at least 15 days before voluntarily relinquishing registered domain names or choosing to no longer serve as a Delegated Manager in the usTLD.

29. MODIFICATIONS TO AGREEMENT. Except as otherwise provided in this Agreement, you agree, during the term of this Agreement, that we may: (1) revise the terms and conditions of this Agreement; and/or (2) change any part of the services provided under this Agreement at any time. We will attempt to post any such modification on the US Web site at least thirty (30) calendar days before it becomes effective. Any such revision or change will be binding and effective upon the date specified. You agree to periodically review our Web sites, including the current version of this Agreement available on our Web sites, to be aware of any such revisions. If you do not agree with any revision to the Agreement, you may terminate this Agreement at any time by providing us with notice by e-mail to support.us@neustar.us or United States mail addressed as follows, Attention: Neustar, Inc., c/o Registry Services, 1650 Lyndon Farm Court, Louisville, KY 40223. Notice of your termination will be effective on receipt by us. By continuing to use usTLD Administrator services after any revision to this Agreement or change in service(s), you agree to abide by and be bound by any such revisions or changes. We are not bound by nor should you rely on any representation by (i) any agent, representative or employee of any third party that you may use to apply for our services; or in (ii) information posted on our Web site of a general informational nature. No customer service employee, contractor, agent or representative of usTLD Administrator is authorized to alter or amend the terms and conditions of this Agreement.

30. NO THIRD-PARTY BENEFICIARIES. This Agreement shall not be construed to create any obligation by the usTLD Administrator to any non-party to this Agreement.



31. SEVERABILITY. You agree that the terms of this Agreement are severable. If any term or provision is declared invalid or unenforceable, that term or provision will be construed consistent with applicable law as nearly as possible to reflect the original intentions of the parties, and the remaining terms and provisions will remain in full force and effect.

32. ENTIRETY. You agree that this Agreement, the locality domain name application, the rules and policies published by us, and the privacy statement constitute the complete and exclusive agreement between you and us regarding our services. This Agreement, our rules and policies, the dispute policy and the privacy statement supersede all prior agreements and understandings, whether established by custom, practice, policy or precedent.

33. DISPUTE RESOLUTION; GOVERNING LAW. Any and all disputes of any nature arising under or in connection with this Agreement, including requests for specific performance, shall be resolved through binding arbitration conducted as provided in this Section pursuant to the rules of the American Arbitration Association (“AAA”). The arbitration shall be conducted in the English language and shall occur in the County of Fairfax, in the Commonwealth of Virginia, USA. There shall be three (3) arbitrators: each party shall choose one arbitrator, who together will select a third; if the two arbitrators are not able to agree on a third arbitrator within fifteen (15) calendar days of the designation of the second arbitrator, the AAA shall choose the third. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys’ fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys’ fees in conjunction with their award. The arbitrators shall render their decision within ninety (90) calendar days of the selection of the third arbitrator. Any litigation brought to enforce an arbitration award shall be brought in a Commonwealth or federal court in the Eastern District of the Commonwealth of Virginia, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of a party during the pendency of an arbitration, each party shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or any court of competent jurisdiction located in the Eastern District of the Commonwealth of Virginia, USA, which shall not be a waiver of this arbitration agreement. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia (without regard to any rules or principles of conflicts of law that might look to any jurisdiction outside Virginia).

34. AGREEMENT TO BE BOUND. By accepting your role as a Delegated Manager in the usTLD and by using the service(s) provided by the usTLD Administrator under this Agreement, you acknowledge that you have read and agree to be bound by all terms and conditions of this Agreement and any pertinent rules or policies that are or may be published by the usTLD Administrator.



Delegated Manager

Signature: _____

Print Name: _____

Title: _____

Date: _____

Email: _____

Mailing Address: _____

Phone: _____

Fax: _____

.US TLD Administrator Neustar Inc.

Signature: _____

Print Name: _____

Title: _____

Date: _____

.US Locality Domain Name Registration Terms and Conditions

1. **Introduction.** This .US Locality Domain Name Registration Terms and Conditions document (the “Terms & Conditions”), sets forth the terms and conditions governing Registrant’s use the registered .us locality domain name(s) set forth on Exhibit A from NeuStar, Inc., acting in its capacity as the usTLD Administrator. Any acceptance of Registrant’s application or requests for Service and the performance of usTLD Administrator’s Service will occur at NeuStar, Inc., 46000 Center Oak Plaza, Sterling, Virginia 20166, provided however that usTLD Administrator may, in its sole discretion, change this location.
2. **Term.** The term of this Agreement shall commence on the Effective Date and shall expire on the date in which the usTLD Administrator has no further obligation to render .US Top Level Domain (“TLD”) administration services under an agreement with the United States Government, or unless earlier terminated in accordance with the terms and conditions herein (the “Term”).
3. **Definitions.**
 - a. “Registered Name” refers to the domain name(s) within the domain of the usTLD set forth in Exhibit A, about which usTLD Administrator or an affiliate engaged in providing usTLD services maintains data in a usTLD Database.
 - b. “Registrant” refers to the holder of a domain name in the usTLD locality space.
 - c. “Service” means services provided by the usTLD Administrator in connection with the locality space of the usTLD under these Terms & Conditions.
 - d. “usTLD” means the .us country code top-level domain.
 - e. “usTLD Administrator” means NeuStar, Inc.
 - f. “usTLD Database” means a database comprised of data about one or more DNS domain names within the domain of the usTLD that is used to generate either DNS resource records that are published authoritatively or responses to domain-name availability lookup requests or WHOIS queries, for some or all of those names.
4. **The Service.** usTLD Administrator shall provide to Registrant (i) Service to accept and process orders for Registered Names; and (ii) customer service (including domain name record support), billing and technical support to Registrants.
5. **Transfers of Delegations.** Registrant may not transfer any delegation to a third party without the express written consent of the usTLD Administrator. In the event that such a transfer is approved by the usTLD Administrator, the new delegated manager must agree to abide by the terms and conditions of this Agreement. Any attempt by Registrant’s creditors to obtain an interest in Registrant’s rights under this Agreement, whether by attachment, levy, garnishment or otherwise, renders this Agreement voidable at usTLD Administrator’s option. Registrant agrees not to resell the Registered Name without the usTLD Administrator’s prior express written consent.

6. **Termination.**
- a. **Termination by Registrant.** Registrant may terminate this Agreement at any time upon at least thirty (30) days written notice to usTLD Administrator for any or no reason.
 - b. **Termination by usTLD Administrator.** usTLD Administrator may terminate this Agreement at any time upon written notice in the event any of the following occurs:
 - i. Registrant willfully or negligently (i) provides usTLD Administrator inaccurate or unreliable information or (ii) fails to promptly update information provided to usTLD Administrator pursuant to this Agreement;
 - ii. Registrant fails to abide by the Nexus Requirements set forth in Section 8 of this Agreement; or
 - iii. Registrant breaches an obligation of this Agreement, other than those obligations set forth in 6(b)(i) or 6(b)(ii) and fails to cure such breach within ten (10) days of receipt of notice from usTLD Administrator.
 - iv. Registrant sublicenses or sub-delegates the use of its locality domains to a third party. In such event, Registrant agrees unconditionally to become a Delegated Manager which is governed under the terms and conditions of the .US Delegated Manager agreement located on the usTLD Administrator's website at: <http://www.us/policies/docs/DMAgreementMAR061.pdf>.
 - c. **Effect of Termination.** Upon termination or discontinuance of this Agreement for any reason, usTLD Administrator may delete the Registrant's Domain Name, in accordance with usTLD Administrator's then-current policies and procedures.
7. **Name Servers.** You agree to maintain a minimum of two operational name servers for the specified domain name.
8. **.US Policy Requirements.** Registrant shall comply with the following policies adopted by the usTLD Administrator:
- a. usTLD Dispute Resolution Policy and Rules (<http://www.nic.us/policies/docs/usdrp.pdf>)
 - b. The usTLD Nexus Requirements (http://www.nic.us/policies/docs/ustld_nexus_requirements.pdf)
 - c. Nexus Dispute Policy and Rules (http://www.nic.us/policies/docs/nexus_dispute_policy.pdf);
 - d. Those policies in RFC 1480 applicable to .us domain name registrants, currently located at <http://www.ietf.org/rfc/rfc1480.txt?number=1480>, as supplemented by the rules and procedures on the official .us web site at <http://www.nic.us>, which may be amended from time to time; and
 - e. Registration Review Policy (April 22, 2002) (<http://www.nic.us/policies/index.html>).
9. **DOC/USTLD Administrator Requirements.** The usTLD Administrator's obligations hereunder are subject to modification at any time as the result of the United States Department of Commerce

("DoC")-mandated requirements from time to time. Notwithstanding anything in this Agreement to the contrary, you shall comply with any such requirements or policies in accordance with the DoC required timelines.

10. **Accuracy of Information.** Registrant hereby certifies that (i) all data provided by Registrant in the domain name registration application is true, correct, up to date and complete (ii) usTLD Administrator will maintain and update, by providing notice to Registrant pursuant to this Agreement, the information contained in the domain name registration application as needed to keep such data true, correct, up to date and complete at all times.
11. **USTLD Administrator's Disclosure Of Certain Information / WHOIS.** Subject to the requirements of our privacy statement, in order for us to comply with the current rules and policies for the usTLD, you hereby grant to the usTLD Administrator the right to disclose Data to third parties through an interactive publicly accessible registration database known as the "WHOIS Database," currently located at <http://www.whois.us>. You also grant to the usTLD Administrator the right to make this information available in bulk form to third parties who agree not to use it to (a) allow, enable or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via telephone, facsimile, or e-mail (spam) or (b) enable high volume, automated, electronic processes that apply to our systems to register domain names.
12. **Use of Data.** Government Use of Data. Registrant understands and agrees that the U.S. Government shall have the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose whatsoever and to have or permit other to do so, all Data provided by Registrant. For purposes of this Section 12, "Data" means any recorded information, and includes without limitation, technical data and computer software, regardless of the form or the medium on which it may be recorded.
13. **Privacy.** Subject to the provisions in Section 11 and 12 above, all data or information collected pursuant to this agreement shall be used or disclosed only according to the NeuStar Privacy Policy (http://www.nic.us/policies/docs/us_privacy.pdf). This policy is available, as modified from time-to-time at www.neustar.us.
14. **Exclusive Remedy.** REGISTRANT AGREES THAT USTLD ADMINISTRATOR'S ENTIRE LIABILITY, AND REGISTRANT'S EXCLUSIVE REMEDY, IN LAW, IN EQUITY, OR OTHERWISE, WITH RESPECT TO THE SERVICE PROVIDED HEREUNDER AND/OR FOR ANY BREACH OF THIS AGREEMENT IS SOLELY LIMITED TO ONE HUNDRED DOLLARS. IN NO EVENT SHALL USTLD ADMINISTRATOR, ITS LICENSORS AND CONTRACTORS (INCLUDING THIRD PARTIES) BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES EVEN IF USTLD ADMINISTRATOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE EXTENT THAT A STATE DOES NOT PERMIT THE EXCLUSION OR LIMITATION OF LIABILITY AS SET FORTH HEREIN USTLD ADMINISTRATOR'S LIABILITY IS LIMITED TO THE EXTENT PERMITTED BY LAW IN SUCH STATES. usTLD Administrator and its licensors disclaim any and all loss or liability resulting from, but not limited to: (1) loss or liability resulting from access delays or access interruptions; (2) loss or liability resulting from data non-delivery or data mis-delivery; (3) loss or liability resulting from acts of god or other events or circumstances not reasonably under usTLD Administrator's control; (4) loss or liability resulting

from Registrant's use of the Registered Name; (5) loss or liability resulting from errors, omissions, or misstatements in any and all information or Service; (6) loss or liability relating to the deletion of or failure to store e-mail messages; (7) loss or liability resulting from the development or interruption of Registrant's web site or usTLD Administrator's web site; (8) loss or liability that Registrant may incur in connection with Registrant's processing of Registrant's application for the Service, usTLD Administrator's processing of any authorized modification to Registrant's domain name record or Registrant's agent's failure to pay any fees, including the initial registration fee or re-registration fee; (9) loss or liability as a result of the application of usTLD Administrator's dispute policy or policies of the UsTLD Administrator; or (10) loss or liability relating to limitations, incompatibilities, defects, or other problems inherent in XML or any other standard not under usTLD Administrator or usTLD Administrator's agent's sole control.

15. **Registrant Representations.** The Registrant represents and certifies that, to the best of the Registrant's knowledge and belief, (i) neither the registration of the Registered Name nor the manner in which it is directly or indirectly used infringes the legal rights of any third party (ii) the Registrant has the requisite power and authority to enter into this Agreement and to perform the obligations hereunder (iii) Registrant has and shall continue to have a lawful bona fide U.S. Nexus as defined in Section 8 of this Agreement and qualifies to register to use a Registered Name (iv) Registrant is of legal age to enter into this Agreement; and (vi) Registrant agrees to comply with all applicable laws and regulations and policies of the usTLD Administrator as updated from time to time on the usTLD website.
16. **Registry Disclaimer of Warranties.** REGISTRANT AGREES THAT THE USE OF THE SERVICE OR USTLD ADMINISTRATOR'S LICENSORS' SERVICES IS SOLELY AT REGISTRANT'S OWN RISK. REGISTRANT AGREES THAT THE SERVICE IS PROVIDED ON AN "AS IS," AND "AS AVAILABLE" BASIS, EXCEPT AS OTHERWISE NOTED IN THIS AGREEMENT. USTLD ADMINISTRATOR AND ITS LICENSORS EXPRESSLY DISCLAIM ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. NEITHER usTLD ADMINISTRATOR NOR ITS LICENSORS MAKE ANY WARRANTY THAT THE SERVICE PROVIDED HEREUNDER WILL MEET REGISTRANT'S REQUIREMENTS, OR THAT THE SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES USTLD ADMINISTRATOR OR ITS LICENSORS MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICE(S) OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE SERVICE. REGISTRANT UNDERSTANDS AND AGREES THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE SERVICE IS DONE AT REGISTRANT'S OWN DISCRETION AND RISK AND THAT REGISTRANT WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO ITS COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA.
17. **Indemnity.**
 - a. Registrant shall indemnify, defend and hold harmless usTLD Administrator. and its directors, officers, employees, representatives, agents, affiliates, and stockholders from and

against any and all claims, suits, actions, other proceedings, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to the Registrant's (i) domain name registration and (ii) use of any Registered Name. This indemnification obligation shall survive the termination, expiration or cancellation of the Agreement.

- b. Registrant agrees to release, indemnify, defend and hold harmless usTLD Administrator, (including in usTLD Administrator's capacities as the usTLD Administrator or as an usTLD Administrator for domain names, and the applicable registry for any top-level domain in which Registrant is applying for services hereunder), and any of usTLD Administrator's contractors, agents, employees, officers, directors, shareholders, affiliates and assigns from all liabilities, claims, damages, costs and expenses, including reasonable attorneys' fees and expenses, of third parties relating to or arising out of (a) this Agreement or the breach of Registrant's warranties, representations and obligations under this Agreement, (b) the Service or the use of such services, including without limitation infringement or dilution by Registrant, or someone else using the Service from Registrant's computer, (c) any intellectual property or other proprietary right of any person or entity, (d) a violation of any of usTLD Administrator's operating rules or policies relating to the Service provided, or (e) any information or data Registrant supplied to usTLD Administrator, including, without limitation, any misrepresentation in its application, if applicable. When usTLD Administrator is threatened with suit or sued by a third party, it may seek written assurances from Registrant concerning Registrant's promise to indemnify usTLD Administrator. Registrant's failure to provide those assurances may be considered a material breach of this Agreement. usTLD Administrator shall have the right to participate in any defense by Registrant of a third-party claim related to Registrant's use of any of the Service, with counsel of usTLD Administrator's choice at its own expense. usTLD Administrator shall reasonably cooperate in the defense at Registrant's request and expense. Registrant shall have sole responsibility to defend usTLD Administrator against any claim, but Registrant must receive Registrant's prior written consent regarding any related settlement. The terms of this paragraph will survive any termination or cancellation of this Agreement.

18. **Modification to the Terms and Conditions.** Except as otherwise provided in these Terms & Conditions, Registrant agrees that usTLD Administrator may: (1) revise these Terms & Conditions; and/or (2) change part of the Service at any time. Any such revision or change will be binding and effective 30 days after posting the revised Terms and Conditions or change to the Service on usTLD Administrator's web site, or upon notification to Registrant by e-mail or United States mail. Registrant agrees to periodically review usTLD Administrator's Web sites, including the current version of these Terms & Conditions available on usTLD Administrator's Web sites, and to be aware of any such revisions. If Registrant does not agree with any revision to the Terms & Conditions, it may terminate its registration by so notifying usTLD Administrator. Notice of termination will be effective on receipt and processing by usTLD Administrator. If Registrant terminates pursuant to this provision, any fees paid by Registrant are nonrefundable.
19. **Agents.** Registrant agrees that, if any of its agents, (e.g., its administrative contact, Internet Service Provider, employees) purchases the Service on Registrant's behalf, Registrant is nonetheless bound as a principal by all terms and conditions herein, including the domain name dispute policy. Registrant's continued use of the Service ratifies any unauthorized actions of its agent. By using

Registrant's login name, account number or password, or otherwise purporting to act on its behalf, the Registrant's agent certifies that he or she is authorized to apply for the Service on Registrant's behalf, that he or she is authorized to bind Registrant to the terms and conditions of this Agreement, that he or she has apprised Registrant of the terms and conditions of this Agreement, and that he or she is otherwise authorized to act on Registrant's behalf. In addition, Registrant is responsible for any errors made by its agent.

20. **Reservation of Rights.** usTLD Administrator and usTLD Administrator reserves the right, with no liability to Registrant to deny, cancel or transfer any registration that they deem necessary, in their discretion; (1) to protect the integrity and stability of the usTLD Administrator; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, in compliance with any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of usTLD Administrator or usTLD Administrator, as well as their affiliates, subsidiaries, officers, directors, representatives, employees, and stockholders; (4) for violations of these Terms & Conditions; or (5) to correct mistakes made by usTLD Administrator or usTLD Administrator in connection with a domain name registration. usTLD Administrator and usTLD Administrator also reserve the right to freeze a domain name during resolution of a dispute.
21. **Notices and Announcements.** Registrant authorizes usTLD Administrator to notify Registrant, as usTLD Administrator's customer, of information that usTLD Administrator deems is of potential interest to Registrant. Notices and announcements may include commercial e-mails and other notices describing changes, upgrades, new products and services or other information pertaining to Internet security or to enhance Registrant's identity on the Internet and/or other relevant matters. All notices must be sent either in writing or by e-mail, but only to the extent expressly provided herein. All notices to Registrant shall be delivered to the mailing address or e-mail address as provided in Registrant's account information (as updated by Registrant pursuant to these Terms & Conditions. Either party may change its respective address by written notice delivered to the other party.
22. **Severability.** Registrant agrees that these Terms & Conditions are severable. If any term or provision is declared invalid or unenforceable, in whole or in part, that term or provision will not affect the remainder of these Terms & Conditions. These Terms and Conditions will be deemed amended to the extent necessary to make them enforceable, valid and, to the maximum extent possible consistent with applicable law and the remaining terms and provisions will remain in full force and effect.
23. **Governing Law.** For the adjudication of disputes concerning or arising from use of the Registered Name, the Registrant shall submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts of the Commonwealth of Virginia in the United States. The parties hereby waive any right to jury trial with respect to any action brought in connection with this Agreement. The application of the United Nations Convention of Contracts for the International Sale of Goods is expressly excluded.
24. **Waiver.** No waiver of any provision of these Terms & Conditions shall be effective unless it is in writing and signed by an authorized representative of usTLD Administrator. The remedies of usTLD Administrator under these Terms & Conditions shall be cumulative and not alternative, and the election of one remedy for a violation shall not preclude pursuit of other remedies. The failure of a party, at any time or from time to time, to require performance of any obligations of the other

party hereunder shall not affect its right to enforce any provision of these Terms & Conditions at a subsequent time, and the waiver of any rights arising out of any violation shall not be construed as a waiver of any rights arising out of any prior or subsequent violation.

25. **Entire Agreement**. Registrant agrees that this Agreement, the rules and policies incorporated by reference in this Agreement (including, without limitation, the dispute policy and the privacy statement) are the entire, complete and exclusive agreement between Registrant and usTLD Administrator regarding the Service and supersede all prior agreements and understandings, whether written or oral, or whether established by custom, practice, policy or precedent, with respect to the subject matter of this Agreement, including, without limitation, any purchase order provided by Registrant for the Service.

.US Locality Space Registrant

Signature: _____
Print Name: _____
Title: _____
Name of Company (if applicable): _____
Date: _____

usTLD Administrator – NeuStar, Inc.

Signature: _____
Print Name: _____
Title: _____
Date: _____

EXHIBIT A TO THE
US LOCALITY DOMAIN NAME REGISTRATION
TERMS AND CONDITIONS

Contact Information

Registrant

Name: _____

Address: _____

Address(con't): _____

Phone Number: _____

Fax Number: _____

E-mail Address:

Billing Contact (if different than Registrant)

Name: _____

Address: _____

Address(con't): _____

Phone Number: _____

Fax Number: _____

E-mail Address: _____

Administrative Contact (If different than Registrant)

Name: _____

Address: _____

Address(con't): _____

Phone Number: _____

Fax Number: _____

E-mail Address: _____

Technical Contact (if different than Registrant)

Name: _____

Address: _____

Address(con't): _____

Phone Number: _____

Fax Number: _____

E-mail Address: _____

List of Registered Names

[illegible]

KIDS.US ADMINISTRATOR-REGISTRAR AGREEMENT v. 2.0

This kids.us Administrator-Registrar Agreement is made and effective as of _____, 200 , by and between NeuStar, Inc., a Delaware corporation, with its principal place of business located at 46000 Center Oak Plaza, Building Ten, Sterling, VA 20166 (“kids.us Administrator”), and _____ [Registrar’s _____ name], a _____ [jurisdiction and type of organization], with its principal place of business located at _____ [Registrar’s _____ location] (“Registrar”).

WHEREAS, On December 4, 2002, President George W. Bush signed into law the “Dot Kids Implementation and Efficiency Act of 2002,” Public Law No. 107-317 (“Dot Kids Act”) requiring the United States Department of Commerce (“DoC”) to establish a second level domain within the .us domain to provide access to material that is suitable for and not harmful to minors.

WHEREAS, NeuStar, Inc. has been appointed to be the administrator of the kids.us domain name space by the DoC, pursuant to Modification No. 7 to the usTLD Agreement between kids.us Administrator and the DoC (Order No. SB1335-02-W-0175) dated February 13, 2003, to operate a shared registration system, TLD nameservers, and other equipment for the “kids.us” second-level domain;

WHEREAS, multiple registrars will provide Internet domain name registration services within the kids.us second-level domain pursuant to kids.us Administrator-Registrar Agreements substantially similar to this Agreement;

WHEREAS, Registrar wishes to act as a registrar for domain names within the kids.us second-level domain.

NOW, THEREFORE, for and in consideration of the mutual promises, benefits and covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, kids.us Administrator and Registrar, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

- 1.1. “Active Registration” shall mean a Registered Name that is approved by kids.us Administrator to be placed into the authoritative DNS and eligible to have Content. Eligibility to have an Active Registration shall be determined by kids.us Administrator, at its sole discretion, using the process set forth in 3.3 below.
- 1.2. “Agreement” means this kids.us Administrator-Registrar Agreement between kids.us Administrator and Registrar, as such may be amended from time to time in the future.

- 1.3. The “APIs” are the application program interfaces by which Registrar may interact, through the EPP, with the kids.us System.
- 1.4. “Confidential Information” means all information and materials related to the performance of services under this Agreement, including, without limitation, computer software, data, information, databases, protocols, reference implementation and documentation, and functional and interface specifications provided by one party to this Agreement (the “Disclosing Party”) to the other party (the “Receiving Party”) and marked or otherwise identified as “confidential”, provided that if a communication is oral, the Disclosing Party will notify the Receiving Party in writing within fifteen (15) days of the disclosure of the confidential nature of such information.
- 1.5. “Content” shall mean the output of a web server in response to a Hyper-Text Transport Protocol request. Content includes, but is not limited to, URLs, text, graphics, scripts, information, data, and all other material capable of existing on the Internet.
- 1.6. “Content Manager(s)” shall mean kids.us Administrator or the entity or entities appointed by kids.us Administrator to perform Content Management Services.
- 1.7. “Content Management Services” means both the initial review and ongoing monitoring of all Kids.us Sites performed by the Content Manager(s).
- 1.8. “Content Policy” shall mean the document(s) attached hereto as Exhibit A. The Content Policy may be revised at any time by the kids.us Administrator.
- 1.9. “DNS” means the Internet domain name system.
- 1.10. The “Effective Date” shall be the date first set forth above.
- 1.11. “EPP” means the extensible provisioning protocol used by the kids.us System.
- 1.12. “kids.us” means the kids.us second-level domain.
- 1.13. “kids.us Agreement” means the functions associated with Modification No. 7 to the usTLD Agreement by and between kids.us Administrator and the DoC (Purchase Order No. SB1335-02-W-0175) dated February 13 , 2003, and any subsequent modifications to the usTLD Agreement pertaining to these functions, for the administration and operation of the kids.us.
- 1.14. “kids.us Accreditation Agreement” shall mean the agreement by and between Registrar and kids.us Administrator setting for the requirements and obligations of Registrar to become accredited to register Registered Names in kids.us.
- 1.15. “kids.us Database” means a database comprised of data about one or more DNS domain names within the domain of the kids.us that is used to generate

either DNS resource records that are published authoritatively or responses to domain-name availability lookup requests or Whois queries, for some or all of those names.

- 1.16. “kids.us Services” means services provided as an integral part of the operation of the kids.us.
- 1.17. “kids.us Site” shall mean a website containing Content appearing on an Active Registration.
- 1.18. “kids.us System” means the registry system operated by kids.us Administrator for Registered Names in the kids.us.
- 1.19. “Personal Data” refers to data about any identified or identifiable natural person.
- 1.20. “Registered Name” refers to a domain name within the kids.us second-level domain, about which kids.us Administrator or an affiliate engaged in providing kids.us Services maintains data in a kids.us Database, arranges for such maintenance, or derives revenue from such maintenance. A Registered Name may only become an Active Registration if a Registrant is approved for an Active Registration by following the process set forth in Section 3.3 below.
- 1.21. “Registrant” means the holder of a Registered Name.
- 1.22. The word “Registrar” when appearing with an initial capital letter, refers to _____ [Registrar Name], a party to this Agreement.
- 1.23. The word “registrar” when appearing without an initial capital letter, refers to an entity that contracts with Registrants and with the kids.us Administrator to provide domain name registration services and collects registration data about the Registrants and submits registration information for entry in the kids.us Database and is party to an Kids.us Accreditation Agreement with kids.us Administrator.
- 1.24. "Registrar Services" means services provided by a registrar in connection with the kids.us second-level domain under this Agreement, and includes contracting with Registrants for Registered Names, collecting the applicable registration data about the Registrants, and submitting registration information for entry in the kids.us Database.
- 1.25. “Registrar Tool Kit” shall mean the Tool Kit described in Exhibit B.
- 1.26. “Term” means the term of this Agreement, as set forth in Subsection 8.1.
- 1.27. A “TLD” means a top-level domain of the DNS.

- 1.28. In order to have the required “U.S. Nexus”, a Registrant must meet the requirements set forth at http://www.kids.us/us_policy/ustld_nexus_requirements.pdf.

Other terms used in this Agreement as defined terms shall have the meanings ascribed to them in the context in which they are defined.

2. OBLIGATIONS OF KIDS.US ADMINISTRATOR

- 2.1. **Access to kids.us System.** Throughout the Term of this Agreement, kids.us Administrator shall provide Registrar with access as a registrar to the kids.us System. Nothing in this Agreement entitles Registrar to enforce any agreement between kids.us Administrator and DoC, and Registrar shall not be deemed to be a third-party beneficiary to any Agreement between the kids.us Administrator and the DoC.
- 2.2. **Maintenance of Registrations Sponsored by Registrar.** Subject to the provisions of this Agreement, and requirements under the kids.us Agreement, kids.us Administrator shall maintain the registrations of Registered Names sponsored by Registrar in the kids.us System so long as Registrar has paid the Fees required by Subsection 4.1 below and this Agreement remains in effect.
- 2.3. **Provision of Tool Kits; Limited License.**
- 2.3.1. Registrar Tool Kit. No later than five (5) business days after the Effective Date, kids.us Administrator shall provide to Registrar a copy of the Registrar Tool Kit, which shall provide sufficient technical specifications to permit Registrar to interface with the kids.us System and employ its features that are available to registrars, provided that, if the Effective Date occurs prior to the date that kids.us Administrator has made the kids.us Tool Kit available to kids.us registrars generally (“Availability Date”), kids.us Administrator shall provide to Registrar a copy of the kids.us Tool Kit, no later than five (5) business days after the Availability Date. Subject to the terms and conditions of this Agreement, kids.us Administrator hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes of this Agreement, all components owned by or licensed to kids.us Administrator in and to the EPP, APIs, any reference client software and any other intellectual property included in the Registrar Tool Kit, as well as updates and redesigns thereof, to provide domain name registration services in the kids.us domain only and for no other purpose.
- 2.3.2. Limited License. Subject to the terms and conditions of this Agreement, including without limitation Registrar’s timely payment of all Fees, kids.us Administrator hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes

of this Agreement the EPP, APIs and any reference client software included in the Registrar Tool Kits, as well as any updates and redesigns thereof, for providing domain name Registrar Services in the kids.us only and for no other purpose.

- 2.4. **Changes to kids.us System.** kids.us Administrator may, in its discretion from time to time make modifications to the EPP, APIs, or other software or materials licensed hereunder that will modify, revise or augment the features of the kids.us

System. kids.us Administrator will use commercially reasonable efforts to provide Registrar with at least thirty (30) days notice prior to the implementation of any material changes to the EPP, APIs or software licensed hereunder. kids.us Administrator shall have no obligation under this Agreement to update, modify, maintain, or repair any EPP, APIs, or other software materials (or any updates or redesigns thereto) licensed under this Agreement to Registrar.

- 2.5. **Engineering and Customer Service Support; Performance Specifications.** kids.us Administrator shall provide Registrar with engineering and customer service support as set forth in Exhibit C.

- 2.6. **Handling of Personal Data.** kids.us Administrator shall use Personal Data for the purposes set forth in this Agreement. kids.us Administrator shall notify Registrar of any additional purposes for which Personal Data submitted to kids.us Administrator by Registrar is collected, the intended recipients (or categories of recipients) of such Personal Data, and the mechanism for access to and correction of such Personal Data. kids.us Administrator shall take commercially reasonable steps to protect Personal Data from loss, misuse, unauthorized disclosure, alteration or destruction.

3. OBLIGATIONS OF REGISTRAR

- 3.1. **Accredited Registrar.** On or prior to the Effective Date of this Agreement, Registrar shall enter into an accreditation agreement with kids.us Administrator ("kids.us Accreditation Agreement"), the form of which is attached hereto as Exhibit D, and during the Term of this Agreement, Registrar shall maintain in full force and effect its accreditation by kids.us Administrator as a registrar for the kids.us.
- 3.2. **Registrar Responsibility for Customer Support; Participation in Marketing Campaigns/Community Outreach Programs; Support for Active Registrations.** As provided for in the Accreditation Agreement, Registrar shall provide (i) Registrar Services and support to accept and process orders for Registered Names from proposed Registrants and (ii) customer service (including domain name record support) and billing and technical support to Registrants with respect to Registered Names. In

addition, Registrar will use commercially reasonable efforts to market, either directly or through authorized resellers, Registered Names to potential Registrants and to solicit such potential customers to register for Registered Names, and Registrar will reasonably cooperate with kids.us Administrator in marketing campaigns or community outreach programs that kids.us Administrator may commence from time to time. Registrar shall not be responsible for any support, technical, billing or otherwise, with respect to the process of obtaining, administering, managing, take down and/or removal of an Active Registration to the extent that such support is unrelated to the performance of the Registrar Services.

- 3.3. **Active Registrations; Removal and/or Take Down of Active Registrations.** A Registrant shall obtain an Active Registration directly from the kids.us Administrator by following the instructions and completing the forms set forth at www.kids.us/accreditation.html. All Registrants seeking to obtain an Active Registration must also agree to abide by the Content Policy, attached hereto as Exhibit A, as well as other terms and conditions set forth by the kids.us Administrator, and pay an annual Content fee to be determined by the kids.us Administrator and approved by the DoC. In addition, the Registrant's Content must be approved by the Content Manager through the Content Management Service. In the event that a Registrant's Content is approved through the process above, but subsequently violates any provision of the Content Policy, such Active Registration and/or their Registered Name may be subject to cancellation, deletion, or removal pursuant to the take down policies and procedures set forth at www.kids.us. A Registrant shall be entitled to initiate an administrative proceeding in the event that the kids.us Administrator has taken action to remove Registrant's Active Registration from the zone file for violation of the Content Policy. Such dispute policy and its associated rules and regulations shall be available at www.kids.us/content_policy/challenge.html, and may be modified by the kids.us Administrator with approval by the DoC.
- 3.4. **Sunrise Process.** [INTENTIONALLY OMITTED].
- 3.5. **Registrar's Registration Agreement.** At all times during the Term of this Agreement while it is sponsoring the registration of any Registered Name within the kids.us System, Registrar shall have in effect an electronic or paper registration agreement with each Registrant (a "Registration Agreement"). Registrar shall, if so requested by kids.us Administrator from time to time, promptly furnish to kids.us Administrator a copy of each general form of Registration Agreement it uses with Registrants. Registrar shall include in each Registration Agreement those terms specifically required by this Agreement and the Accreditation Agreement and other terms that are consistent with Registrar's obligations to kids.us Administrator under this Agreement and the Accreditation Agreement and

that will ensure ongoing compliance with both such agreements. Each Registration Agreement shall include each of the following:

3.5.1 Requirement that Registrant comply with the Content Policy, attached as Exhibit A, including, but not limited to, the prohibitions on hyperlinks and two-way and multi-user interactive services.

3.5.2 usTLD Dispute Resolution Policy and Rules

3.5.3 The usTLD Nexus Requirements

3.5.4 Nexus Dispute Policy and Rules

3.5.5 Registration Review Policy (April 22, 2002)

3.6. **Indemnification Required of Registrants.** In its Registration Agreement with each Registrant, Registrar shall require such Registrant to indemnify, defend and hold harmless kids.us Administrator, and its directors, officers, employees, representatives, subcontractors, agents, affiliates, and stockholders from and against any and all claims, suits, actions, other proceedings, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to the Registrant's (i) domain name registration and (ii) use of any Registered Name. Each Registration Agreement shall further require that this indemnification obligation survive the termination or expiration of the Registration Agreement.

3.7. **Data Submission Requirements.** As part of its registration and sponsorship of Registered Names in the kids.us, Registrar shall submit complete data (and update such data) as required by technical specifications of the kids.us System that are made available to Registrar from time to time and of the Accreditation Agreement. Registrar hereby grants kids.us Administrator a non-exclusive, non-transferable, limited license to such data for propagation of and the provision of authorized access to the zone files and as otherwise required in kids.us Administrator's operation of the kids.us.

3.8. **Security.** Registrar agrees to develop and employ in its domain name registration business all necessary technology and restrictions to ensure that its connection to the kids.us System is secure. All data exchanged between Registrar's system and the kids.us System shall be protected to avoid unintended disclosure of information. Registrar agrees to employ the necessary measures to prevent its access to the kids.us System granted hereunder from being used to (1) allow, enable, or otherwise support, the transmission by e-mail, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than its own existing customers; or (2) enable high volume, automated, electronic

processes that send queries or data to the systems of kids.us Administrator, as determined solely by the kids.us Administrator, any other registry operated under an agreement with kids.us Administrator, or any other registrar, except as reasonably necessary to register domain names or modify existing registrations in compliance with this Agreement. In addition, kids.us Administrator may from time to time require other reasonable security provisions to ensure that the kids.us System is secure, and Registrar will comply with all such provisions.

- 3.9. **Resolution of Technical Problems.** Registrar agrees to employ necessary employees, contractors, or agents with sufficient technical training and experience to respond to and fix all technical problems concerning the use of the EPP and the APIs in conjunction with Registrar's systems. Registrar agrees that in the event of significant degradation of the kids.us System or other emergency, kids.us Administrator may, in its sole discretion, temporarily suspend access to the kids.us System. Such temporary suspensions shall be applied in a non-arbitrary manner and shall apply fairly to any registrar similarly situated, including any affiliates of kids.us Administrator that serve as registrars.
- 3.10. **Time of Entry of Domain Name Registration.** Registrar agrees that in the event of any dispute concerning the time of the entry of a domain name registration into the kids.us Database, the time shown in the kids.us System records shall control.
- 3.11. **Change in Registrar Sponsoring Domain Name.** Registrar may assume sponsorship of a Registrant's existing domain name registration from another registrar by following the policy set forth in Exhibit F. When transferring sponsorship of a Registered Name to or from another registrar, Registrar shall comply with the requirements of Exhibit F.
 - 3.11.1. Registrars shall not provide identical Registrar-generated <authinfo> codes for domain names registered by different registrants with the same Registrar. kids.us Administrator in its sole discretion may choose to modify <authinfo> codes for a given domain and shall notify the sponsoring registrar of such modifications via EPP compliant mechanisms (i.e. EPP<poll> or EPP<domain:Info>).
 - 3.11.2. The Registrar shall be required to provide the Registrant with timely access to the authorization code along with the ability to modify the authorization code. Registrar shall respond to any inquiry by a Registrant regarding access and/or modification within three (3) days. Failure of Registrar to timely respond to a Registrant authorization code inquiry shall constitute an incurable material breach of this Agreement.

3.12. **Compliance with Terms and Conditions.** Registrar shall comply with, and shall include in each Registration Agreement (to the extent applicable) all of the following:

3.12.1. Any DoC standards, policies, procedures, and practices for which kids.us Administrator has monitoring responsibility in accordance with the kids.us Agreement or other arrangement with DoC and/or ICANN, including without limitation ICANN policies pertaining to open country code TLDs (unless otherwise provided in the kids.us Agreement); and

3.12.2. Operational standards, policies, procedures, and practices for the kids.us as set forth in the kids.us Agreement, and as established from time to time by kids.us Administrator in a non-arbitrary manner and applicable to all registrars generally, and consistent with DoC's standards, policies, procedures, and practices. Additional or revised kids.us Administrator operational standards, policies, procedures, and practices for the kids.us shall be effective upon thirty (30) days notice by kids.us Administrator to Registrar.

3.13. **Compliance with Law.** In addition to complying with DoC, policies, procedures, and practices limiting domain names that may be registered, Registrar agrees to comply with applicable statutes and regulations limiting the domain names that may be registered, including the Dot Kids Efficiency and Implementation Act of

2002 (Pub. Law No. 107-317). Further, Registrar shall abide by applicable U.S. laws, governmental regulations, and policies that may be approved and/or mandated by the DoC.

3.14. **Other Restrictions.** Registrar shall not encourage, endorse or assist Registrant in activity that violates the Content Policy, attached at Exhibit A (i.e., hosting an e-mail service for a Registrant in the kids.us domain).

3.15. **Resellers.** Registrar may, at its discretion from time to time, designate one or more resellers that will be permitted to provide Registrar Services consistent with those permitted of Registrar under this Agreement. Registrar shall enter into a written agreement with each of its resellers (a "Reseller Agreement"), which will ensure compliance with this Agreement and the Accreditation Agreement and include sufficient terms and conditions to obligate each reseller to abide by all terms and conditions and all Registrar obligations set forth in this Agreement and the Accreditation Agreement. Registrar shall be primarily liable for all acts or omissions of its resellers, and kids.us Administrator's obligations under this Agreement and the Accreditation Agreement shall not be increased due to Registrar's appointment of resellers. Promptly following the end of each calendar year during the Term of this Agreement (but in no event

later than January 30), Registrar shall provide to kids.us Administrator a complete written list of all of its current resellers. Further, in its Reseller Agreement with each reseller, Registrar shall require such reseller to indemnify, defend and hold harmless kids.us Administrator, and its directors, officers, employees, representatives, agents, affiliates, and stockholders from and against any and all claims, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to any activities of such reseller. Each such Reseller Agreement shall further require that this indemnification obligation survive the termination or expiration of that agreement.

4. FEES

- 4.2 **Amount of kids.us Administrator Fees.** Registrar agrees to pay kids.us Administrator the fees set forth in Exhibit G for initial and renewal registrations of Registered Names and other services provided by kids.us Administrator to Registrar (collectively, "Fees"). kids.us Administrator reserves the right to revise the Fees prospectively upon thirty (30) days notice to Registrar, provided that such adjustments are consistent with the kids.us Agreement.
- 4.2 **Payment of kids.us Administrator Fees.** In advance of incurring Fees, Registrar shall establish a deposit account, or other credit facility accepted by kids.us Administrator, which acceptance will not be unreasonably withheld so long as payment is assured. All Fees are due immediately upon receipt of applications for initial and renewal registrations, or upon provision of other services provided by kids.us Administrator to Registrar. Payment shall be made via debit or draw down of the deposit account, or other credit facility. kids.us Administrator shall provide monthly invoices to the Registrar.
- 4.3 **Non-Payment of Fees.** In the event Registrar has insufficient funds deposited or available through the credit facility with kids.us Administrator or otherwise fails to pay Fees when due, kids.us Administrator may do any or all of the following: (a) stop accepting new initial or renewal registrations from Registrar; (b) delete the domain names associated with any negative balance incurred from the kids.us Database; and (c) pursue any other remedy permitted under this Agreement or at law or in equity.

5. CONFIDENTIALITY AND INTELLECTUAL PROPERTY

- 5.1 **Use of Confidential Information.** During the Term of this Agreement, a Disclosing Party may be required (or elect) to disclose Confidential Information to the Receiving Party. Each party's use and disclosure of the

Confidential Information shall be subject to the following terms and conditions:

- 5.1.1 The Receiving Party shall treat as strictly confidential, and use all reasonable efforts to preserve the secrecy and confidentiality of, all Confidential Information, including implementing reasonable physical security measures and operating procedures.
- 5.1.2 The Receiving Party agrees that it will use any Confidential Information solely for the purpose of exercising its rights or performing its obligations under this Agreement and for no other purposes whatsoever.
- 5.1.3 The Receiving Party shall make no disclosures whatsoever of any Confidential Information of the Disclosing Party to others; provided, however, that if the Receiving Party is a corporation, partnership, or other organization, disclosure is permitted to the Receiving Party's officers, employees, contractors and agents who have a demonstrable need to know such Confidential Information, provided the Receiving Party shall advise such personnel of the confidential nature of the Confidential Information and of the procedures required to maintain the confidentiality thereof, and shall require them to acknowledge in writing that they have read, understand, and agree to be individually bound by the confidentiality terms of this Agreement.
- 5.1.4 The Receiving Party shall not modify or remove any confidentiality legends and/or copyright notices appearing on any Confidential Information.
- 5.1.5 The Receiving Party agrees not to prepare, or claim any rights to, any derivative works based on the Confidential Information.
- 5.1.6 Notwithstanding the foregoing, this Subsection 5.1 imposes no obligation upon the parties with respect to information that (a) is disclosed to a third party with the Disclosing Party's prior written approval; or (b) is or has entered the public domain through no fault of the Receiving Party; or (c) is known by the Receiving Party prior to the time of disclosure (as shown by documentary records to that effect); or (d) is independently developed by the Receiving Party without use of, or reference to, the Confidential Information; or (e) is made generally available by the Disclosing Party without restriction on disclosure; (f) Receiving Party receives in good faith from a third party who is not, directly or indirectly, under an obligation of confidentiality to Disclosing Party with respect to same; or (g) is provided to the United States Department of Commerce upon written request.

- 5.1.7 In the event the Receiving Party is required by law, regulation or court order to disclose any Confidential Information, Receiving Party will promptly notify Disclosing Party in writing prior to making any such disclosure in order to facilitate Disclosing Party seeking a protective order or other appropriate remedy from the proper authority, at the Disclosing Party's expense. Receiving Party agrees to cooperate with Disclosing Party in seeking such order or other remedy. Receiving Party further agrees that if Disclosing Party is not successful in precluding the requesting legal body from requiring the disclosure of the Confidential Information, it will furnish only that portion of the Confidential Information which is legally required
- 5.1.8 The Receiving Party's duties under this Subsection 5.1 shall expire five (5) years after the expiration or termination of this Agreement, or earlier upon written agreement of the parties.

5.2 Intellectual Property.

- 5.2.1 All rights of the Registry and Registrar to Intellectual Property under this Agreement remain subject to Clause 8 of the Terms and Conditions – Simplified Acquisitions of the usTLD Agreement ("Clause 8"). In the event of any conflict between such Clause 8 and this Agreement, Clause 8 shall control. Each party will continue to independently own its intellectual property, including all patents, patent applications, copyrights, trademarks, trade names, service marks, know-how, trade secrets, proprietary processes, and software (not to include databases required to be submitted to the kids.us Administrator under this Agreement or the Accreditation Agreement). Nothing in this agreement shall confer any ownership right whatsoever to one party in the intellectual property of the other party. In addition, kids.us Administrator, or its suppliers and/or licensees, as the case may be, shall own all right, title and interest in and to the EPP, API's, Registrar Tool Kits, and any software incorporated into the kids.us System, or any component of any of the foregoing, as well as all intellectual property appurtenant thereto.
- 5.2.2 Subject only to the limited licenses set forth in Subsections 2.3.2, 3.5, and 5.1.2 above, and Clause 8, no commercial use rights or any licenses of any kind under or to any patent, patent application, copyright, trademark, trade name, service mark, know-how, trade secret, proprietary process, or software (not to include databases required to be submitted to the kids.us Administrator under this

Agreement or the Accreditation Agreement) are granted by one party to the other party by this Agreement, or by virtue of any disclosure of any Confidential Information to a Receiving Party under this Agreement.

6 INDEMNITIES AND LIMITATION OF LIABILITY

- 6.2 **Indemnification.** Registrar, at its own expense and within thirty (30) days after presentation of a demand by kids.us Administrator under this Section, will indemnify, defend and hold harmless kids.us Administrator and its directors, officers, employees, representatives, agents, affiliates, and stockholders (along with kids.us Administrator, each an “Indemnified Person”), against any claim, suit, action, other proceeding of any kind (a “Claim”) brought against that Indemnified Person based on, arising from, or relating in any way to: (i) any product or service of Registrar; (ii) any agreement, including Registrar’s dispute policies, with any Registrant or reseller; or (iii) Registrar’s domain name registration business, including, but not limited to, Registrar’s advertising, domain name application process, systems and other processes, fees charged, billing practices and customer service, or any other business conducted by Registrar; provided, however, that in any such case: (a) kids.us Administrator or any other Indemnified Person provides Registrar with reasonable prior notice of any such Claim, and (b) upon Registrar’s written request, kids.us Administrator or any other Indemnified Person will provide to Registrar all available information and assistance reasonably necessary for Registrar to defend such Claim; provided further that Registrar reimburses kids.us Administrator and such other Indemnified Persons for their actual and reasonable costs incurred in connection with providing such information and assistance. Registrar will not enter into any settlement or compromise of any such indemnifiable Claim with respect to a particular Indemnified Person without the prior written consent of such Indemnified Person, which consent shall not be unreasonably withheld. Registrar will pay any and all costs, damages, liabilities, and expenses, including, but not limited to, reasonable attorneys’ fees and costs awarded against or otherwise incurred by kids.us Administrator and other Indemnified Persons in connection with or arising from any such indemnifiable Claim.
- 6.2 Subject to the foregoing, Registrar shall not be liable for, nor required to indemnify an Indemnified Person against any Claim brought against the Indemnified Person based on, or arising from, or related solely to (i) the process of obtaining an Active Registration from the kids.us Administrator, to the extent that it does not arise out of the process of obtaining a Registered Name; (ii) the Content Management Service; or (iii) the take down or removal of an Active Registration by kids.us Administrator, provided that such take down or removal was not caused by the action or inaction of the Registrar.
- 6.3 **Treatment as an Interactive Computer Service Provider under Dot Kids Act.** Both Parties acknowledge that the Dot Kids Act provides that to the extent they perform the functions set forth in the Dot Kids Act, they shall be deemed

Interactive Computer Service providers for the purposes of section 230(c) of the Communications Act of 1934 (47 U.S.C 230 (c)).

6.4 Limitation of Liability. EXCEPT WITH RESPECT TO REGISTRAR'S INDEMNIFICATION OBLIGATIONS SET FORTH ELSEWHERE IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES FOR ANY VIOLATIONS OF, OR CAUSES OF ACTION RELATING TO OR ARISING FROM, THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

6.5 Performance Credits. In the event kids.us Administrator fails to meet the performance specifications set forth in Exhibit I of this Agreement, kids.us Administrator shall provide a credit to Registrar in an amount equal to its proportionate share of applicable performance credits set forth in Exhibit J of this Agreement. Such performance credits shall only be credited towards those Registrars that are not otherwise given credits under the usTLD Administrator-Registrar Agreement for the .us top-level domain, and shall constitute the sole and exclusive remedy available to Registrar with regard to kids.us Administrator's failure to meet the performance specifications.

7 DISPUTE RESOLUTION

7.1 Dispute Resolution; Governing Law. Any and all disputes of any nature arising under or in connection with this Agreement, including requests for specific performance, shall be resolved through binding arbitration conducted as provided in this Section pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in the English language and shall occur in the District of Columbia, Washington, D.C., USA. There shall be three (3) arbitrators: each party shall choose one arbitrator, who together will select a third; if the two arbitrators are not able to agree on a third arbitrator within fifteen (15) calendar days of the designation of the second arbitrator, the AAA shall choose the third. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety (90) calendar days of the selection of the third arbitrator. Any litigation brought to enforce an arbitration award shall be brought in a Commonwealth or federal court in the Eastern District of the Commonwealth of Virginia, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of a party during the pendency of an arbitration, each party shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or any court of competent jurisdiction located in the Eastern District of the Commonwealth of Virginia,

USA, which shall not be a waiver of this arbitration agreement. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia (without regard to any rules or principles of conflicts of law that might look to any jurisdiction outside Virginia).

8 TERM AND TERMINATION

8.1 Term of the Agreement; Revisions. The Term of this Agreement shall commence on the Effective Date and, unless earlier terminated in accordance with the provisions of this Agreement, shall expire on the last expiration of the kids.us Agreement. In the event that revisions to kids.us Administrator's approved form of kids.us Administrator-Registrar Agreement (such as this one) are approved or adopted by DoC from time to time, Registrar will either execute an amendment substituting the revised agreement in place of this Agreement or, at its option exercised within thirty (30) days after receiving notice of such amendment, terminate this Agreement immediately by giving written notice to kids.us Administrator. In the event that kids.us Administrator does not receive such executed amendment or notice of termination from Registrar within such thirty (30) day period, Registrar shall be deemed to have accepted the provisions of such revised kids.us Administrator-Registrar Agreement, and as such, shall be bound by all the terms and conditions of such revised kids.us Administrator-Registrar Agreement. kids.us Administrator will use commercially reasonable efforts to post such revised form of kids.us Administrator-Registrar Agreement on its US website at least thirty (30) days prior to its effective date.

8.2 Termination. This Agreement may be terminated as follows:

8.2.1 Termination For Cause. In the event that either party materially breaches any of its obligations under this Agreement and such breach is not substantially cured within thirty (30) calendar days after written notice thereof is given by the other party, then the non-breaching party may, by giving written notice thereof to the other party, terminate this Agreement as of the date specified in such notice of termination.

8.2.2 Termination at Option of Registrar. Registrar may terminate this Agreement at any time by giving kids.us Administrator thirty (30) days written notice of termination.

8.2.3 Termination Upon Loss of Registrar's Accreditation. This Agreement shall immediately terminate in the event Registrar's accreditation by kids.us Administrator is terminated or expires without renewal.

8.2.4 Termination in the Event of Termination of kids.us Agreement. This Agreement shall immediately terminate in the event the kids.us Agreement is terminated or expires without entry of a subsequent kids.us Agreement with DoC and this Agreement is not assigned under Subsection 9.1.1 below.

8.2.5 Termination in the Event of Insolvency or Bankruptcy. Kids.us

Administrator may terminate this Agreement if the Registrar is adjudged insolvent or bankrupt, or if proceedings are instituted by or against Registrar seeking relief, reorganization or arrangement under any laws relating to insolvency or bankruptcy, or seeking any assignment for the benefit of creditors, or seeking the appointment of a receiver, liquidator or trustee of Registrar's property or assets or the liquidation, dissolution or winding up of Registrar's business.

8.3 **Effect of Termination.** Upon the expiration or termination of this Agreement for any reason:

8.3.1 kids.us Administrator will complete the registration of all domain names processed by Registrar prior to the effective date of such expiration or termination, provided that all Registrar's payments to kids.us Administrator for Fees are current and timely.

8.3.2 Registrar shall immediately transfer its sponsorship of Registered Names to another registrar in compliance with any procedures established or approved by kids.us Administrator.

8.3.3 All Confidential Information in the possession of the Receiving Party shall be immediately returned to the Disclosing Party.

8.3.4 All Fees and any other amounts owing to kids.us Administrator shall become immediately due and payable.

8.4 **Survival.** In the event of termination of this Agreement, the following shall survive: (i) Subsections 2.6, 3.5, 5.1, 5.2, 6.1, 6.2, 6.3, 6.4, 7.1, 8.3.3, 8.3.4, 8.4, 9.2, 9.3.3, 9.5, 9.6, 9.8, 9.9, 9.10, 9.11 and 9.13 and (ii) the indemnification obligations of (a) Registrants under Subsection 3.6 and (b) resellers under Subsection 3.12. Neither party shall be liable to the other for damages of any sort resulting solely from terminating this Agreement in accordance with its terms.

9 MISCELLANEOUS

9.1 Assignments.

9.1.1 Assignment to Successor kids.us Administrator. In the event the kids.us Agreement is terminated (and such termination is deemed final under the usTLD purchase order) or expires without entry by kids.us Administrator and DoC of a subsequent usTLD purchase order, kids.us Administrator's rights under this kids.us Agreement may be assigned to an entity with a subsequent usTLD purchase order covering the kids.us domain upon DoC's giving Registrar written notice within sixty (60) days of the termination or expiration, provided that the subsequent kids.us Administrator assumes all or substantially all of the duties of kids.us Administrator under this Agreement.

9.1.2 Assignment in Connection with Assignment of kids.us Agreement with DoC. In the event that the kids.us Agreement for the kids.us domain is validly assigned, kids.us Administrator's rights under this Agreement shall be automatically assigned to the assignee of the kids.us Agreement, provided that the assignee assumes all or substantially all of the duties of kids.us Administrator under this Agreement.

9.1.3 Other Assignments. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement shall inure to the benefit of and be binding upon, the successors and permitted assigns of the parties. Neither party shall assign or transfer its rights or obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld; provided, however, that kids.us Administrator shall have the right to assign all its rights and delegate all its duties under this Agreement to an affiliated organization without such consent.

9.2 **Notices.** Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail (return receipt requested), by courier or express delivery service, by e-mail (against receipt of confirmation of delivery) or by telecopier (against receipt of answerback confirming delivery) during business hours to the address or telecopier number, or e-mail address set forth beneath the name of such party below or when delivery as described above is refused by the intended recipient, unless such party has given a notice of a change of address in writing pursuant to the foregoing. Notwithstanding the foregoing, notice shall be deemed properly given from kids.us Administrator to Registrar at such time as kids.us Administrator posts any notice, update, modification or other information on its U.S. website, so long as such notice, update, modification or other information is intended for all registrars generally (e.g., DoC-mandated revisions to the form kids.us Administrator-Registrar Agreement).

If to Registrar:

with copy to:

If to kids.us Administrator:

NeuStar, Inc. 46000 Center Oak Plaza Building Ten
Sterling, VA 20166 Attn: Sr. Director, Law & Advanced
Services
phone: (571) 434-5400 fax: (571) 434-5735

with a copy to:

NeuStar, Inc. 46000 Center Oak Plaza Building Ten
Sterling, VA 20166 Attn: General Counsel
phone: (571) 434-5400 fax: (571) 434-5735

9.3 Representations and Warranties.

Registrar. Registrar represents and warrants that: (1) it is an organization (e.g., corporation, partnership, limited liability company, government agency) duly formed, validly existing and in good standing under the laws of the _____, (2) it has all requisite power and authority to execute, deliver and perform its obligations under this Agreement, (3) it is, and during the Term of this Agreement will continue to be, accredited by kids.us Administrator, (4) the execution, performance and delivery of this Agreement has been duly authorized by Registrar, (5) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by Registrar in order for it to enter into and perform all its obligations under this Agreement.

kids.us Administrator. kids.us Administrator represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, (3) the execution, performance and delivery of this Agreement has been duly authorized by kids.us

Administrator, and (4) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by kids.us Administrator in order for it to enter into and perform all its obligations under this Agreement.

Disclaimer of Warranties. THE EPP, APIs, REGISTRAR TOOLKIT, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE AND ANY COMPONENT THEREOF ARE PROVIDED “AS-IS” AND WITHOUT ANY WARRANTY OF ANY KIND. KIDS.US OPERATOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND/OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY OR SATISFACTORY QUALITY AND FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT OF THIRD PARTY RIGHTS. KIDS.US OPERATOR DOES NOT WARRANT THAT THE EPP, APIs, REGISTRAR TOOLKIT, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF WILL MEET REGISTRAR’S REQUIREMENTS, OR THAT THE OPERATION OF EPP, APIs, REGISTRAR TOOLKITS, THE KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE EPP, APIs, REGISTRAR TOOLKIT, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF WILL BE CORRECTED. FURTHERMORE, KIDS.US OPERATOR DOES NOT WARRANT NOR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE EPP, APIs, REGISTRAR TOOLKITS, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF OR RELATED DOCUMENTATION IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE. SHOULD THE EPP, APIs, REGISTRAR TOOLKIT, THE KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF PROVE DEFECTIVE, REGISTRAR ASSUMES THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION OF REGISTRAR’S OWN SYSTEMS AND SOFTWARE.

In the event of any conflict in this Agreement between this Subsection 9.3.3 and any other provision, this Subsection 9.3.3 will govern and control.

- 9.4 **Insurance.** During the Term of this Agreement (including any renewal terms), Registrar shall have in place US\$500,000 in comprehensive legal liability insurance from a reputable insurance provider with an A.M. Best rating of “A” or better, or an equivalent form of legal liability coverage.

Such insurance or coverage shall be used to indemnify and hold harmless kids.us Administrator and its employees, directors, officers, representatives, agents, affiliates, and stockholders from all costs and damages (including without limitation reasonable attorneys' fees) which it may suffer by reason of Registrar's failure to indemnify kids.us Administrator as provided above; provided, however, that Registrar's indemnity obligations under this Agreement shall **not** deemed to be limited by the amount of such insurance. Registrar shall provide a copy of the insurance policy to kids.us Administrator upon kids.us Administrator's request and shall name kids.us Administrator and the other Indemnified Persons as additional insured parties under that policy.

- 9.5 **Third-Party Beneficiaries.** The parties expressly agree that DoC is an intended third-party beneficiary of this Agreement. Otherwise, this Agreement shall not be construed to create any obligation by either party to any non-party to this Agreement, including any Registrant or reseller. Registrar acknowledges that nothing in this Agreement shall confer upon Registrar or any person or entity the status of an intended third-party beneficiary of the kids.us Agreement.
- 9.6 **Relationship of the Parties.** Nothing in this Agreement shall be construed as creating an employer-employee or agency relationship, a partnership or a joint venture between the parties.
- 9.7 **Force Majeure.** Except for the non-payment of Fees, neither party shall be liable to the other for any loss or damage resulting from any cause beyond its reasonable control (a "Force Majeure Event") including, but not limited to, insurrection or civil disorder, war or military operations, national or local emergency, acts or omissions of government or other competent authority, compliance with any statutory obligation or executive order, industrial disputes of any kind (whether or not involving either party's employees), fire, lightning, explosion, flood, subsidence, weather of exceptional severity, equipment or facilities shortages which are being experienced by providers of telecommunications services generally, or other similar force beyond such Party's reasonable control, and acts or omissions of persons for whom neither party is responsible. Upon occurrence of a Force Majeure Event and to the extent such occurrence interferes with either party's performance of this Agreement, such party shall be excused from performance of its obligations (other than payment obligations) during the first six (6) months of such interference, provided that such party uses commercially reasonable efforts to avoid or remove such causes of nonperformance as soon as possible.
- 9.8 **Amendments.** Except as otherwise provided herein, no amendment, supplement, or modification of this Agreement or any provision hereof

shall be binding unless executed in writing by authorized signatories of both parties.

- 9.9 **Waivers.** No failure on the part of either party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise or waiver of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. Neither party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.
- 9.10 **Attorneys' Fees.** Except as otherwise may be provided in Subsection 7.1 above, if any legal action or other legal proceeding (including arbitration) relating to the performance under this Agreement or the enforcement of any provision of this Agreement is brought against a party hereto, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).
- 9.11 **Construction; Severability.** The parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. Unless otherwise stated in this Agreement, references to a number of days shall mean consecutive calendar days. In the event that any clause or portion thereof in this Agreement is for any reason held to be invalid, illegal or unenforceable, the same shall not affect any other portion of this Agreement, as it is the intent of the parties that this Agreement shall be construed in such fashion as to maintain its existence, validity and enforceability to the greatest extent possible. In any such event, this Agreement shall be construed as if such clause or portion thereof had never been contained in this Agreement, and there shall be deemed substituted therefore such provision as will most nearly carry out the intent of the parties as expressed in this Agreement to the fullest extent permitted by applicable law.
- 9.12 **Further Assurances.** Each party hereto shall execute and/or cause to be delivered to the other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request for the purpose of carrying out or evidencing any of the transactions contemplated by this Agreement.

9.13 **Entire Agreement.** This Agreement (including its exhibits, which form a part of it) constitutes the entire agreement between the parties concerning the subject matter of this Agreement and supersedes any prior agreements, representations, statements, negotiations, understandings, proposals or undertakings, oral or written, with respect to the subject matter expressly set forth herein. In the event of any conflict between the terms of this kids.us Administrator-Registrar Agreement and the Accreditation Agreement, the kids.us Administrator-Registrar Agreement shall govern and control.

9.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

NeuStar, Inc.

[Name of Registrar]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit A
Content Policy

KIDS.US CONTENT POLICY: GUIDELINES AND RESTRICTIONS

NeuStar, Inc.

A word from NeuStar

On December 4, 2002, President George W. Bush signed into law the Dot Kids Implementation and Efficiency Act of 2002. This Act requires that NeuStar, "as the administrator of the .US country code top-level domain (ccTLD), establish a kids.us domain to serve as a haven for material that promotes positive experiences for children and families using the Internet, provides a safe online environment for children, and helps to prevent children from being exposed to harmful material on the Internet." This legislation was the culmination of years of effort by several members of the United States Congress. In anticipation of this legislation, NeuStar began a public outreach campaign to seek input and advice from members of the children's content community, child advocacy groups, parents, educators, law enforcement organizations, and other interested individuals to create an initial draft of Guidelines and Requirements, which were published on the Internet in August 2002. The comments we received were instrumental in finalizing this document.

The policies identified in this document will set forth the guidelines for the administration and management of content in the kids.us domain.

We would like to thank every individual and organization that contributed to this document, and for helping make kids.us a reality.

INTRODUCTION

Background

More than 140 million Americans, half of our nation, are now online. 90 percent of the children in America between the ages of 5 and 17 now use computers and 65 percent of 10-13 year olds use the Internet today. Usage among even the youngest members of our society is significant, with more than 84 percent of 5-9 year olds using computers at home, school, or both.¹ Our nation's youngest citizens are increasingly gaining access to the Internet. How children use the Internet and what they are exposed to while online are topics that have long been examined, discussed, applauded, and criticized. These examples of widespread use of the Internet by children in all aspects of their lives demonstrate the demand for a domain designed for children.

Interested parties and individuals ranging from parents and educators to communities and members of Congress have all expressed great excitement at the potential benefits of a distinct place on the Internet for our nation's children. To accomplish the goal of establishing a place for children on the Internet, the Dot Kids Implementation and Efficiency Act of 2002, Public Law No. 107-317 (herein referred to as the "kids.us Act"), was introduced in the U.S.

House of Representatives in the 107th Congress, and with nearly unanimous support was approved by both the House and the U.S. Senate. Enactment of the kids.us Act demonstrates the strong commitment by our nation's leaders to create a rewarding online experience for our nation's youth.

The role of NeuStar in the design and implementation of the kids.us domain

The kids.us Act "assign[s] to the [National Telecommunications and Information Administration] responsibility for providing for the establishment, and overseeing operation, of a second-level Internet domain within the United States country code domain.²" In October 2001, The United States Department of Commerce ("DOC"), National Institute of Standards and Technology ("NIST") selected NeuStar to manage and administer the .us domain name space, the official ccTLD for the United States (Purchase Order No. SB 1335-02-W-0175) (the "Government Contract"). As part of this contract with the DOC, NeuStar agreed to reserve a select set of second level domain names to be used to serve the public. Among the reserved names was "kids", which was put aside in order to enable an entity to manage a kids.us domain name space for the benefit of children. In accordance with the kids.us Act, NeuStar will act as the Registry operator for all third-level registrations under the kids.us domain and have overall responsibility for managing the name space to ensure appropriateness of content.

In light of the fact that NeuStar will have the primary responsibility for ensuring that content within the kids.us domain is appropriate for children under the age of 13, NeuStar has created the role of the kids.us "Content Manager" to oversee this enormous responsibility. The Content Manager may either be NeuStar itself or may be an entity, or several entities, approved by both NeuStar and the NTIA to perform these functions. The Content Manager will be responsible for reviewing and approving content that is appropriate for the kids.us domain pursuant to these kids.us Content

¹

See *A Nation Online: How Americans Are Expanding Their Use of the Internet*, February 2002, U.S. Department of Commerce, Economics and Statistics Administration, National Telecommunications and Information Administration.

²

Public Law 107-317, Section 3, subsection 3(c).

Guidelines and Requirements along with any other rules, restrictions or regulations determined by NeuStar and the NTIA.

To fulfill a requirement under the kids.us Act, NeuStar has drafted this policy for content guidelines and requirements based on input from a variety of diverse sources. We attempted to identify the major publicly and legally accepted children's content standards for purposes of application to the kids.us domain. This document reflects the excellent work developed through government and privately-funded research, testimony delivered at Congressional Hearings, articles, books, and some preliminary conversations with members of the children's media communities. Because of the public resource value of the kids.us domain, we have taken great effort to reflect a wide sampling of the information publicly available. Additionally, an initial draft of this document³ was issued for public comment in August of 2002. NeuStar would like to thank the individuals and organizations that responded to our request for comments by contributing comments on the design of the domain, suggested content, and restrictions for content.

Core objectives of kids.us – a domain for children

The objective of the kids.us domain is to facilitate the establishment of a friendly and enjoyable environment for children using the Internet.

The kids.us Act states that the kids.us domain is intended to serve "any person under 13 years of age". This benchmark for the kids.us domain is not surprising as it is consistent with other existing legal frameworks in a variety of media, including, for example, the Children's Online Protection Act.

Specifically, the kids.us domain is designed to restrict access to content that is "harmful to minors", which has been defined by the kids.us Act as:

- "The average person, applying contemporary community standards, would find, taking the material as a whole and with respect to minors, that it is designed to appeal to, or is designed to pander to, the prurient interest;
- The material depicts, describes, or represents, in a manner patently offensive with respect to minors, an actual or simulated sexual act or sexual contact, an actual or simulated normal or perverted sexual act, or a lewd exhibition of the genitals or post-pubescent female breast; and
- Taken as a whole, the material lacks serious, literary, artistic, political, or scientific value for minors."⁴

Further, the kids.us Act also states that the domain should have content that is "suitable for minors", or content that:

- "Is not psychologically or intellectually inappropriate for minors; and
- Serves (1) the educational, informational, intellectual, or cognitive needs of minors; or (2) the social, emotional, or entertainment needs of minors."⁵

³ Proposal For Guidelines and Requirements for the kids.us Second Level Domain, August 2002

⁴ Pub. Law 107-317, Section 157, subsection J (1) a-c.

⁵ Pub. Law 107-317, Section 157, subsection J (5) a-c.

It is important to understand that the kids.us domain is not intended to be a cure-all solution to the many problems and dangers associated with children's use of the Internet. As the National Academies of Sciences ("NAS") concluded in the recently released report "Youth, Pornography, and the Internet," there is no single approach that will, on its own, protect children from online dangers.⁶ Rather, the kids.us domain is being designed as an alternative on the Internet that children, parents, educators, and children's content providers may elect to use. A domain for children alone cannot address the larger problems associated with children's Internet use. Given the technical and legal limitations that plague any Internet domain, a space dedicated to children can be targeted by bad actors or subject to technical problems. These facts demonstrate that there can be no truly safe place or "haven" for children. To the contrary, a place for children can be effective only if it is accompanied by the many components identified by the NAS in their report, including parental involvement, adult supervision, social and educational support, and publicly available, user-friendly, and cost-effective technology-based tools.

Youth, Pornography, and the Internet, Dick Thornburgh and Herbert S. Lin, Editors, Committee to Study Tools and Strategies for Protecting Kids from Pornography and Their Applicability to Other Inappropriate Internet Content, Computer Science and Telecommunication Board, National Research Council (May 2002) (the NAS Report).

KIDS.US GUIDELINES AND RESTRICTIONS

Content guidelines for the kids.us domain

The following are the specific content guidelines for determining which content is “suitable for minors” that resolves within a kids.us-approved domain name. Each of these standards are currently used or accepted in a variety of public communications and media forums. Aggregating existing standards and integrating them into the kids.us domain provides a means of defining what is acceptable content in a domain for children, and also acts as a notice to kids.us registrants of some existing standards and laws that are applicable to children online.

In addition, these content guidelines and restrictions are applicable to all domains within the kids.us domain, whether at the third, fourth or higher level, which is defined herein as any web page that is associated with a domain name ending in kids.us – all pages “behind” the primary URL and all pages associated with domains “to the left” of kids.us. Thus, although domain names with four or more levels (e.g., registry.neustar.kids.us) are permitted and can be managed at the discretion of the registrant, those pages are considered part of the kids.us domain and are therefore subject to all guidelines, restrictions and policies of the kids.us space.

Compliance with existing laws, regulations, and relevant voluntary standards

In addition to the guidelines and requirements contained herein, all content that resides within a kids.us-approved domain must be in compliance with existing laws, widely adopted children’s online protection policies, advertising policies, privacy requirements and other policies, restrictions and guidelines approved by NeuStar and the NTIA. These include, but are not limited to, the several key legal, regulatory, and voluntary standards listed below that impact multimedia children’s content today.

Compliance with existing rules and regulations regarding indecency on the airwaves

In light of the public significance of both the usTLD and the kids.us second level domain, the registry operator already reviews, for possible deletion, all registered .us domain names that contain, within the characters of the domain name registration, any of the seven words identified in *Federal Communications Commission v. Pacifica Foundation*.⁷ An expanded version of this policy will be extended to the kids.us registrations.

A commitment to offer some educational and informational content

Pursuant to the Children’s Television Act⁸ and the FCC’s rules implementing this statute,⁹ broadcasters have a public interest obligation to air a specific number of hours of programming that offers some educational and informational content targeted to children under 13. These rules are consistent with the spirit of the “suitable for minors” clause in the kids.us Act and thus, all

⁷ 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978).

⁸ Cite Children’s Television Act (CTA).

⁹ Cite FCC Docket implementing the CTA.

registrants within the kids.us domain are encouraged to have some component of educational and informational content for children on their respective domains.

Compliance with the children's online privacy protection act (COPPA) requirements¹⁰

The Children's Online Privacy Protection Act (COPPA) requires the Federal Trade Commission (FTC) to issue and enforce rules concerning children's online privacy.¹¹ In doing so, the FTC stated its primary goal as placing parents in control over the information that may be collected from their children online. Specifically, the COPPA rules apply to three groups of website operators: operators of commercial websites or online services directed to children under 13 that collect personal information from children; operators of general audience sites that collect personal information from children under 13; and operators of general audience sites that have a separate children's area and that collect personal information from children.

These three groups of operators are required to perform certain tasks. First, these operators must post a privacy policy, provide notice to parents about the site's information collection practices, and in many instances, obtain parental consent prior to collecting personal information from children. In addition, the operators must provide parents access to their child's information and the opportunity to delete information, they may not condition a child's participation in an activity on the disclosure of more information than is reasonably necessary, and they must maintain the confidentiality, security and integrity of the personal information collected from children.

As stated above, the kids.us domain must be in strict compliance with existing laws, including of course, the requirements of the COPPA, however, neither NeuStar, the DOC nor any Content Manager will be responsible for enforcing these requirements.

Compliance with children's advertising review unit (CARU) advertising standards

One example of widely adopted policies relating to advertising includes the efforts of the Children's Advertising Review Unit (CARU) of the Better Business Bureau. The CARU reviews and evaluates advertising in all media directed to children under 12. This includes print, broadcast and cable television, radio, video, CD-ROM, 900/976 teleprograms, and interactive electronic media. CARU reviews advertising to determine consistency with its guidelines. If advertising is found to be misleading, inaccurate, or inconsistent with the guidelines, CARU works to achieve voluntary cooperation from the relevant parties to ensure compliance. All kids.us registrants are encouraged to be in compliance with the CARU Guidelines.¹²

¹⁰ Cite COPPA.

¹¹ Cite FTC's rules implementing COPPA.

¹² For greater detail on the CARU Guidelines and CARU, please refer to www.caru.org.

Restrictions within the kids.us domain

In addition to the proposed general standards identified above, below is a core list of content restrictions to be followed within the kids.us domain.

The following information or content is not permitted within the kids.us domain:

Mature content—actual and/or simulated normal or perverted sexual acts or sexual contact; sexually explicit information that is not of medical or scientific nature which includes

- Discussion or descriptions of sexual techniques or exercises;
- Sexual paraphernalia;
- Explicit discussions of sex and sexuality; and
- Lewd clothing sales.

Pornography—content that is sexually explicit and/or has a purpose of arousing a sexual or prurient interest which includes

- Lewd exhibitions of genitals or post-pubescent female breasts;
- Pornographic fiction or erotica;
- Sex-related phone and video information;
- Adult services (e.g., escort services, exotic dancers);
- Personals or dating services;
- Fetish information or clothing; and
- Sex toys.

Inappropriate language—use of profane, indecent, pornographic or sexually-related language, including the seven words identified in *Federal Communications Commission v. Pacifica Foundation*, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978) in the domain name or content of any kids.us website

Violence—content which advocates or provides instructions for causing physical harm to people, animals or property which includes

- Information or instructions for injuring or killing people or animals;
- Explosives and bombs – manufacturing, obtaining materials, transport and detonation;
- Graphic images of blood and gore with no medical or scientific purpose;
- Destructive mischief, pranks or practical jokes; and
- Dangerous chemistry, physics and engineering.

Hate speech—content with hostility or aggression toward an individual or group on the basis of race, religion, gender, nationality, ethnic origin, or other involuntary characteristics OR denigrates others on the basis of these characteristics or justifies inequality on the basis of those characteristics. This includes

- Racism;
- Religious-based hate speech, such as anti-Semitism;
- Misogyny;

- Race-based separatism; and
- Ageism.

Drugs—content that advocates the illegal use of drugs, or abuse of over-the-counter or prescription medications. This includes

- Direct or indirect sale of illegal substances;
- Narcotic paraphernalia;
- Manufacture of illegal substances (organic or chemical);
- Abuse of over-the-counter or prescription drugs or medical treatments;
- Direct or indirect distribution of illegal substances; and
- Use of illegal substances.

Alcohol—content that advocates or contemplates alcohol consumption which includes

- Offers for sale;
- Supplies recipes for creating, encouraging or guidance on consumption;
- Paraphernalia to make or consume; and
- Drinking games or other recreational displays.

Tobacco—content that features smoking or use of other tobacco products, which includes

- Retailers or other means of acquiring;
- Tobacco products and paraphernalia;
- Instructions for using tobacco products; and
- Glamorization of tobacco use.

Gambling—content that advocates legal or illegal gambling, which includes

- Online Casinos, lotteries, gaming or online betting sites;
- Information or tips for placing bets of handicapping; and

Weapons—content that sells or advocates the use of weapons, which includes • Direct sale or information on the procurement of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons; and

- Information on use or modification of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons.

Criminal activities—content that advocate or provides information or instruction for engaging criminal activity, which includes

- Theft;
- Bodily harm;
- Property damage; and
- Computer-related crimes.

Notwithstanding the list contained above, all content will be reviewed by the Content Manager(s) on the whole prior to being approved for display on a kids.us domain. If such content is deemed by the Content Manager(s) and/or NeuStar as having serious educational, informational, intellectual, literary, artistic, political, or scientific value for minors we believe that exceptions can be made to allow this content to appear in the kids.us domain.

Technology restrictions

Because there is no foolproof method for protecting children online at this time, the kids.us Act specifies limitations put on specific technologies commonly used on the Internet today. These technologies are prohibited from use in any kids.us domains:

- Two-way and multi-user interactive services, which includes: e-mail, chat, instant messaging, Usenet, Message Boards of like user forum, and peer-to-peer connections, place “unless the registrant certifies to the registrar that such service will be offered in compliance with content standards established ... and is designed to reduce the risk of exploitation of minors using such two-way and multi-user interactive services”; and
- Hyperlinks that take a user outside of the kids.us domain.

ENFORCEMENT PROCESSES AND PROCEDURES

Pursuant to the kids.us Act, the registry operator has responsibility for creating “a process for removing from the new domain any content that is not in accordance with the [content] standards and requirements of the registry.” This enforcement power, though severe, is not absolute and finite, as the registry is also required to create “a process to provide registrants to the new domain with an opportunity for a prompt, expeditious, and impartial dispute resolution process regarding any material of the registrant excluded from the new domain.”¹³ The purpose of providing this enforcement power to the registry operator is to strengthen a core objective of the kids.us Act, which is both to create an online arena that is free from material that is harmful to minors and to ensure that the kids.us domain remains safe from such harmful material.

At the time of initial content review, all potential websites must completely abide by the kids.us Content Guidelines and Restrictions before any content may reside within the kids.us domain. Once content is available, the Registry can be made aware of any true or alleged content infractions from the Content Manager or through feedback received directly from the Internet community¹⁴. On an on-going basis, the Registry will follow a defined process for removing appropriate content from the kids.us domain. This process is designed to balance the needs of maintaining a stable domain space as well as ensuring a timely and expeditious means for registrants to resolve any true or alleged content infractions.

In order to aid the registry operator in its enforcement, these content restrictions have been assigned a “severity level” that will guide the registry in addressing content violations. Because the registry does not have direct access to the content within a website, actions by the registry are limited to removing a domain name from the authoritative database, thereby blocking the site in its entirety¹⁵. Although complete removal of a domain name may appear to be an extreme course of action in some instances, the objective of protecting children is paramount and must be the guiding factor in the enforcement process.

¹³

Public Law 107-317 Section 157, Subsection C, (5-6).

¹⁴

This information will be made available on the official kids.us website.

¹⁵

It is important to note a technological distinction between the Registry making a domain name unavailable and a user's ability to access that domain in the future. In the event a domain name has been cached locally or by an ISP, that name will reside in their system until that time they update their individual databases with a current copy of the Registry Operator's zone file. Thus, though the Registry can remove a name from the zone file, that name could still be accessed if it has been cached with the ISP. Additionally, if the IP address for the domain name has been made available, that can be entered into the URL line of the browser in lieu of an alphanumeric domain name thereby making a website accessible without using DNS.

Content Restrictions are broken into three categories:

Level 1	Level 2	Level 3
Mature content	Hate speech	Hyperlinks to acceptable content
Pornography	Drugs	
Inappropriate language	Weapons	
Violence	Hyperlinks to Level 2 or Level 3 content	
Hyperlinks to Level 1 content	Gambling	
Interactive or multi-user communication	Alcohol	
	Tobacco	

When the Registry is actually notified of an alleged violation, each site will be reviewed within a reasonable time period and categorized pursuant to the table above. If the Content Manager and/or the registry operator determines that a violation has occurred, the following actions will be taken for each of the categories:

Level 1—Registry will immediately remove the domain name from the Zone file, contact the Registrar and Registrant and provide them notification of removal. The registrant will be required to repeat the content review process before the name can be re-established in the zone.

Level 2—Registry will notify the Registrar and Registrant of the infraction and provide 4 hours for the error to be modified. The registrant will be subject to an additional review.

Level 3—Registry will notify the Registrar or Registrant of the infraction and provide 12 hours for the error to be modified.

Registrants found in violation of the content standards desiring to be reinstated within the kids.us domain will be subject to a new review and re-activation fee each time a domain name is removed from the zone file and then re-entered. This fee is designed to recover the operational expense associated with manual removal and insertion into the Registry zone file, the additional content reviews, and other administrative expenses.

Registrants found repeatedly violating the content policy may be subject to permanent loss of their domain name, at the sole discretion of the registry.

Exhibit B

REGISTRAR TOOL KIT

kids.us Administrator-Registrar Software Development Kit includes, but is not limited to the following:

- Reference client implementations:
 - Java
 - C++
- Interface definition: XML Schema
- kids.us Administrator Operational Profile (our extensions)
- Authentication and Encryption guidelines
- EPP "feature freeze" drafts
- EPP test plan and coverage matrix
- Java and C++ API documentation

Exhibit C

ENGINEERING AND CUSTOMER SERVICE SUPPORT

During the Term of this Agreement, kids.us Administrator will provide reasonable telephone and electronic customer support to Registrar, not Registrants or prospective customers of Registrar, for non-technical issues solely relating to the kids.us System and its operation. kids.us Administrator will provide Registrar with a telephone number and e-mail address for such support during implementation of the EPP, APIs and any reference client software included in the Registrar Tool Kit. While e-mail and FAQs are the primary method of help, kids.us Administrator will provide support on a 7-day/24-hour basis. kids.us Administrator will provide a web-based customer service capability in the future and such web-based support will become the primary method of customer service support to Registrar at such time.

The kids.us Administrator provides a clear, concise and efficient deliberation of customer support responsibilities. Registrars provide support to registrants (i.e., Registrants) and registries (like kids.us Administrator) provide support for registrars. This structure allows the kids.us Administrator to focus its support on the highly technical and administratively complex issues that arise between the kids.us Administrator and the Registrar and to focus on the system operations supporting the kids.us.

Technical Help Systems

kids.us Administrator will provide its registrars with the following types of technical support:

- Web-based self-help services, including:
 - Knowledge bases
 - Frequently asked questions
 - White papers
 - Downloads of EPP client software
- Support for email messaging
- Telephone support from a central Help Desk
- Fee-based consulting services.

Web Portal

kids.us Administrator will implement a secure Web-based multimedia portal to help support registrar operations. To obtain access to these Web-based services, a registrar must register with the kids.us Administrator, and must have implemented our security features, including SSL encryption, log in with user ID and password, and digital certificates for authentication. The home page of the web portal will include a notice to registrars of planned outages for database maintenance or installation of software upgrades. kids.us Administrator will use commercially reasonable effort to post this notification at least thirty (30) days prior to the event in addition to active notification including phone calls and email. kids.us Administrator will also record outage notifications in the help desk database to facilitate compliance with the performance specifications. Finally, seven (7) days and again two (2) days prior to the scheduled event,

kids.us Administrator will use both an email and a Web-based notification to remind registrars of the outage.

Non-affiliated registrars and the general Internet community may obtain generic information from kids.us Administrator's public website, which will describe the TLD service offerings and list of registrars, including Registrar, providing domain-name services.

Central Help Desk

In addition to implementing the website, kids.us Administrator will provide telephone support to registrars through a central Help Desk. Access to the help desk telephone support is through an automatic call distributor that routes each call to the next available customer support specialist. kids.us Administrator will authenticate callers by using caller ID and by requesting a pre-established pass phrase that is different for each registrar. Requests for assistance may also come to the Help Desk via email, either directly or via the secure website. The Help Desk's three tiers of support are:

Tier-1 Support. Telephone support to registrars who normally are calling for help with customer domain-name problems and such other issues such as EPP implementation or billing and collection. Problems that can't be resolved at Tier 1 are escalated to Tier 2.

Tier-2 Support. Support provided by members of the technical support team, who are functional experts in all aspects of domain-name registration. In addition to resolving escalated Tier 1 problems with EPP implementation and billing and collection, Tier 2 staff provides technical support in system tuning and workload processing.

Tier 3 Support. Complex problem resolution provided by on-site maintenance technicians, third party systems and software experts, and vendors, depending on the nature of the problem.

In turn, the Help Desk uses an automated software package to collect call statistics and record service requests and trouble tickets in a help desk database. The help desk database documents the status of requests and tickets. Each customer-support and technical support specialist uses this problem management process to respond to trouble tickets with a troubleshooting, diagnosis, and resolution procedure and a root-cause analysis.

Escalation Policy

kids.us Administrator's escalation policy defines procedures and timelines for elevating problems either to functional experts or to management for resolution if they are not resolved within the escalation-policy time limits. The following table is an overview of the escalation policy.

Level	Description	Escalation Policy
I	Catastrophic outage affecting overall registry operations	Data-center manager escalates to kids.us Administrator management and Disaster-Recovery Team if not resolved in 15 minutes
II	Systems outage affecting one or two registrar sessions but not the entire system	Systems engineer escalates to data-center manager if not resolved in one hour
III	Technical questions	Help Desk customer-support specialist escalates to the systems engineer if not resolved in two hours
IV	Basic questions	Help Desk customer-support specialist escalates to the systems engineer if not resolved within four hours

Notification

Web portal and e-mail notifications to all Registrars within 15 minutes; updates every 30 minutes

Web-portal notification to all registrars; hourly updates

Hourly updates to registrar via e-mail

Hourly updates to registrar via e-mail

Staffing

Initially, kids.us Administrator will staff its Help Desk with a complement of customer service specialists. kids.us Administrator will add staff as necessary to respond to incoming requests within the performance specification guidelines. Customer-service specialists will obtain assistance from kids.us Administrator's technical staff for any problems that cannot be resolved in one (1) phone call.

Test and Evaluation Facility

kids.us Administrator will establish an operational test-and-evaluation facility that will be available for Registrars to test their client EPP system. kids.us Administrator's technical-support team, which consists of functional experts in the processes and technologies for domain-name registration, will support the registrars' testing.

Once each new registrar is satisfied that its system is compatible with the kids.us System, it will schedule a formal acceptance test that will be monitored by kids.us Administrator's system engineer. After a registrar has passed the acceptance test, kids.us Administrator will issue its user id, passwords, and digital certificates, and the registrar can then begin operations.

Customer Satisfaction Survey

To determine the satisfaction of registrars with kids.us Services, kids.us Administrator will implement a Web-based customer-satisfaction survey that will consist of a set of survey questions with responses ranging from one to five on the Likert Scale. kids.us Administrator will tabulate the results and plans to publish them on the website periodically.

To further verify the quality of kids.us Administrator's customer services, kids.us Administrator anticipates commissioning a bi-annual customer-satisfaction survey by an independent third party.

Exhibit D

USTLD REGISTRAR ACCREDITATION AGREEMENT

[INSERT AGREEMENT]

Exhibit E

[INTENTIONALLY OMITTED]

Exhibit F

POLICY ON TRANSFER OF SPONSORSHIP OF REGISTRATIONS BETWEEN REGISTRARS

A. Holder-Authorized Transfers

1. Registrar Requirements

The Registration Agreement between each registrar and its Registrant must allow for Registrants to transfer their domain name registrations between Registrars provided that the Gaining Registrar's transfer process meets the minimum standards of this policy. Inter-Registrar domain name transfer processes must be clear and concise in order to avoid confusion. Further, Registrars should inform Registrants of, and provide access to, the published documentation of the specific transfer process employed by the Registrars.

Both the Administrative Contact and the Registrant, as listed in the usTLD Administrator's publicly accessible WHOIS service are the only parties that have the authority to approve or deny a transfer request to the Gaining Registrar. In the event of a dispute, the Registrant's authority supersedes that of the Administrative Contact. For the purposes of this Exhibit, the Registrant and the Administrative Contact are collectively referred to as the "Registered Name Holder."

2. Gaining Registrar Requirements

For each instance where a Registered Name Holder requests to transfer a domain name registration to a different Registrar, the Gaining Registrar shall:

2.1 Obtain express authorization from Registered Name Holder including the standard form of authorization and the Registered Name Holder's unique "AuthInfo" code.

2.1.1 The authorization must be made via a valid Standardized Form of Authorization (FOA).

- a) There are two different FOA's available on the usTLD Administrator's website. The FOA labeled "Initial Authorization for Registrar Transfer" must be used by the Gaining Registrar to request an authorization for a registrar transfer from the Registered Name Holder. The FOA labeled "Confirmation of Registrar Transfer Request" may be used by the Registrar of Record to request confirmation of the transfer from the Registered Name Holder. The FOA shall be communicated in English, and any dispute arising out of a transfer request shall be conducted in the English language.

- b) In the event that the Gaining Registrar relies on a physical process to obtain this authorization, a paper copy of the FOA will suffice insofar as it has been signed by the Registered Name Holder.
- c) If the Gaining Registrar relies on a physical authorization process, then the Gaining Registrar assumes the burden of obtaining reliable evidence of the identity of the Registered Name Holder and maintaining appropriate records proving that such evidence was obtained. Further the Gaining Registrar also assumes the burden for ensuring that the entity making the request is indeed authorized to do so. The acceptable forms of physical identity are:
 - Notarized statement
 - Valid Drivers license
 - Passport
 - Articles of Incorporation
 - Military ID
 - State/Government issued ID
 - Birth Certificate
- d) In the event that the Gaining Registrar relies on an electronic process to obtain this authorization the acceptable forms of identity would include:
 - Electronic signature in conformance with United States legislation, in the location of the Gaining Registrar (if such legislation exists).
 - Consent from an individual or entity that has an email address matching the Registered Name Holder email address.
- e) The Registrar of Record may not deny a transfer request solely because it believes that the Gaining Registrar has not received the confirmation set forth above.
- f) A transfer must not be allowed to proceed if no confirmation is received by the Gaining Registrar. The presumption in all cases will be that the Gaining Registrar has received and authenticated the transfer request made by a Registered Name Holder.

2.1.2 Collection of unique “AuthInfo” code from Registered Name Holder.

- a) Registrars must provide all Registered Name Holders with their unique “AuthInfo” code within five (5) calendar days of the Registered Name Holder’s initial request if the Registrar does not

provide facilities for the Registered Name Holder to generate and manage their own unique “AuthInfo” code.

- b) In addition, Registrars may not employ any mechanism for complying with a Registered Name Holder’s request to obtain the applicable “AuthInfo” code that is more restrictive than the mechanisms used for changing any aspect of the Registered Name Holder’s contact or name server information.
- c) The Registrar must not refuse to release an “AuthInfo” code to the Registered Name Holder solely because there is a dispute between the Registered Name Holder and the Registrar over payment.
- d) Registrar-generated “AuthInfo” codes must be unique on a per-domain basis. The “AuthInfo” codes must be used solely to identify a Registered Name Holder.

2.2 Request, by the transmission of a "transfer" command as specified in the Registrar Tool Kit, that the usTLD Administrator database be changed to reflect the new Registrar.

2.2.1 Transmission of a "transfer" command constitutes a representation on the part of the Gaining Registrar that the requisite authorization has been obtained from the Registered Name Holder listed in the authoritative Whois database.

2.2.2 The Gaining Registrar is responsible for validating the Registered Name Holder requests to transfer domain names between Registrars. However, this does not preclude the Registrar of Record from exercising its option to independently confirm the Registered Name Holder's intent to transfer its domain name to the Gaining Registrar in accordance with Section 3 of this policy.

3. Obligations of the Registrar of Record (also referred to as the “Losing Registrar”)

3.1 A Registrar of Record can choose independently to confirm the intent of the Registered Name Holder when a notice of a pending transfer is received from the Registry. The Registrar of Record must do so in a manner consistent with the standards set forth in this agreement pertaining to Gaining Registrars. In order to ensure that the form of the request employed by the Registrar of Record is substantially administrative and informative in nature and clearly provided to the Registered Name Holder for the purpose of verifying the intent of the Registered Name Holder, the Registrar of Record must use the FOA.

3.2 The FOA shall be communicated in English, and any dispute arising out of a transfer request, shall be conducted in the English language. This requirement

does not preclude the Registrar of Record from marketing to its existing customers through separate communications.

- 3.3. The FOA should be sent by the Registrar of Record to the Registered Name Holder as soon as operationally possible, but must be sent not later than twenty-four (24) hours after receiving the transfer request from the usTLD Administrator.
- 3.4. Failure by the Registrar of Record to respond within five (5) calendar days to a notification from the Registry regarding a transfer request will result in a default "**approval**" of the transfer.
- 3.5. In the event that a Registered Name Holder listed in the Whois has not confirmed its request to transfer with the Registrar of Record and the Registrar of Record has not explicitly denied the transfer request, the default action will be that the Registrar of Record must allow the transfer to proceed.
- 3.6. Upon denying a transfer request for any of the following reasons, the Registrar of Record must provide the Registered Name Holder and the potential Gaining Registrar with the reason for denial. The Registrar of Record **may deny** a transfer request **only** in the following specific instances:
 1. Evidence of fraud
 2. UDRP action
 3. Court order by a court of competent jurisdiction
 4. Reasonable dispute over the identity of the Registrant or Administrative Contact
 5. No payment for previous registration period (including credit card charge-backs) if the domain name is past its expiration date or for previous or current registration periods if the domain name has not yet expired. In all such cases, however, the domain name must be put into "Registrar Hold" status by the Registrar of Record prior to the denial of transfer.
 6. Express written objection to the transfer from the Registered Name Holder. (e.g. - email, fax, paper document or other processes by which the Registered Name Holder has expressly and voluntarily objected through opt-in means)
 7. A domain name was already in "lock status" provided that the Registrar provides a readily accessible and reasonable means for the Registered Name Holder to remove the lock status.
 8. A domain name is in the first 60 days of an initial registration period.
 9. A domain name is within 60 days (or a lesser period to be determined) after being transferred (apart from being transferred back to the original Registrar in cases where both Registrars so agree and/or where a decision in the dispute resolution process so directs).
- 3.7. Instances when the requested change of Registrar **may not be denied** include, but are not limited to:

- Nonpayment for a pending or future registration period
- No response from the Registrant or Administrative Contact.
- Domain name in Registrar Lock Status, unless the Registered Name Holder is provided with the reasonable opportunity and ability to unlock the domain name prior to the Transfer Request.
- Domain name registration period time constraints, other than during the first 60 days of initial registration or during the first 60 days after a registrar transfer.
- General payment defaults between Registrar and business partners / affiliates in cases where the Registered Name Holder for the domain in question has paid for the registration.
- A dispute over payment. The Registrar of Records must not employ transfer processes as a mechanism to secure payment for services from a Registered Name Holder. Exceptions to this requirement are as follows: (i) In the case of non-payment for previous registration period(s) if the transfer is requested after the expiration date, or (ii) In the case of non-payment of the current registration period, if transfer is requested before the expiration date.

4. Registrar Coordination

- 4.1 Each Registrar is responsible for keeping copies of documentation, including the FOA and the Registered Name Holders response thereto, that may be required for filing and supporting a dispute under the dispute resolution policy. Gaining Registrars must maintain copies of the FOA as received from the Registered Name Holder as per the standard document retention policies of the contracts. Copies of the reliable evidence of identity must be kept with the FOA.
- 4.2 The Gaining Registrar must retain, and produce pursuant to a request by a Losing Registrar, a written or electronic copy of the FOA. In instances where the Registrar of Record has requested copies of the FOA, the Gaining Registrar must fulfill the Registrar of Records request (including providing the attendant supporting documentation) within five (5) calendar days. Failure to provide this documentation within the time period specified is grounds for reversal by the usTLD Administrator in the event that a transfer complaint is filed in accordance with the requirements of this policy.
- 4.3 If either a Registrar of Record or a Gaining Registrar does not believe that a transfer request was handled in accordance with the provisions of this policy, then the Registrar may initiate a complaint with the usTLD Administrator of this Policy.
- 4.4 For purposes of facilitating transfer requests, Registrars should provide and maintain a unique and private email address for use only by other Registrars and the Registry:

- 4.4.1 This email address is for issue related to transfer requests and the procedures set forth in this policy only.
- 4.4.2 The email address should be managed to ensure messages are received by someone who can respond to the transfer issue.
- 4.4.3 Messages received at such email address must be responded to within a commercial reasonable timeframe not to exceed seven (7) calendar days.

5. Registry Requirements

- 5.1 Upon receipt of the "transfer" command from the Gaining Registrar, usTLD Administrator will transmit an electronic notification to both Registrars.
- 5.2 The usTLD Administrator shall complete the requested transfer unless, within five (5) calendar days, usTLD Administrator receives a NACK protocol command from the Registrar of Record.
- 5.3. The usTLD Administrator shall undo a transfer if, after a transfer has occurred, the usTLD Administrator receives one of the notices as set forth below. In such case, the transfer will be reversed and the domain name reset to its original state. The usTLD Administrator must undo the transfer within five (5) calendar days of receipt of the notice except in the case of a Registry dispute decision, in which case the usTLD Administrator must undo the transfer within fourteen (14) calendar days unless a court action is filed. The notice required shall be one of the following:
 - 5.3.1 Agreement of the Registrar of Record and the Gaining Registrar sent by email, letter or fax that the transfer was made by mistake or was otherwise not in accordance with the procedures set forth in this policy;
 - 5.3.2 The final determination of a dispute resolution body having jurisdiction over the transfer; or
 - 5.3.3 Order of a court having jurisdiction over the transfer.

6. Records of Registration

Each Registrar shall require its customer, the Registered Name Holder, to maintain its own records appropriate to document and prove the initial domain name registration date.

7. Effect on Term of Registration

The completion by usTLD Administrator of a holder-authorized transfer under this Part A shall result in a one-year extension of the existing registration, provided that in no event shall the total unexpired term of a registration exceed ten (10) years.

B. usTLD Administrator Approved Transfers.

Transfer of all of the registrations held by one registrar as the result of acquisition of that registrar or its assets by another registrar may be made according to the following procedure:

- (a) The acquiring registrar must be accredited by usTLD Administrator for the usTLD under an Accreditation Agreement and must have in effect a usTLD Administrator-Registrar Agreement with usTLD Administrator for the usTLD.
- (b) usTLD Administrator shall determine, in its sole discretion, that the transfer would promote the community interest, such as the interest in stability that may be threatened by the actual or imminent business failure of a registrar.

Upon satisfaction of these two conditions, usTLD Administrator will make the necessary one-time changes in the registry database for no charge for transfers involving 50,000 name registrations or fewer; provided that the data to be transferred to usTLD Administrator is in the form specified by usTLD Administrator ("Approved Format"). If the transfer involves registrations of more than 50,000 names, and the data to be transferred to usTLD Administrator is in the Approved format, usTLD Administrator will charge the acquiring registrar a one-time flat fee of US \$50,000. If the data to be transferred is not in the Approved Format, the usTLD Administrator may charge a reasonable fee, as determined by the usTLD Administrator, in connection with the cost associated with reformatting such data.

Exhibit G **REGISTRATION FEES**

- Sunrise Registration [Intentionally Omitted]
- Initial Registration Fee after Sunrise. Registrar agrees to pay the non-refundable fee of \$6 per Registered Name per year of registration.
- Renewal Fees. Registrar agrees to pay the non-refundable fee of \$6 per Registered Name per year for renewals.
- Fees for Transfers of Sponsorship of Domain-Name Registrations

Where the sponsorship of a domain name is transferred from one registrar to another, kids.us Administrator may require the registrar receiving the sponsorship to request a renewal of one year for the name. In connection with that extension, kids.us Administrator may charge a Renewal Fee for the requested extension as provided in the renewal schedule set forth above. The transfer shall result in an extension according to the renewal request, subject to a ten-year maximum on the future term of any domain-name registration. The Renewal Fee shall be paid in full at the time of the transfer by the registrar receiving sponsorship of the domain name.

NOTE: kids.us Administrator reserves the right to revise the Fees prospectively upon thirty (30) days notice to Registrar, provided that such adjustments are consistent with the kids.us Agreement.

Exhibit H
PERFORMANCE SPECIFICATIONS

1. Introduction. The attached Performance Specification Matrix ("Matrix") provides a list of performance specifications as they apply to the three Core Services provided by the kids.us Administrator–SRS, Nameserver, and Whois services.
2. Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Agreement.
 - 2.1 "Core Services" refers to the three core services provided by the kids.us System–SRS, Nameserver, and Whois Services.
 - 2.2 "Performance Specification" refers to the specific committed performance service levels as specified herein.
 - 2.3 "Performance Specification Priority" refers to the kids.us Administrator's rating system for Performance Specifications. Some Performance Specifications are more critical to the operations of the kids.us Administrator than others. Each of the Performance Specifications is rated as C1-mission critical, C2-mission important, C3-mission beneficial, or C4-mission maintenance.
 - 2.4 "Registrar Community" refers to all the registrars accredited by kids.us Administrator that have executed kids.us Administrator-Registrar Agreements with kids.us Administrator for the kids.us.
 - 2.5 "SRS" refers to the Shared Registration System; the service that the kids.us System provides to the Registrar Community. Specifically, it refers to the ability of registrars to add, modify, and delete information associated with domain names, nameserver, contacts, and registrar profile information. This service is provided by systems and software maintained in coactive data centers. The service is available to registrars via an Internet connection.
 - 2.6 "Nameserver" refers to the nameserver function of the kids.us System and the nameservers that resolve DNS queries from Internet users. This service is performed by multiple nameserver sites that host DNS resource records. The customers of the nameserver service are users of the Internet. The nameservers receive a DNS query, resolve it to the appropriate address, and provide a response.
 - 2.7 "Service Level Measurement Period" refers to the period of time for which a Performance Specification is measured. Monthly periods are based on calendar months, quarterly periods are based on calendar quarters, and annual periods are based on calendar years.
 - 2.8 "Whois" refers to the kids.us Administrator's Whois service. The kids.us Administrator will provide contact information related to registered domain names and nameserver through a Whois service. Any person with access to the Internet can query the kids.us

Administrator's Whois service directly (via the kids.us Administrator website) or through a registrar.

3 **Performance Specifications.** kids.us Administrator shall use commercially reasonable efforts to provide kids.us Services for the kids.us.

3.1 **Service Availability.** Service Availability is defined as the time, in minutes, that the kids.us System's Core Services are responding to its users. Service is unavailable when a service listed in the Matrix is unavailable to all users, that is, when no user can initiate a session with or receive a response from the kids.us System ("Unavailability"). Service Availability is a C1 priority level.

3.1.1 Service Availability is measured as follows:

Service Availability % = $\{[(TM - POM) - UOM] / (TM - POM)\} * 100$ where:

TM = Total Minutes in the Service Level Measurement Period
(#days*24 hours*60 minutes).

POM = Planned Outage Minutes (sum of (i) Planned Outages and
(ii) Extended Planned Outages during the Service Level
Measurement Period).

UOM = Unplanned Outage Minutes (Difference between the total number
of minutes of Unavailability during the Service Level Measurement Period
minus POM).

Upon written request, and at the sole expense of the requesting registrar(s), kids.us Administrator will retain an independent third party (to be selected by kids.us Administrator to perform an independent calculation of the UOM). The frequency of this audit will be no more than once yearly during the term of the Agreement between kids.us Administrator and the Registrar.

This calculation is performed and the results reported for each calendar month for SRS and Whois availability and for each calendar year for Nameserver availability. Results will be reported periodically to the Registrar Community via e-mail.

3.1.2 Service Availability–SRS = 99.9% per calendar month. Service Availability as it applies to the SRS refers to the ability of the SRS to respond to registrars that access and use the SRS through the EPP protocol. SRS Unavailability will be logged with the kids.us Administrator as Unplanned Outage Minutes. The committed Service Availability for SRS is 99.9% and the Service Level Measurement Period is monthly.

3.1.3 Service Availability–Nameserver = 99.999% per calendar year. Service Availability as it applies to the Nameserver refers to the ability of the Nameserver to resolve a DNS query from an Internet user. Nameserver Unavailability will be logged with the kids.us Administrator as Unplanned Outage Minutes. The committed Service Availability for Nameserver is 99.999% and the Service Level Measurement Period is annually.

3.1.4 Service Availability–Whois = 99.95% per calendar month. Service Availability as it applies to Whois refers to the ability of all users to access and use the kids.us Administrator's Whois service. Whois Unavailability will be logged with the kids.us Administrator as Unplanned Outage Minutes. The committed Service Availability for Whois is 99.95% and the Service Level Measurement Period is monthly.

3.2 **Planned Outage.** High volume data centers like that used in the kids.us System require downtime for regular maintenance. Allowing for regular maintenance ("Planned Outage") ensures a high level of service for the kids.us System. Planned Outage Performance Specifications are a C4 priority level.

3.2.1 Planned Outage Duration. The Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the kids.us Administrator is allowed to take the kids.us Services out of service for regular maintenance. Planned Outages are planned in advance and the Registrar Community is provided warning ahead of time. This Performance Specification, where applicable, has a monthly Service Level Measurement Period. The Planned Outage Duration for the Core Services is as follows:

3.2.1.1 Planned Outage Duration–SRS = 8 hours (480 minutes) per month;

3.2.1.2 Planned Outage Duration–Nameserver = (no planned outages allowed); and

3.2.1.3 Planned Outage Duration–Whois = 8 hours (480 minutes) per month.

3.2.2 Planned Outage Timeframe. The Planned Outage Timeframe defines the hours and days in which the Planned Outage can occur. The Planned Outage Timeframe for the Core Services is as follows:

3.2.2.1 Planned Outage Timeframe–SRS = 1201-0800 UTC Sunday;

3.2.2.2 Planned Outage Timeframe–Nameserver =(no planned outages allowed); and

3.2.2.3Planned Outage Timeframe–Whois = 0600-1400 UTC Sunday.

3.2.3 Planned Outage Notification. The kids.us Administrator will notify all of its registrars of any Planned Outage. The Planned Outage Notification Performance Specification defines the number of days prior to a Planned Outage that the kids.us Administrator will notify its registrars. The Planned Outage Notification for the Core Services is as follows:

3.2.3.1 Planned Outage Timeframe–SRS = 3 days;

3.2.3.2 Planned Outage Timeframe–Nameserver =(no planned outages allowed); and

3.2.3.3 Planned Outage Timeframe–Whois = 3 days.

3.3 Extended Planned Outage. In some cases such as software upgrades and platform replacements an extended maintenance timeframe is required. Extended Planned Outages will be less frequent than regular Planned Outages but their duration will be longer. Extended Planned Outage Performance Specifications are a C4 priority level.

3.3.1 Extended Planned Outage Duration. The Extended Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the kids.us Administrator is allowed to take the kids.us Services out of service for extended maintenance. Extended Planned Outages are planned in advance and the Registrar Community is provided warning ahead of time. Extended Planned Outage periods are in addition to any Planned Outages during any Service Level Measurement Period. This Performance Specification, where applicable, has a Service Level Measurement Period based on a calendar quarter. The Extended Planned Outage Duration for the Core Services is as follows:

3.3.1.1 Extended Planned Outage Duration–SRS = 18 hours (1080 minutes) per calendar quarter;

3.3.1.2 Extended Planned Outage Duration–Nameserver =(no planned outages allowed); and

3.3.1.3 Extended Planned Outage Duration–Whois = 18 hours (1080 minutes) per calendar quarter.

3.3.2 Extended Planned Outage Timeframe. The Extended Planned Outage Timeframe defines the hours and days in which the Extended Planned Outage can occur. The Extended Planned Outage Timeframe for the Core Services is as follows:

3.3.2.1 Extended Planned Outage Timeframe–SRS = 1201-0800 UTC Saturday or Sunday;

3.3.2.2 Extended Planned Outage Timeframe–Nameserver = (no planned outages allowed); and

3.3.2.3 Extended Planned Outage Timeframe–Whois = 1201-0800 UTC Saturday or Sunday.

3.3.3 Extended Planned Outage Notification. The kids.us Administrator will notify all of its registrars of any Extended Planned Outage.

The Extended Planned Outage Notification Performance Specification defines the number of days prior to an Extended Planned Outage that the kids.us Administrator will notify its registrars. The Extended Planned Outage Notification for the Core Services is as follows:

3.3.3.1 Extended Planned Outage Timeframe–SRS = 4 weeks;

3.3.3.2 Extended Planned Outage Timeframe–Nameserver = (no planned outages allowed); and

3.3.3.3 Extended Planned Outage Timeframe–Whois = 4 weeks.

- 3.4 **Processing Time.** Processing Time is an important measurement of transaction-based services like those provided by the kids.us System. The first three Performance Specifications, Service Availability, Planned Outages and Extended Planned Outages, measure the amount of time that the service is available to its users. Processing Time measures the quality of that service.

Processing Time refers to the time that the kids.us system receives a request and sends a response to that request. Since each of the kids.us Services has a unique function the Performance Specifications for Processing Time are unique to each of the kids.us Services. For example, a Performance Specification for the Nameserver is not applicable to the SRS and Whois, etc. Processing Time Performance Specifications are a C2 priority level.

Processing Time Performance Specifications have a monthly Service Level Measurement Period and will be reported on a monthly basis. The kids.us system will log the processing time for all of the related transactions, measured from the time it receives the request to the time that it returns a response.

3.4.1 Processing Time–Add, Modify, Delete = 3 seconds for 95%

3.4.1.1 Processing Time–Add, Modify, and Delete is applicable to the SRS as accessed through the EPP protocol. It measures the processing time for add, modify, and delete transactions associated with domain names, nameserver, contacts, and registrar profile information.

3.4.1.2 The Performance Specification is 3 seconds for 95% of the transactions processed. That is, 95% of the transactions will take 3 seconds or less from the time the kids.us system receives the request to the time it provides a response.

3.4.2 Processing Time–Query Domain = 1.5 seconds for 95%

3.4.2.1 Processing Time–Query Domain is applicable to the SRS as accessed through the EPP protocol. It measures the processing time for an availability query of a specific domain name.

3.4.2.2 The performance specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time the kids.us system receives the query to the time it provides a response as to the domain name's availability.

3.4.3 Processing Time–Whois Query = 1.5 seconds for 95%

3.4.3.1 Processing Time–Whois Query is only applicable to the Whois. It measures the processing time for a Whois Query.

3.4.3.2 The Performance Specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time the Whois receives a query to the time it responds.

3.4.4 Processing Time–Nameserver Resolution = 1.5 seconds for 95%

3.4.4.1 Processing Time–Nameserver Resolution is only applicable to the Nameserver. It measures the processing time for a DNS query.

3.4.4.2 The Performance Specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time Nameserver receives the DNS query to the time it provides a response.

3.5 Update Frequency. There are two important elements of the kids.us System that are updated frequently and are used by the general public: Nameserver and Whois. Registrars generate these updates through the SRS. The SRS then updates the Nameserver and the Whois. These will be done on a batch basis. Update Frequency Performance Specifications are a C3 priority level.

The committed Performance Specification with regard to Update Frequency for both the Nameserver and the Whois is 15 minutes for 95% of the transactions. That is, 95% of the updates to the Nameserver and Whois will be effectuated within 15 minutes. This is measured from the time that the registry confirms the update to the registrar to the time the update appears in the Nameserver and Whois. Update Frequency Performance

Specifications have a monthly Service Level Measurement Period and will be reported on a monthly basis.

3.5.1 Update Frequency–Nameserver = 15 minutes for 95%.

3.5.2 Update Frequency–Whois = 15 minutes for 95%.

	Performance Specification Description	SRS	Nameserver	Whois
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1	Service Availability	99.9% per calendar month	99.999% per calendar year	99.95% per calendar month
2	Processing Time– Add, Modify, Delete	3 sec for 95%	NA	NA
3	Processing Time– Query Domain	1.5 sec for 95%	NA	NA
4	Processing Time– Whois	NA	NA	1.5 sec for 95%
5	Processing Time– Nameserver Resolution	NA	1.5 sec for 95%	NA
6	Update Frequency	NA	15 min for 95%	15 min for 95%
7	Planned Outage– Duration	8 hrs per calendar month	not allowed	8 hrs per calendar month
8	Planned Outage– Timeframe	1201 – 0800 EST Sun	not allowed	1201 – 0800 EST Sun
9	Planned Outage– Notification	3 days	not allowed	3 days
10	Extended Planned Outage–Duration	18 hrs per calendar quarter	not allowed	18 hrs per calendar quarter
11	Extended Planned Outage–Timeframe	1201 – 0800 ETC Sat or Sun	not allowed	1201 – 0800 ETC Sat or Sun
12	Extended Planned Outage–Notification	28 days	not allowed	28 days

Exhibit I
SERVICE LEVEL AGREEMENT

- 1. Definitions.** Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to them in Exhibit H to the kids.us Administrator-Registrar Agreement.
- 2. Credits.** If kids.us Administrator fails to meet the Performance Specifications defined in Exhibit H ("Service Level Exception" or "SLE"), kids.us Administrator shall pay in the aggregate to the Registrar Community a credit according to the tables provided below ("Applicable Credit"). Each Registrar shall only be entitled to a fraction of the Applicable Credit. Such fractions of the credit specified in the tables to be paid to any individual Registrar will be calculated based upon the number of domain names that such Registrar added to the kids.us system during the Service Level Measurement Period compared to the total number of domain names added to the kids.us system by all Registrars during the Service Level Measurement Period in which the SLE occurred. The credit due to Registrar may be paid as an offset to registrations and other fees owed to kids.us Administrator by Registrar. All credits shall be paid in U.S. Dollars. The following Credit Lookup Matrix indicates the corresponding credit table for which the credits defined in this Exhibit will be levied.

CREDIT LOOKUP MATRIX

	Performance Specification Description	SRS	Nameserver	Whois
1	Service Availability	Table C1a	Table C1b	Table C1a
2	Processing Time - Add, Modify, Delete	Table C2	NA	NA
3	Processing Time – Query Domain	Table C2	NA	NA
4	Processing Time – Whois	NA	NA	Table C2
5	Processing Time – Nameserver Resolution	NA	Table C2	NA
6	Update Frequency	NA	Table C3	Table C3
7	Planned Outage – Duration	Table C4b	NA	Table C4b
8	Planned Outage – Timeframe	Table C4a	NA	Table C4a
9	Planned Outage – Notification	Table C4a	NA	Table C4a
10	Extended Planned Outage – Duration	Table C4b	NA	Table C4b
11	Extended Planned Outage – Timeframe	Table C4a	NA	Table C4a
12	Extended Planned Outage – Notification	Table C4a	NA	Table C4a

If one or more SLEs occurs as the direct result of a failure to meet a Performance Specification in a single credit class, kids.us Administrator shall be responsible only for the credit assessed for the credit class which is the proximate cause for all directly related failures.

The following tables identify total Registrar Community credits due for SLEs in the four credit classes C1 - C4. Notwithstanding the credit levels contained in these tables, the total credits owed by kids.us Administrator under this Agreement shall not exceed \$30,000 USD monthly and \$360,000 USD annually. The credits contained in Tables C1a-C4 represent the total credits that may be assessed in a given SLR category in one Service Level Measurement Period.

2.1 C1 Credit Class—If availability of C1 Credit Class components or systems does not meet C1 Performance Specifications in any given Service Level Measurement Period described in the Performance Specification Matrix in Exhibit H, kids.us Administrator will credit the Registrar Community according to the tables (which amount will be credited to the Registrar on a proportional basis as set forth above).

Table C1a

SLE	< 30 sec.'s	30-60 sec.'s	1-2 min.'s	2-10 min.'s	10-30 min.'s	over 30 min.'s
Monthly Credit to Registrar Community	\$750	\$1,500	\$2,500	\$3,750	\$5,000	\$6,000.

C1a Availability Example: In a given measurement period, the SRS Availability is 99.87%, which equates to 52 minutes of unplanned downtime. The kids.us Administrator's Performance Specification for SRS Availability is 99.9%, or 43 minutes of downtime. The Service Level Exception, therefore, is 9 minutes (52-43 minutes), the difference between the Performance Specification and the actual measured performance. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C1a. In Table C1a, the time interval (2-10 minutes) has a corresponding credit of \$3,750 USD to be paid to the Registrar Community.

Table C1b

SLE	< 10 min.'s	10-30 min.'s	30-60 min.'s	1-2 hours	2-4 hours	over 4 hours
Annual Credit to Registrar Community	\$ 7,500	\$ 15,000	\$ 25,000	\$ 35,000	\$ 50,000	\$ 75,000

C1b Availability Example: In a given Service Level Measurement Period, the measured Nameserver Availability is 99.990% over a twelve (12) month period, which equates to 52 minutes of downtime. The kids.us Administrator's Performance Specification for Nameserver Availability is 99.999%, or 5 minutes of downtime per calendar year. The Service Level Exception, therefore, is 47 minutes (52-5 minutes), the difference between the Performance Specification and the actual measured performance. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C1b. In Table C1b, the time interval (30-60 minutes) has a corresponding credit of \$25,000 USD to be paid to the Registrar Community.

2.2 C2 Credit Class—If processing time for C2 Credit Class services does not meet C2 Service Levels in any given Service Level Measurement Period, kids.us Administrator will credit the Registrar Community according to the following table (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C2

SLE	< 2 sec.'s	2-5 sec.'s	5-10 sec.'s	10-20 sec.'s	20-30 sec.'s	over 30 sec.'s
Monthly Credit to Registrar Community	\$ 375	\$ 750	\$ 1,500	\$ 3,500	\$ 4,000	\$7,500

C2 Processing Example: The Performance Specification for Processing Time for Add, Modify, and Delete is 3 seconds or less for 95% of the transactions. In a given Service Level Measurement Period 7% of the transactions are greater than 3 seconds. The 5% of those transactions with the longest processing times are not subject to the SLE calculation (3 seconds for 95%). The SLE is calculated using the average processing time for the 2% of the transactions that are subject to the SLE. If there were 1,000 transactions and they took a total of 4,000 seconds the average is 4 seconds. That generates an SLE of 1 second (4 seconds - 3 seconds). From the Credit Lookup Matrix, we see the relevant SLA is found in Table C2. In Table C2, the SLE time interval (< 2 seconds) has a corresponding credit \$375 USD to be paid to the Registrar Community.

2.3 C3 Credit Class—If update frequency measurements of C3 Credit Class components or systems do not meet C3 Service Levels in any given Service Level Measurement Period as described in the Performance Specification Matrix in Exhibit H, kids.us Administrator will credit the Registrar Community according to the following tables (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C3

SLE	< 30 sec.'s	30-60 sec.'s	1-2 min.'s	2-10 min.'s	10-30 min.'s	over 30min.'s
Monthly Credit to Registrar Community	\$ 188	\$ 375	\$ 625	\$ 938	\$ 1,250	\$ 1,500

C3 Update Frequency Example: In a given Service Level Measurement Period, 95% of the updates to the Nameserver take 24 minutes or less to complete. The corresponding kids.us Administrator's Performance Specification is 15 minutes for 95% of the updates. The SLE, therefore, is 9 minutes. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C3. The SLE time interval (2-10 minutes) has a corresponding credit of \$938 USD to be paid to the Registrar Community.

2.4 C4 Credit Class—If kids.us Administrator fails to comply with C4 Credit Class category Performance Specifications, kids.us Administrator will credit the Registrar Community

according to the following tables (C4a and C4b) (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C4a

SLE	Any
Monthly Credit to Registrar Community	\$500

C4a Planned Outage Notification Example: In each instance the kids.us Administrator fails to meet the Performance Specifications for Notification and Timeframe related to Planned Outages and Extended Planned Outages, the kids.us Administrator is subject to the credit in Table C4a. For example, the kids.us Administrator informs the Registrar Community that it will initiate a Planned Outage of the SRS on the next calendar Sunday (five (5) days advance notice). The corresponding kids.us Administrator's Performance Specification is 28 days notice. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C4a. This results in a credit of \$500 USD to be paid to the Registrar Community.

Table C4b

SLE	< 1 hour	1-2 hours	2-4 hours	4-6 hours	6-10 hours	over 10 hours
Monthly Credit to Registrar Community	\$ 300	\$ 750	\$ 1,200	\$ 2,500	\$ 3,500	\$ 4,000

C4b Planned Outage Example: In a given Service Level Measurement Period, the actual duration of a planned outage is 11 hours and 20 minutes for the SRS. The corresponding kids.us Administrator's Performance Specification is 8 hours per month for the SRS. The SLE, therefore, is 3 hours and 20 minutes. From the Credit Lookup Matrix the relevant SLA is found in Table C4b. The SLE time interval (2-4 hours) has a corresponding credit of \$1,200 USD to be paid to the Registrar Community.

3. Receipt of Credits. In order for Registrars to claim credits, the following procedure must be followed:

3.1 kids.us Administrator shall perform the required measurements in order to obtain the total credits associated with the applicable Service Level Measurement Period. Such measurements and associated documentation shall be delivered by e-mail to each of the Registrars in the Registrar Community. Such notice shall also include the total credit (if any) to be paid to the Registrar Community as a result of any outages.

3.2 Receipt of Credit - When the above steps have been completed, the kids.us Administrator shall enter in each Registrar's account balance the amount of credit (if applicable) that can be used immediately toward registrations in the Registry.

4. Obligations.

4.1 Except in the case of cross-network nameserver performance (which is not a subject of this Service Level Agreement), kids.us Administrator will perform monitoring from internally located systems as a means to verify that the conditions of the SLA are being met.

4.2 Upon written request, and at the sole expense of the requesting Registrar(s), kids.us Administrator will retain an independent third party to be selected by kids.us Administrator with the consent of the Registrar(s). The Registrar may, under reasonable terms and conditions, audit the reconciliation records for the purposes of verifying measurements of the Performance Specifications. The frequency of these audits will be no more than once yearly during the term of the agreement between kids.us Administrator and the Registrar.

4.3 kids.us Administrator's obligations under this SLA are waived during the first 120 days after the date that the expanded space of the kids.us goes "live." ("Commencement of Service Date").

4.4 A Registrar must report each occurrence of alleged occasion of Unavailability of Core Services to the kids.us Administrator customer service help desk in the manner required by the kids.us Administrator (i.e., e-mail, fax, telephone) in order for an occurrence to be treated as Unavailable for purposes of the SLE.

4.5 In the event that the Core Services are Unavailable to an individual Registrar, kids.us Administrator will use commercially reasonable efforts to re-establish the affected Core Services for such Registrar as soon as reasonably practicable. In the event that the Unavailability of Core Services affects all Registrars, the kids.us Administrator is responsible for opening a blanket trouble ticket and immediately notifying all Registrars of the trouble ticket number and details.

4.6 Both Registrar and the kids.us Administrator agree to use reasonable commercial good faith efforts to establish the cause of any alleged Core Services Unavailability. If it is mutually determined to be a kids.us Administrator problem, the issue will become part of the Unplanned Outage minutes.

4.7 The kids.us Administrator will use commercially reasonable efforts to restore the critical systems of the Core Services within 24 hours after the termination of a force majeure event and restore full system functionality within 48 hours after the termination of a force majeure event. Outages due to a force majeure will not be considered Service Unavailability.

4.8 Incident trouble tickets must be opened within a commercially reasonable period of time.

5. Miscellaneous.

5.1 This Service Level Agreement is independent of any rights, obligations or duties set forth in the kids.us Administrator Agreement. In the event of any conflict between the terms and conditions of this Agreement and the kids.us Administrator Agreement, the kids.us Administrator Agreement shall control.

KIDS.US ADMINISTRATOR-REGISTRAR AGREEMENT v. 2.0

This kids.us Administrator-Registrar Agreement is made and effective as of _____, 200__, by and between NeuStar, Inc., a Delaware corporation, with its principal place of business located at 46000 Center Oak Plaza, Building Ten, Sterling, VA 20166 (“kids.us Administrator”), and _____ [Registrar’s name], a _____ [jurisdiction and type of organization], with its principal place of business located at _____ [Registrar’s location] (“Registrar”).

WHEREAS, On December 4, 2002, President George W. Bush signed into law the “Dot Kids Implementation and Efficiency Act of 2002,” Public Law No. 107-317 (“Dot Kids Act”) requiring the United States Department of Commerce (“DoC”) to establish a second level domain within the .us domain to provide access to material that is suitable for and not harmful to minors.

WHEREAS, NeuStar, Inc. has been appointed to be the administrator of the kids.us domain name space by the DoC, pursuant to Modification No. 7 to the usTLD Agreement between kids.us Administrator and the DoC (Order No. SB1335-02-W-0175) dated February 13, 2003, to operate a shared registration system, TLD nameservers, and other equipment for the “kids.us” second-level domain;

WHEREAS, multiple registrars will provide Internet domain name registration services within the kids.us second-level domain pursuant to kids.us Administrator-Registrar Agreements substantially similar to this Agreement;

WHEREAS, Registrar wishes to act as a registrar for domain names within the kids.us second-level domain.

NOW, THEREFORE, for and in consideration of the mutual promises, benefits and covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, kids.us Administrator and Registrar, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

- 1.1. “Active Registration” shall mean a Registered Name that is approved by kids.us Administrator to be placed into the authoritative DNS and eligible to have Content. Eligibility to have an Active Registration shall be determined by kids.us Administrator, at its sole discretion, using the process set forth in 3.3 below.
- 1.2. “Agreement” means this kids.us Administrator-Registrar Agreement between kids.us Administrator and Registrar, as such may be amended from time to time in the future.
- 1.3. The “APIs” are the application program interfaces by which Registrar may interact, through the EPP, with the kids.us System.

- 1.4. “Confidential Information” means all information and materials related to the performance of services under this Agreement, including, without limitation, computer software, data, information, databases, protocols, reference implementation and documentation, and functional and interface specifications provided by one party to this Agreement (the “Disclosing Party”) to the other party (the “Receiving Party”) and marked or otherwise identified as “confidential”, provided that if a communication is oral, the Disclosing Party will notify the Receiving Party in writing within fifteen (15) days of the disclosure of the confidential nature of such information.
- 1.5. “Content” shall mean the output of a web server in response to a Hyper-Text Transport Protocol request. Content includes, but is not limited to, URLs, text, graphics, scripts, information, data, and all other material capable of existing on the Internet.
- 1.6. “Content Manager(s)” shall mean kids.us Administrator or the entity or entities appointed by kids.us Administrator to perform Content Management Services.
- 1.7. “Content Management Services” means both the initial review and ongoing monitoring of all Kids.us Sites performed by the Content Manager(s).
- 1.8. “Content Policy” shall mean the document(s) attached hereto as Exhibit A. The Content Policy may be revised at any time by the kids.us Administrator.
- 1.9. “DNS” means the Internet domain name system.
- 1.10. The “Effective Date” shall be the date first set forth above.
- 1.11. “EPP” means the extensible provisioning protocol used by the kids.us System.
- 1.12. “kids.us” means the kids.us second-level domain.
- 1.13. “kids.us Agreement” means the functions associated with Modification No. 7 to the usTLD Agreement by and between kids.us Administrator and the DoC (Purchase Order No. SB1335-02-W-0175) dated February 13 , 2003, and any subsequent modifications to the usTLD Agreement pertaining to these functions, for the administration and operation of the kids.us.
- 1.14. “kids.us Accreditation Agreement” shall mean the agreement by and between Registrar and kids.us Administrator setting for the requirements and obligations of Registrar to become accredited to register Registered Names in kids.us.
- 1.15. “kids.us Database” means a database comprised of data about one or more DNS domain names within the domain of the kids.us that is used to generate either DNS resource records that are published authoritatively or responses to domain-name availability lookup requests or Whois queries, for some or all of those names.

- 1.16. “kids.us Services” means services provided as an integral part of the operation of the kids.us.
- 1.17. “kids.us Site” shall mean a website containing Content appearing on an Active Registration.
- 1.18. “kids.us System” means the registry system operated by kids.us Administrator for Registered Names in the kids.us.
- 1.19. “Personal Data” refers to data about any identified or identifiable natural person.
- 1.20. “Registered Name” refers to a domain name within the kids.us second-level domain, about which kids.us Administrator or an affiliate engaged in providing kids.us Services maintains data in a kids.us Database, arranges for such maintenance, or derives revenue from such maintenance. A Registered Name may only become an Active Registration if a Registrant is approved for an Active Registration by following the process set forth in Section 3.3 below.
- 1.21. “Registrant” means the holder of a Registered Name.
- 1.22. The word “Registrar” when appearing with an initial capital letter, refers to _____ [Registrar Name], a party to this Agreement.
- 1.23. The word “registrar” when appearing without an initial capital letter, refers to an entity that contracts with Registrants and with the kids.us Administrator to provide domain name registration services and collects registration data about the Registrants and submits registration information for entry in the kids.us Database and is party to an Kids.us Accreditation Agreement with kids.us Administrator.
- 1.24. “Registrar Services” means services provided by a registrar in connection with the kids.us second-level domain under this Agreement, and includes contracting with Registrants for Registered Names, collecting the applicable registration data about the Registrants, and submitting registration information for entry in the kids.us Database.
- 1.25. “Registrar Tool Kit” shall mean the Tool Kit described in Exhibit B.
- 1.26. “Term” means the term of this Agreement, as set forth in Subsection 8.1.
- 1.27. A “TLD” means a top-level domain of the DNS.
- 1.28. In order to have the required “U.S. Nexus”, a Registrant must meet the requirements set forth at http://www.kids.us/us_policy/ustld_nexus_requirements.pdf.

Other terms used in this Agreement as defined terms shall have the meanings ascribed to them in the context in which they are defined.

2. OBLIGATIONS OF KIDS.US ADMINISTRATOR

- 2.1. **Access to kids.us System.** Throughout the Term of this Agreement, kids.us Administrator shall provide Registrar with access as a registrar to the kids.us System. Nothing in this Agreement entitles Registrar to enforce any agreement between kids.us Administrator and DoC, and Registrar shall not be deemed to be a third-party beneficiary to any Agreement between the kids.us Administrator and the DoC.
- 2.2. **Maintenance of Registrations Sponsored by Registrar.** Subject to the provisions of this Agreement, and requirements under the kids.us Agreement, kids.us Administrator shall maintain the registrations of Registered Names sponsored by Registrar in the kids.us System so long as Registrar has paid the Fees required by Subsection 4.1 below and this Agreement remains in effect.
- 2.3. **Provision of Tool Kits; Limited License.**
 - 2.3.1. Registrar Tool Kit. No later than five (5) business days after the Effective Date, kids.us Administrator shall provide to Registrar a copy of the Registrar Tool Kit, which shall provide sufficient technical specifications to permit Registrar to interface with the kids.us System and employ its features that are available to registrars, provided that, if the Effective Date occurs prior to the date that kids.us Administrator has made the kids.us Tool Kit available to kids.us registrars generally (“Availability Date”), kids.us Administrator shall provide to Registrar a copy of the kids.us Tool Kit, no later than five (5) business days after the Availability Date. Subject to the terms and conditions of this Agreement, kids.us Administrator hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes of this Agreement, all components owned by or licensed to kids.us Administrator in and to the EPP, APIs, any reference client software and any other intellectual property included in the Registrar Tool Kit, as well as updates and redesigns thereof, to provide domain name registration services in the kids.us domain only and for no other purpose.
 - 2.3.2. Limited License. Subject to the terms and conditions of this Agreement, including without limitation Registrar’s timely payment of all Fees, kids.us Administrator hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes of this Agreement the EPP, APIs and any reference client software included in the Registrar Tool Kits, as well as any updates and redesigns thereof, for providing domain name Registrar Services in the kids.us only and for no other purpose.
- 2.4. **Changes to kids.us System.** kids.us Administrator may, in its discretion from time to time make modifications to the EPP, APIs, or other software or materials licensed hereunder that will modify, revise or augment the features of the kids.us

System. kids.us Administrator will use commercially reasonable efforts to provide Registrar with at least thirty (30) days notice prior to the implementation of any material changes to the EPP, APIs or software licensed hereunder. kids.us Administrator shall have no obligation under this Agreement to update, modify, maintain, or repair any EPP, APIs, or other software materials (or any updates or redesigns thereto) licensed under this Agreement to Registrar.

- 2.5. **Engineering and Customer Service Support; Performance Specifications.** kids.us Administrator shall provide Registrar with engineering and customer service support as set forth in Exhibit C.

- 2.6. **Handling of Personal Data.** kids.us Administrator shall use Personal Data for the purposes set forth in this Agreement. kids.us Administrator shall notify Registrar of any additional purposes for which Personal Data submitted to kids.us Administrator by Registrar is collected, the intended recipients (or categories of recipients) of such Personal Data, and the mechanism for access to and correction of such Personal Data. kids.us Administrator shall take commercially reasonable steps to protect Personal Data from loss, misuse, unauthorized disclosure, alteration or destruction.

3. OBLIGATIONS OF REGISTRAR

- 3.1. **Accredited Registrar.** On or prior to the Effective Date of this Agreement, Registrar shall enter into an accreditation agreement with kids.us Administrator (“kids.us Accreditation Agreement”), the form of which is attached hereto as Exhibit D, and during the Term of this Agreement, Registrar shall maintain in full force and effect its accreditation by kids.us Administrator as a registrar for the kids.us.
- 3.2. **Registrar Responsibility for Customer Support; Participation in Marketing Campaigns/Community Outreach Programs; Support for Active Registrations.** As provided for in the Accreditation Agreement, Registrar shall provide (i) Registrar Services and support to accept and process orders for Registered Names from proposed Registrants and (ii) customer service (including domain name record support) and billing and technical support to Registrants with respect to Registered Names. In addition, Registrar will use commercially reasonable efforts to market, either directly or through authorized resellers, Registered Names to potential Registrants and to solicit such potential customers to register for Registered Names, and Registrar will reasonably cooperate with kids.us Administrator in marketing campaigns or community outreach programs that kids.us Administrator may commence from time to time. Registrar shall not be responsible for any support, technical, billing or otherwise, with respect to the process of obtaining, administering, managing, take down and/or removal of an Active Registration to the extent that such support is unrelated to the performance of the Registrar Services.

- 3.3. **Active Registrations; Removal and/or Take Down of Active Registrations.** A Registrant shall obtain an Active Registration directly from the kids.us Administrator by following the instructions and completing the forms set forth at www.kids.us/accreditation.html. All Registrants seeking to obtain an Active Registration must also agree to abide by the Content Policy, attached hereto as Exhibit A, as well as other terms and conditions set forth by the kids.us Administrator, and pay an annual Content fee to be determined by the kids.us Administrator and approved by the DoC. In addition, the Registrant's Content must be approved by the Content Manager through the Content Management Service. In the event that a Registrant's Content is approved through the process above, but subsequently violates any provision of the Content Policy, such Active Registration and/or their Registered Name may be subject to cancellation, deletion, or removal pursuant to the take down policies and procedures set forth at www.kids.us. A Registrant shall be entitled to initiate an administrative proceeding in the event that the kids.us Administrator has taken action to remove Registrant's Active Registration from the zone file for violation of the Content Policy. Such dispute policy and its associated rules and regulations shall be available at www.kids.us/content_policy/challenge.html, and may be modified by the kids.us Administrator with approval by the DoC.
- 3.4. **Sunrise Process.** [INTENTIONALLY OMITTED].
- 3.5. **Registrar's Registration Agreement.** At all times during the Term of this Agreement while it is sponsoring the registration of any Registered Name within the kids.us System, Registrar shall have in effect an electronic or paper registration agreement with each Registrant (a "Registration Agreement"). Registrar shall, if so requested by kids.us Administrator from time to time, promptly furnish to kids.us Administrator a copy of each general form of Registration Agreement it uses with Registrants. Registrar shall include in each Registration Agreement those terms specifically required by this Agreement and the Accreditation Agreement and other terms that are consistent with Registrar's obligations to kids.us Administrator under this Agreement and the Accreditation Agreement and that will ensure ongoing compliance with both such agreements. Each Registration Agreement shall include each of the following:
- 3.5.1 Requirement that Registrant comply with the Content Policy, attached as Exhibit A, including, but not limited to, the prohibitions on hyperlinks and two-way and multi-user interactive services.
 - 3.5.2 usTLD Dispute Resolution Policy and Rules
 - 3.5.3 The usTLD Nexus Requirements
 - 3.5.4 Nexus Dispute Policy and Rules
 - 3.5.5 Registration Review Policy (April 22, 2002)

- 3.6. **Indemnification Required of Registrants.** In its Registration Agreement with each Registrant, Registrar shall require such Registrant to indemnify, defend and hold harmless kids.us Administrator, and its directors, officers, employees, representatives, subcontractors, agents, affiliates, and stockholders from and against any and all claims, suits, actions, other proceedings, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to the Registrant's (i) domain name registration and (ii) use of any Registered Name. Each Registration Agreement shall further require that this indemnification obligation survive the termination or expiration of the Registration Agreement.
- 3.7. **Data Submission Requirements.** As part of its registration and sponsorship of Registered Names in the kids.us, Registrar shall submit complete data (and update such data) as required by technical specifications of the kids.us System that are made available to Registrar from time to time and of the Accreditation Agreement. Registrar hereby grants kids.us Administrator a non-exclusive, non-transferable, limited license to such data for propagation of and the provision of authorized access to the zone files and as otherwise required in kids.us Administrator's operation of the kids.us.
- 3.8. **Security.** Registrar agrees to develop and employ in its domain name registration business all necessary technology and restrictions to ensure that its connection to the kids.us System is secure. All data exchanged between Registrar's system and the kids.us System shall be protected to avoid unintended disclosure of information. Registrar agrees to employ the necessary measures to prevent its access to the kids.us System granted hereunder from being used to (1) allow, enable, or otherwise support, the transmission by e-mail, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than its own existing customers; or (2) enable high volume, automated, electronic processes that send queries or data to the systems of kids.us Administrator, as determined solely by the kids.us Administrator, any other registry operated under an agreement with kids.us Administrator, or any other registrar, except as reasonably necessary to register domain names or modify existing registrations in compliance with this Agreement. In addition, kids.us Administrator may from time to time require other reasonable security provisions to ensure that the kids.us System is secure, and Registrar will comply with all such provisions.
- 3.9. **Resolution of Technical Problems.** Registrar agrees to employ necessary employees, contractors, or agents with sufficient technical training and experience to respond to and fix all technical problems concerning the use of the EPP and the APIs in conjunction with Registrar's systems. Registrar agrees that in the event of significant degradation of the kids.us System or other emergency, kids.us Administrator may, in its sole discretion, temporarily suspend access to the kids.us System. Such temporary suspensions shall be applied in a non-arbitrary manner and shall apply fairly to any registrar similarly situated, including any affiliates of kids.us Administrator that serve as registrars.

- 3.10. **Time of Entry of Domain Name Registration.** Registrar agrees that in the event of any dispute concerning the time of the entry of a domain name registration into the kids.us Database, the time shown in the kids.us System records shall control.
- 3.11. **Change in Registrar Sponsoring Domain Name.** Registrar may assume sponsorship of a Registrant's existing domain name registration from another registrar by following the policy set forth in Exhibit F. When transferring sponsorship of a Registered Name to or from another registrar, Registrar shall comply with the requirements of Exhibit F.
- 3.11.1. Registrars shall not provide identical Registrar-generated <authinfo> codes for domain names registered by different registrants with the same Registrar. kids.us Administrator in its sole discretion may choose to modify <authinfo> codes for a given domain and shall notify the sponsoring registrar of such modifications via EPP compliant mechanisms (i.e. EPP<poll> or EPP<domain:Info>).
- 3.11.2. The Registrar shall be required to provide the Registrant with timely access to the authorization code along with the ability to modify the authorization code. Registrar shall respond to any inquiry by a Registrant regarding access and/or modification within three (3) days. Failure of Registrar to timely respond to a Registrant authorization code inquiry shall constitute an incurable material breach of this Agreement.
- 3.12. **Compliance with Terms and Conditions.** Registrar shall comply with, and shall include in each Registration Agreement (to the extent applicable) all of the following:
- 3.12.1. Any DoC standards, policies, procedures, and practices for which kids.us Administrator has monitoring responsibility in accordance with the kids.us Agreement or other arrangement with DoC and/or ICANN, including without limitation ICANN policies pertaining to open county code TLDs (unless otherwise provided in the kids.us Agreement); and
- 3.12.2. Operational standards, policies, procedures, and practices for the kids.us as set forth in the kids.us Agreement, and as established from time to time by kids.us Administrator in a non-arbitrary manner and applicable to all registrars generally, and consistent with DoC's standards, policies, procedures, and practices. Additional or revised kids.us Administrator operational standards, policies, procedures, and practices for the kids.us shall be effective upon thirty (30) days notice by kids.us Administrator to Registrar.
- 3.13. **Compliance with Law.** In addition to complying with DoC, policies, procedures, and practices limiting domain names that may be registered, Registrar agrees to comply with applicable statutes and regulations limiting the domain names that may be registered, including the Dot Kids Efficiency and Implementation Act of

2002 (Pub. Law No. 107-317). Further, Registrar shall abide by applicable U.S. laws, governmental regulations, and policies that may be approved and/or mandated by the DoC.

- 3.14 **Other Restrictions.** Registrar shall not encourage, endorse or assist Registrant in activity that violates the Content Policy, attached at Exhibit A (i.e., hosting an e-mail service for a Registrant in the kids.us domain).
- 3.15 **Resellers.** Registrar may, at its discretion from time to time, designate one or more resellers that will be permitted to provide Registrar Services consistent with those permitted of Registrar under this Agreement. Registrar shall enter into a written agreement with each of its resellers (a “Reseller Agreement”), which will ensure compliance with this Agreement and the Accreditation Agreement and include sufficient terms and conditions to obligate each reseller to abide by all terms and conditions and all Registrar obligations set forth in this Agreement and the Accreditation Agreement. Registrar shall be primarily liable for all acts or omissions of its resellers, and kids.us Administrator’s obligations under this Agreement and the Accreditation Agreement shall not be increased due to Registrar’s appointment of resellers. Promptly following the end of each calendar year during the Term of this Agreement (but in no event later than January 30), Registrar shall provide to kids.us Administrator a complete written list of all of its current resellers. Further, in its Reseller Agreement with each reseller, Registrar shall require such reseller to indemnify, defend and hold harmless kids.us Administrator, and its directors, officers, employees, representatives, agents, affiliates, and stockholders from and against any and all claims, damages, liabilities, costs and expenses of any kind, including without limitation reasonable legal fees and expenses, arising out of or relating to any activities of such reseller. Each such Reseller Agreement shall further require that this indemnification obligation survive the termination or expiration of that agreement.

4. FEES

- 4.1. **Amount of kids.us Administrator Fees.** Registrar agrees to pay kids.us Administrator the fees set forth in Exhibit G for initial and renewal registrations of Registered Names and other services provided by kids.us Administrator to Registrar (collectively, “Fees”). kids.us Administrator reserves the right to revise the Fees prospectively upon thirty (30) days notice to Registrar, provided that such adjustments are consistent with the kids.us Agreement.
- 4.2. **Payment of kids.us Administrator Fees.** In advance of incurring Fees, Registrar shall establish a deposit account, or other credit facility accepted by kids.us Administrator, which acceptance will not be unreasonably withheld so long as payment is assured. All Fees are due immediately upon receipt of applications for initial and renewal registrations, or upon provision of other services provided by kids.us Administrator to Registrar. Payment shall be made via debit or draw down of the deposit account, or other credit facility. kids.us Administrator shall provide monthly invoices to the Registrar.

- 4.3. **Non-Payment of Fees.** In the event Registrar has insufficient funds deposited or available through the credit facility with kids.us Administrator or otherwise fails to pay Fees when due, kids.us Administrator may do any or all of the following: (a) stop accepting new initial or renewal registrations from Registrar; (b) delete the domain names associated with any negative balance incurred from the kids.us Database; and (c) pursue any other remedy permitted under this Agreement or at law or in equity.

5. **CONFIDENTIALITY AND INTELLECTUAL PROPERTY**

- 5.1. **Use of Confidential Information.** During the Term of this Agreement, a Disclosing Party may be required (or elect) to disclose Confidential Information to the Receiving Party. Each party's use and disclosure of the Confidential Information shall be subject to the following terms and conditions:
- 5.1.1. The Receiving Party shall treat as strictly confidential, and use all reasonable efforts to preserve the secrecy and confidentiality of, all Confidential Information, including implementing reasonable physical security measures and operating procedures.
 - 5.1.2. The Receiving Party agrees that it will use any Confidential Information solely for the purpose of exercising its rights or performing its obligations under this Agreement and for no other purposes whatsoever.
 - 5.1.3. The Receiving Party shall make no disclosures whatsoever of any Confidential Information of the Disclosing Party to others; provided, however, that if the Receiving Party is a corporation, partnership, or other organization, disclosure is permitted to the Receiving Party's officers, employees, contractors and agents who have a demonstrable need to know such Confidential Information, provided the Receiving Party shall advise such personnel of the confidential nature of the Confidential Information and of the procedures required to maintain the confidentiality thereof, and shall require them to acknowledge in writing that they have read, understand, and agree to be individually bound by the confidentiality terms of this Agreement.
 - 5.1.4. The Receiving Party shall not modify or remove any confidentiality legends and/or copyright notices appearing on any Confidential Information.
 - 5.1.5. The Receiving Party agrees not to prepare, or claim any rights to, any derivative works based on the Confidential Information.
 - 5.1.6. Notwithstanding the foregoing, this Subsection 5.1 imposes no obligation upon the parties with respect to information that (a) is disclosed to a third party with the Disclosing Party's prior written approval; or (b) is or has entered the public domain through no fault of the Receiving Party; or (c) is known by the Receiving Party prior to the time of disclosure (as shown by

documentary records to that effect); or (d) is independently developed by the Receiving Party without use of, or reference to, the Confidential Information; or (e) is made generally available by the Disclosing Party without restriction on disclosure; (f) Receiving Party receives in good faith from a third party who is not, directly or indirectly, under an obligation of confidentiality to Disclosing Party with respect to same; or (g) is provided to the United States Department of Commerce upon written request.

- 5.1.7. In the event the Receiving Party is required by law, regulation or court order to disclose any Confidential Information, Receiving Party will promptly notify Disclosing Party in writing prior to making any such disclosure in order to facilitate Disclosing Party seeking a protective order or other appropriate remedy from the proper authority, at the Disclosing Party's expense. Receiving Party agrees to cooperate with Disclosing Party in seeking such order or other remedy. Receiving Party further agrees that if Disclosing Party is not successful in precluding the requesting legal body from requiring the disclosure of the Confidential Information, it will furnish only that portion of the Confidential Information which is legally required.
- 5.1.8. The Receiving Party's duties under this Subsection 5.1 shall expire five (5) years after the expiration or termination of this Agreement, or earlier upon written agreement of the parties.

5.2. Intellectual Property.

- 5.2.1. All rights of the Registry and Registrar to Intellectual Property under this Agreement remain subject to Clause 8 of the Terms and Conditions – Simplified Acquisitions of the usTLD Agreement ("Clause 8"). In the event of any conflict between such Clause 8 and this Agreement, Clause 8 shall control. Each party will continue to independently own its intellectual property, including all patents, patent applications, copyrights, trademarks, trade names, service marks, know-how, trade secrets, proprietary processes, and software (not to include databases required to be submitted to the kids.us Administrator under this Agreement or the Accreditation Agreement). Nothing in this agreement shall confer any ownership right whatsoever to one party in the intellectual property of the other party. In addition, kids.us Administrator, or its suppliers and/or licensees, as the case may be, shall own all right, title and interest in and to the EPP, API's, Registrar Tool Kits, and any software incorporated into the kids.us System, or any component of any of the foregoing, as well as all intellectual property appurtenant thereto.
- 5.2.2. Subject only to the limited licenses set forth in Subsections 2.3.2, 3.5, and 5.1.2 above, and Clause 8, no commercial use rights or any licenses of any kind under or to any patent, patent application, copyright, trademark, trade name, service mark, know-how, trade secret, proprietary process, or

software (not to include databases required to be submitted to the kids.us Administrator under this Agreement or the Accreditation Agreement) are granted by one party to the other party by this Agreement, or by virtue of any disclosure of any Confidential Information to a Receiving Party under this Agreement.

6. INDEMNITIES AND LIMITATION OF LIABILITY

- 6.1. **Indemnification.** Registrar, at its own expense and within thirty (30) days after presentation of a demand by kids.us Administrator under this Section, will indemnify, defend and hold harmless kids.us Administrator and its directors, officers, employees, representatives, agents, affiliates, and stockholders (along with kids.us Administrator, each an “Indemnified Person”), against any claim, suit, action, other proceeding of any kind (a “Claim”) brought against that Indemnified Person based on, arising from, or relating in any way to: (i) any product or service of Registrar; (ii) any agreement, including Registrar’s dispute policies, with any Registrant or reseller; or (iii) Registrar’s domain name registration business, including, but not limited to, Registrar’s advertising, domain name application process, systems and other processes, fees charged, billing practices and customer service, or any other business conducted by Registrar; provided, however, that in any such case: (a) kids.us Administrator or any other Indemnified Person provides Registrar with reasonable prior notice of any such Claim, and (b) upon Registrar’s written request, kids.us Administrator or any other Indemnified Person will provide to Registrar all available information and assistance reasonably necessary for Registrar to defend such Claim; provided further that Registrar reimburses kids.us Administrator and such other Indemnified Persons for their actual and reasonable costs incurred in connection with providing such information and assistance. Registrar will not enter into any settlement or compromise of any such indemnifiable Claim with respect to a particular Indemnified Person without the prior written consent of such Indemnified Person, which consent shall not be unreasonably withheld. Registrar will pay any and all costs, damages, liabilities, and expenses, including, but not limited to, reasonable attorneys’ fees and costs awarded against or otherwise incurred by kids.us Administrator and other Indemnified Persons in connection with or arising from any such indemnifiable Claim.
- 6.2. Subject to the foregoing, Registrar shall not be liable for, nor required to indemnify an Indemnified Person against any Claim brought against the Indemnified Person based on, or arising from, or related solely to (i) the process of obtaining an Active Registration from the kids.us Administrator, to the extent that it does not arise out of the process of obtaining a Registered Name; (ii) the Content Management Service; or (iii) the take down or removal of an Active Registration by kids.us Administrator, provided that such take down or removal was not caused by the action or inaction of the Registrar.
- 6.3. **Treatment as an Interactive Computer Service Provider under Dot Kids Act.** Both Parties acknowledge that the Dot Kids Act provides that to the extent they

perform the functions set forth in the Dot Kids Act, they shall be deemed Interactive Computer Service providers for the purposes of section 230(c) of the Communications Act of 1934 (47 U.S.C 230 (c)).

6.4. **Limitation of Liability.** EXCEPT WITH RESPECT TO REGISTRAR'S INDEMNIFICATION OBLIGATIONS SET FORTH ELSEWHERE IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES FOR ANY VIOLATIONS OF, OR CAUSES OF ACTION RELATING TO OR ARISING FROM, THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

6.5 **Performance Credits.** In the event kids.us Administrator fails to meet the performance specifications set forth in Exhibit I of this Agreement, kids.us Administrator shall provide a credit to Registrar in an amount equal to its proportionate share of applicable performance credits set forth in Exhibit J of this Agreement. Such performance credits shall only be credited towards those Registrars that are not otherwise given credits under the usTLD Administrator-Registrar Agreement for the .us top-level domain, and shall constitute the sole and exclusive remedy available to Registrar with regard to kids.us Administrator's failure to meet the performance specifications.

7. **DISPUTE RESOLUTION**

7.1. **Dispute Resolution; Governing Law.** Any and all disputes of any nature arising under or in connection with this Agreement, including requests for specific performance, shall be resolved through binding arbitration conducted as provided in this Section pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in the English language and shall occur in the District of Columbia, Washington, D.C., USA. There shall be three (3) arbitrators: each party shall choose one arbitrator, who together will select a third; if the two arbitrators are not able to agree on a third arbitrator within fifteen (15) calendar days of the designation of the second arbitrator, the AAA shall choose the third. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety (90) calendar days of the selection of the third arbitrator. Any litigation brought to enforce an arbitration award shall be brought in a Commonwealth or federal court in the Eastern District of the Commonwealth of Virginia, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of a party during the pendency of an arbitration, each party shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or any court of competent

jurisdiction located in the Eastern District of the Commonwealth of Virginia, USA, which shall not be a waiver of this arbitration agreement. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia (without regard to any rules or principles of conflicts of law that might look to any jurisdiction outside Virginia).

8. TERM AND TERMINATION

- 8.1. **Term of the Agreement; Revisions.** The Term of this Agreement shall commence on the Effective Date and, unless earlier terminated in accordance with the provisions of this Agreement, shall expire on the last expiration of the kids.us Agreement. In the event that revisions to kids.us Administrator's approved form of kids.us Administrator-Registrar Agreement (such as this one) are approved or adopted by DoC from time to time, Registrar will either execute an amendment substituting the revised agreement in place of this Agreement or, at its option exercised within thirty (30) days after receiving notice of such amendment, terminate this Agreement immediately by giving written notice to kids.us Administrator. In the event that kids.us Administrator does not receive such executed amendment or notice of termination from Registrar within such thirty (30) day period, Registrar shall be deemed to have accepted the provisions of such revised kids.us Administrator-Registrar Agreement, and as such, shall be bound by all the terms and conditions of such revised kids.us Administrator-Registrar Agreement. kids.us Administrator will use commercially reasonable efforts to post such revised form of kids.us Administrator-Registrar Agreement on its US website at least thirty (30) days prior to its effective date.
- 8.2. **Termination.** This Agreement may be terminated as follows:
- 8.2.1. Termination For Cause. In the event that either party materially breaches any of its obligations under this Agreement and such breach is not substantially cured within thirty (30) calendar days after written notice thereof is given by the other party, then the non-breaching party may, by giving written notice thereof to the other party, terminate this Agreement as of the date specified in such notice of termination.
- 8.2.2. Termination at Option of Registrar. Registrar may terminate this Agreement at any time by giving kids.us Administrator thirty (30) days written notice of termination.
- 8.2.3. Termination Upon Loss of Registrar's Accreditation. This Agreement shall immediately terminate in the event Registrar's accreditation by kids.us Administrator is terminated or expires without renewal.
- 8.2.4. Termination in the Event of Termination of kids.us Agreement. This Agreement shall immediately terminate in the event the kids.us Agreement is terminated or expires without entry of a subsequent kids.us Agreement

with DoC and this Agreement is not assigned under Subsection 9.1.1 below.

8.2.5. Termination in the Event of Insolvency or Bankruptcy. Kids.us Administrator may terminate this Agreement if the Registrar is adjudged insolvent or bankrupt, or if proceedings are instituted by or against Registrar seeking relief, reorganization or arrangement under any laws relating to insolvency or bankruptcy, or seeking any assignment for the benefit of creditors, or seeking the appointment of a receiver, liquidator or trustee of Registrar's property or assets or the liquidation, dissolution or winding up of Registrar's business.

8.3. **Effect of Termination.** Upon the expiration or termination of this Agreement for any reason:

8.3.1. kids.us Administrator will complete the registration of all domain names processed by Registrar prior to the effective date of such expiration or termination, provided that all Registrar's payments to kids.us Administrator for Fees are current and timely.

8.3.2. Registrar shall immediately transfer its sponsorship of Registered Names to another registrar in compliance with any procedures established or approved by kids.us Administrator.

8.3.3. All Confidential Information in the possession of the Receiving Party shall be immediately returned to the Disclosing Party.

8.3.4. All Fees and any other amounts owing to kids.us Administrator shall become immediately due and payable.

8.4. **Survival.** In the event of termination of this Agreement, the following shall survive: (i) Subsections 2.6, 3.5, 5.1, 5.2, 6.1, 6.2, 6.3, 6.4, 7.1, 8.3.3, 8.3.4, 8.4, 9.2, 9.3.3, 9.5, 9.6, 9.8, 9.9, 9.10, 9.11 and 9.13 and (ii) the indemnification obligations of (a) Registrants under Subsection 3.6 and (b) resellers under Subsection 3.12. Neither party shall be liable to the other for damages of any sort resulting solely from terminating this Agreement in accordance with its terms.

9. MISCELLANEOUS

9.1. Assignments.

9.1.1. Assignment to Successor kids.us Administrator. In the event the kids.us Agreement is terminated (and such termination is deemed final under the usTLD purchase order) or expires without entry by kids.us Administrator and DoC of a subsequent usTLD purchase order, kids.us Administrator's rights under this kids.us Agreement may be assigned to an entity with a subsequent usTLD purchase order covering the kids.us domain upon DoC's giving Registrar written notice within sixty (60) days of the

termination or expiration, provided that the subsequent kids.us Administrator assumes all or substantially all of the duties of kids.us Administrator under this Agreement.

9.1.2. Assignment in Connection with Assignment of kids.us Agreement with DoC. In the event that the kids.us Agreement for the kids.us domain is validly assigned, kids.us Administrator's rights under this Agreement shall be automatically assigned to the assignee of the kids.us Agreement, provided that the assignee assumes all or substantially all of the duties of kids.us Administrator under this Agreement.

9.1.3. Other Assignments. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement shall inure to the benefit of and be binding upon, the successors and permitted assigns of the parties. Neither party shall assign or transfer its rights or obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld; provided, however, that kids.us Administrator shall have the right to assign all its rights and delegate all its duties under this Agreement to an affiliated organization without such consent.

9.2. **Notices.** Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail (return receipt requested), by courier or express delivery service, by e-mail (against receipt of confirmation of delivery) or by telecopier (against receipt of answerback confirming delivery) during business hours to the address or telecopier number, or e-mail address set forth beneath the name of such party below or when delivery as described above is refused by the intended recipient, unless such party has given a notice of a change of address in writing pursuant to the foregoing. Notwithstanding the foregoing, notice shall be deemed properly given from kids.us Administrator to Registrar at such time as kids.us Administrator posts any notice, update, modification or other information on its U.S. website, so long as such notice, update, modification or other information is intended for all registrars generally (e.g., DoC-mandated revisions to the form kids.us Administrator-Registrar Agreement).

If to Registrar:

with copy to:

If to kids.us Administrator:

NeuStar, Inc.
46000 Center Oak Plaza
Building Ten
Sterling, VA 20166
Attn: Sr. Director, Law & Advanced Services
phone: (571) 434-5400
fax: (571) 434-5735

with a copy to:

NeuStar, Inc.
46000 Center Oak Plaza
Building Ten
Sterling, VA 20166
Attn: General Counsel
phone: (571) 434-5400
fax: (571) 434-5735

9.3. Representations and Warranties.

9.3.1. Registrar. Registrar represents and warrants that: (1) it is an organization (e.g., corporation, partnership, limited liability company, government agency) duly formed, validly existing and in good standing under the laws of the _____, (2) it has all requisite power and authority to execute, deliver and perform its obligations under this Agreement, (3) it is, and during the Term of this Agreement will continue to be, accredited by kids.us Administrator, (4) the execution, performance and delivery of this Agreement has been duly authorized by Registrar, (5) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by Registrar in order for it to enter into and perform all its obligations under this Agreement.

9.3.2. kids.us Administrator. kids.us Administrator represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, (3) the execution, performance and delivery of this Agreement has been duly authorized by kids.us

Administrator, and (4) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by kids.us Administrator in order for it to enter into and perform all its obligations under this Agreement.

- 9.3.3. Disclaimer of Warranties. THE EPP, APIs, REGISTRAR TOOLKIT, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE AND ANY COMPONENT THEREOF ARE PROVIDED “AS-IS” AND WITHOUT ANY WARRANTY OF ANY KIND. KIDS.US OPERATOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND/OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY OR SATISFACTORY QUALITY AND FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT OF THIRD PARTY RIGHTS. KIDS.US OPERATOR DOES NOT WARRANT THAT THE EPP, APIs, REGISTRAR TOOLKIT, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF WILL MEET REGISTRAR’S REQUIREMENTS, OR THAT THE OPERATION OF EPP, APIs, REGISTRAR TOOLKITS, THE KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE EPP, APIs, REGISTRAR TOOLKIT, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF WILL BE CORRECTED. FURTHERMORE, KIDS.US OPERATOR DOES NOT WARRANT NOR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE EPP, APIs, REGISTRAR TOOLKITS, KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF OR RELATED DOCUMENTATION IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE. SHOULD THE EPP, APIs, REGISTRAR TOOLKIT, THE KIDS.US SYSTEM, CONTENT MANAGEMENT SERVICE OR ANY COMPONENT THEREOF PROVE DEFECTIVE, REGISTRAR ASSUMES THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION OF REGISTRAR’S OWN SYSTEMS AND SOFTWARE.

In the event of any conflict in this Agreement between this Subsection 9.3.3 and any other provision, this Subsection 9.3.3 will govern and control.

- 9.4. **Insurance.** During the Term of this Agreement (including any renewal terms), Registrar shall have in place US\$500,000 in comprehensive legal liability insurance from a reputable insurance provider with an A.M. Best rating of “A” or better, or an equivalent form of legal liability coverage. Such insurance or coverage shall be used to indemnify and hold harmless kids.us Administrator and

its employees, directors, officers, representatives, agents, affiliates, and stockholders from all costs and damages (including without limitation reasonable attorneys' fees) which it may suffer by reason of Registrar's failure to indemnify kids.us Administrator as provided above; provided, however, that Registrar's indemnity obligations under this Agreement shall **not** deemed to be limited by the amount of such insurance. Registrar shall provide a copy of the insurance policy to kids.us Administrator upon kids.us Administrator's request and shall name kids.us Administrator and the other Indemnified Persons as additional insured parties under that policy.

- 9.5. **Third-Party Beneficiaries.** The parties expressly agree that DoC is an intended third-party beneficiary of this Agreement. Otherwise, this Agreement shall not be construed to create any obligation by either party to any non-party to this Agreement, including any Registrant or reseller. Registrar acknowledges that nothing in this Agreement shall confer upon Registrar or any person or entity the status of an intended third-party beneficiary of the kids.us Agreement.
- 9.6. **Relationship of the Parties.** Nothing in this Agreement shall be construed as creating an employer-employee or agency relationship, a partnership or a joint venture between the parties.
- 9.7. **Force Majeure.** Except for the non-payment of Fees, neither party shall be liable to the other for any loss or damage resulting from any cause beyond its reasonable control (a "Force Majeure Event") including, but not limited to, insurrection or civil disorder, war or military operations, national or local emergency, acts or omissions of government or other competent authority, compliance with any statutory obligation or executive order, industrial disputes of any kind (whether or not involving either party's employees), fire, lightning, explosion, flood, subsidence, weather of exceptional severity, equipment or facilities shortages which are being experienced by providers of telecommunications services generally, or other similar force beyond such Party's reasonable control, and acts or omissions of persons for whom neither party is responsible. Upon occurrence of a Force Majeure Event and to the extent such occurrence interferes with either party's performance of this Agreement, such party shall be excused from performance of its obligations (other than payment obligations) during the first six (6) months of such interference, provided that such party uses commercially reasonable efforts to avoid or remove such causes of nonperformance as soon as possible.
- 9.8. **Amendments.** Except as otherwise provided herein, no amendment, supplement, or modification of this Agreement or any provision hereof shall be binding unless executed in writing by authorized signatories of both parties.
- 9.9. **Waivers.** No failure on the part of either party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or

partial exercise or waiver of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. Neither party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

- 9.10. **Attorneys' Fees.** Except as otherwise may be provided in Subsection 7.1 above, if any legal action or other legal proceeding (including arbitration) relating to the performance under this Agreement or the enforcement of any provision of this Agreement is brought against a party hereto, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).
- 9.11. **Construction; Severability.** The parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. Unless otherwise stated in this Agreement, references to a number of days shall mean consecutive calendar days. In the event that any clause or portion thereof in this Agreement is for any reason held to be invalid, illegal or unenforceable, the same shall not affect any other portion of this Agreement, as it is the intent of the parties that this Agreement shall be construed in such fashion as to maintain its existence, validity and enforceability to the greatest extent possible. In any such event, this Agreement shall be construed as if such clause or portion thereof had never been contained in this Agreement, and there shall be deemed substituted therefore such provision as will most nearly carry out the intent of the parties as expressed in this Agreement to the fullest extent permitted by applicable law.
- 9.12. **Further Assurances.** Each party hereto shall execute and/or cause to be delivered to the other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request for the purpose of carrying out or evidencing any of the transactions contemplated by this Agreement.
- 9.13. **Entire Agreement.** This Agreement (including its exhibits, which form a part of it) constitutes the entire agreement between the parties concerning the subject matter of this Agreement and supersedes any prior agreements, representations, statements, negotiations, understandings, proposals or undertakings, oral or written, with respect to the subject matter expressly set forth herein. In the event of any conflict between the terms of this kids.us Administrator-Registrar Agreement and the Accreditation Agreement, the kids.us Administrator-Registrar Agreement shall govern and control.

9.14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

NeuStar, Inc.

[Name of Registrar]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit A

Content Policy



KIDS.US CONTENT POLICY: GUIDELINES AND RESTRICTIONS

NeuStar, Inc.

A word from NeuStar

On December 4, 2002, President George W. Bush signed into law the Dot Kids Implementation and Efficiency Act of 2002. This Act requires that NeuStar, “as the administrator of the .US country code top-level domain (ccTLD), establish a kids.us domain to serve as a haven for material that promotes positive experiences for children and families using the Internet, provides a safe online environment for children, and helps to prevent children from being exposed to harmful material on the Internet.” This legislation was the culmination of years of effort by several members of the United States Congress. In anticipation of this legislation, NeuStar began a public outreach campaign to seek input and advice from members of the children’s content community, child advocacy groups, parents, educators, law enforcement organizations, and other interested individuals to create an initial draft of Guidelines and Requirements, which were published on the Internet in August 2002. The comments we received were instrumental in finalizing this document.

The policies identified in this document will set forth the guidelines for the administration and management of content in the kids.us domain.

We would like to thank every individual and organization that contributed to this document, and for helping make kids.us a reality.

INTRODUCTION

Background

More than 140 million Americans, half of our nation, are now online. 90 percent of the children in America between the ages of 5 and 17 now use computers and 65 percent of 10-13 year olds use the Internet today. Usage among even the youngest members of our society is significant, with more than 84 percent of 5-9 year olds using computers at home, school, or both.¹ Our nation's youngest citizens are increasingly gaining access to the Internet. How children use the Internet and what they are exposed to while online are topics that have long been examined, discussed, applauded, and criticized. These examples of widespread use of the Internet by children in all aspects of their lives demonstrate the demand for a domain designed for children.

Interested parties and individuals ranging from parents and educators to communities and members of Congress have all expressed great excitement at the potential benefits of a distinct place on the Internet for our nation's children. To accomplish the goal of establishing a place for children on the Internet, the Dot Kids Implementation and Efficiency Act of 2002, Public Law No. 107-317 (herein referred to as the "kids.us Act"), was introduced in the U.S. House of Representatives in the 107th Congress, and with nearly unanimous support was approved by both the House and the U.S. Senate. Enactment of the kids.us Act demonstrates the strong commitment by our nation's leaders to create a rewarding online experience for our nation's youth.

The role of NeuStar in the design and implementation of the kids.us domain

The kids.us Act "assign[s] to the [National Telecommunications and Information Administration] responsibility for providing for the establishment, and overseeing operation, of a second-level Internet domain within the United States country code domain."² In October 2001, The United States Department of Commerce ("DOC"), National Institute of Standards and Technology ("NIST") selected NeuStar to manage and administer the .us domain name space, the official ccTLD for the United States (Purchase Order No. SB 1335-02-W-0175) (the "Government Contract"). As part of this contract with the DOC, NeuStar agreed to reserve a select set of second level domain names to be used to serve the public. Among the reserved names was "kids", which was put aside in order to enable an entity to manage a kids.us domain name space for the benefit of children. In accordance with the kids.us Act, NeuStar will act as the Registry operator for all third-level registrations under the kids.us domain and have overall responsibility for managing the name space to ensure appropriateness of content.

In light of the fact that NeuStar will have the primary responsibility for ensuring that content within the kids.us domain is appropriate for children under the age of 13, NeuStar has created the role of the kids.us "Content Manager" to oversee this enormous responsibility. The Content Manager may either be NeuStar itself or may be an entity, or several entities, approved by both NeuStar and the NTIA to perform these functions. The Content Manager will be responsible for reviewing and approving content that is appropriate for the kids.us domain pursuant to these kids.us Content

¹ See *A Nation Online: How Americans Are Expanding Their Use of the Internet*, February 2002, U.S. Department of Commerce, Economics and Statistics Administration, National Telecommunications and Information Administration.

² Public Law 107-317, Section 3, subsection 3(c).

Guidelines and Requirements along with any other rules, restrictions or regulations determined by NeuStar and the NTIA.

To fulfill a requirement under the kids.us Act, NeuStar has drafted this policy for content guidelines and requirements based on input from a variety of diverse sources. We attempted to identify the major publicly and legally accepted children's content standards for purposes of application to the kids.us domain. This document reflects the excellent work developed through government and privately-funded research, testimony delivered at Congressional Hearings, articles, books, and some preliminary conversations with members of the children's media communities. Because of the public resource value of the kids.us domain, we have taken great effort to reflect a wide sampling of the information publicly available. Additionally, an initial draft of this document³ was issued for public comment in August of 2002. NeuStar would like to thank the individuals and organizations that responded to our request for comments by contributing comments on the design of the domain, suggested content, and restrictions for content.

Core objectives of kids.us – a domain for children

The objective of the kids.us domain is to facilitate the establishment of a friendly and enjoyable environment for children using the Internet.

The kids.us Act states that the kids.us domain is intended to serve "any person under 13 years of age". This benchmark for the kids.us domain is not surprising as it is consistent with other existing legal frameworks in a variety of media, including, for example, the Children's Online Protection Act.

Specifically, the kids.us domain is designed to restrict access to content that is "harmful to minors", which has been defined by the kids.us Act as:

- "The average person, applying contemporary community standards, would find, taking the material as a whole and with respect to minors, that it is designed to appeal to, or is designed to pander to, the prurient interest;
- The material depicts, describes, or represents, in a manner patently offensive with respect to minors, an actual or simulated sexual act or sexual contact, an actual or simulated normal or perverted sexual act, or a lewd exhibition of the genitals or post-pubescent female breast; and
- Taken as a whole, the material lacks serious, literary, artistic, political, or scientific value for minors."⁴

Further, the kids.us Act also states that the domain should have content that is "suitable for minors", or content that:

- "Is not psychologically or intellectually inappropriate for minors; and
- Serves (1) the educational, informational, intellectual, or cognitive needs of minors; or (2) the social, emotional, or entertainment needs of minors."⁵

³ Proposal For Guidelines and Requirements for the kids.us Second Level Domain, August 2002

⁴ Pub. Law 107-317, Section 157, subsection J (1) a-c.

⁵ Pub. Law 107-317, Section 157, subsection J (5) a-c.

It is important to understand that the kids.us domain is not intended to be a cure-all solution to the many problems and dangers associated with children's use of the Internet. As the National Academies of Sciences ("NAS") concluded in the recently released report "Youth, Pornography, and the Internet," there is no single approach that will, on its own, protect children from online dangers.⁶ Rather, the kids.us domain is being designed as an alternative on the Internet that children, parents, educators, and children's content providers may elect to use. A domain for children alone cannot address the larger problems associated with children's Internet use. Given the technical and legal limitations that plague any Internet domain, a space dedicated to children can be targeted by bad actors or subject to technical problems. These facts demonstrate that there can be no truly safe place or "haven" for children. To the contrary, a place for children can be effective only if it is accompanied by the many components identified by the NAS in their report, including parental involvement, adult supervision, social and educational support, and publicly available, user-friendly, and cost-effective technology-based tools.

⁶ *Youth, Pornography, and the Internet*, Dick Thornburgh and Herbert S. Lin, Editors, Committee to Study Tools and Strategies for Protecting Kids from Pornography and Their Applicability to Other Inappropriate Internet Content, Computer Science and Telecommunication Board, National Research Council (May 2002) (the NAS Report).

KIDS.US GUIDELINES AND RESTRICTIONS

Content guidelines for the kids.us domain

The following are the specific content guidelines for determining which content is “suitable for minors” that resolves within a kids.us-approved domain name. Each of these standards are currently used or accepted in a variety of public communications and media forums. Aggregating existing standards and integrating them into the kids.us domain provides a means of defining what is acceptable content in a domain for children, and also acts as a notice to kids.us registrants of some existing standards and laws that are applicable to children online.

In addition, these content guidelines and restrictions are applicable to all domains within the kids.us domain, whether at the third, fourth or higher level, which is defined herein as any web page that is associated with a domain name ending in kids.us – all pages “behind” the primary URL and all pages associated with domains “to the left” of kids.us. Thus, although domain names with four or more levels (e.g., registry.neustar.kids.us) are permitted and can be managed at the discretion of the registrant, those pages are considered part of the kids.us domain and are therefore subject to all guidelines, restrictions and policies of the kids.us space.

Compliance with existing laws, regulations, and relevant voluntary standards

In addition to the guidelines and requirements contained herein, all content that resides within a kids.us-approved domain must be in compliance with existing laws, widely adopted children’s online protection policies, advertising policies, privacy requirements and other policies, restrictions and guidelines approved by NeuStar and the NTIA. These include, but are not limited to, the several key legal, regulatory, and voluntary standards listed below that impact multimedia children’s content today.

Compliance with existing rules and regulations regarding indecency on the airwaves

In light of the public significance of both the usTLD and the kids.us second level domain, the registry operator already reviews, for possible deletion, all registered .us domain names that contain, within the characters of the domain name registration, any of the seven words identified in *Federal Communications Commission v. Pacifica Foundation*.⁷ An expanded version of this policy will be extended to the kids.us registrations.

A commitment to offer some educational and informational content

Pursuant to the Children’s Television Act⁸ and the FCC’s rules implementing this statute,⁹ broadcasters have a public interest obligation to air a specific number of hours of programming that offers some educational and informational content targeted to children under 13. These rules are consistent with the spirit of the “suitable for minors” clause in the kids.us Act and thus, all

⁷ 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978).

⁸ Cite Children’s Television Act (CTA).

⁹ Cite FCC Docket implementing the CTA.

registrants within the kids.us domain are encouraged to have some component of educational and informational content for children on their respective domains.

Compliance with the children's online privacy protection act (COPPA) requirements¹⁰

The Children's Online Privacy Protection Act (COPPA) requires the Federal Trade Commission (FTC) to issue and enforce rules concerning children's online privacy.¹¹ In doing so, the FTC stated its primary goal as placing parents in control over the information that may be collected from their children online. Specifically, the COPPA rules apply to three groups of website operators: operators of commercial websites or online services directed to children under 13 that collect personal information from children; operators of general audience sites that collect personal information from children under 13; and operators of general audience sites that have a separate children's area and that collect personal information from children.

These three groups of operators are required to perform certain tasks. First, these operators must post a privacy policy, provide notice to parents about the site's information collection practices, and in many instances, obtain parental consent prior to collecting personal information from children. In addition, the operators must provide parents access to their child's information and the opportunity to delete information, they may not condition a child's participation in an activity on the disclosure of more information than is reasonably necessary, and they must maintain the confidentiality, security and integrity of the personal information collected from children.

As stated above, the kids.us domain must be in strict compliance with existing laws, including of course, the requirements of the COPPA, however, neither NeuStar, the DOC nor any Content Manager will be responsible for enforcing these requirements.

Compliance with children's advertising review unit (CARU) advertising standards

One example of widely adopted policies relating to advertising includes the efforts of the Children's Advertising Review Unit (CARU) of the Better Business Bureau. The CARU reviews and evaluates advertising in all media directed to children under 12. This includes print, broadcast and cable television, radio, video, CD-ROM, 900/976 teleprograms, and interactive electronic media. CARU reviews advertising to determine consistency with its guidelines. If advertising is found to be misleading, inaccurate, or inconsistent with the guidelines, CARU works to achieve voluntary cooperation from the relevant parties to ensure compliance. All kids.us registrants are encouraged to be in compliance with the CARU Guidelines.¹²

¹⁰ Cite COPPA.

¹¹ Cite FTC's rules implementing COPPA.

¹² For greater detail on the CARU Guidelines and CARU, please refer to www.caru.org.

Restrictions within the kids.us domain

In addition to the proposed general standards identified above, below is a core list of content restrictions to be followed within the kids.us domain.

The following information or content is not permitted within the kids.us domain:

Mature content—actual and/or simulated normal or perverted sexual acts or sexual contact; sexually explicit information that is not of medical or scientific nature which includes

- Discussion or descriptions of sexual techniques or exercises;
- Sexual paraphernalia;
- Explicit discussions of sex and sexuality; and
- Lewd clothing sales.

Pornography—content that is sexually explicit and/or has a purpose of arousing a sexual or prurient interest which includes

- Lewd exhibitions of genitals or post-pubescent female breasts;
- Pornographic fiction or erotica;
- Sex-related phone and video information;
- Adult services (e.g., escort services, exotic dancers);
- Personals or dating services;
- Fetish information or clothing; and
- Sex toys.

Inappropriate language—use of profane, indecent, pornographic or sexually-related language, including the seven words identified in *Federal Communications Commission v. Pacifica Foundation*, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978) in the domain name or content of any kids.us website

Violence—content which advocates or provides instructions for causing physical harm to people, animals or property which includes

- Information or instructions for injuring or killing people or animals;
- Explosives and bombs – manufacturing, obtaining materials, transport and detonation;
- Graphic images of blood and gore with no medical or scientific purpose;
- Destructive mischief, pranks or practical jokes; and
- Dangerous chemistry, physics and engineering.

Hate speech—content with hostility or aggression toward an individual or group on the basis of race, religion, gender, nationality, ethnic origin, or other involuntary characteristics OR denigrates others on the basis of these characteristics or justifies inequality on the basis of those characteristics. This includes

- Racism;

- Religious-based hate speech, such as anti-Semitism;
- Misogyny;
- Race-based separatism; and
- Ageism.

Drugs—content that advocates the illegal use of drugs, or abuse of over-the-counter or prescription medications. This includes

- Direct or indirect sale of illegal substances;
- Narcotic paraphernalia;
- Manufacture of illegal substances (organic or chemical);
- Abuse of over-the-counter or prescription drugs or medical treatments;
- Direct or indirect distribution of illegal substances; and
- Use of illegal substances.

Alcohol—content that advocates or contemplates alcohol consumption which includes

- Offers for sale;
- Supplies recipes for creating, encouraging or guidance on consumption;
- Paraphernalia to make or consume; and
- Drinking games or other recreational displays.

Tobacco—content that features smoking or use of other tobacco products, which includes

- Retailers or other means of acquiring;
- Tobacco products and paraphernalia;
- Instructions for using tobacco products; and
- Glamorization of tobacco use.

Gambling—content that advocates legal or illegal gambling, which includes

- Online Casinos, lotteries, gaming or online betting sites;
- Information or tips for placing bets or handicapping; and
- Fundraisers that use gambling.

Weapons—content that sells or advocates the use of weapons, which includes

- Direct sale or information on the procurement of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons; and
- Information on use or modification of firearms, ammunition, any firearm accessories, sport knives, and martial arts weapons.

Criminal activities—content that advocates or provides information or instruction for engaging criminal activity, which includes

- Theft;
- Bodily harm;
- Property damage; and
- Computer-related crimes.

Notwithstanding the list contained above, all content will be reviewed by the Content Manager(s) on the whole prior to being approved for display on a kids.us domain. If such content is deemed by the Content Manager(s) and/or NeuStar as having serious educational, informational, intellectual, literary, artistic, political, or scientific value for minors we believe that exceptions can be made to allow this content to appear in the kids.us domain.

Technology restrictions

Because there is no foolproof method for protecting children online at this time, the kids.us Act specifies limitations put on specific technologies commonly used on the Internet today. These technologies are prohibited from use in any kids.us domains:

- Two-way and multi-user interactive services, which includes: e-mail, chat, instant messaging, Usenet, Message Boards of like user forum, and peer-to-peer connections, place “unless the registrant certifies to the registrar that such service will be offered in compliance with content standards established ... and is designed to reduce the risk of exploitation of minors using such two-way and multi-user interactive services”; and
- Hyperlinks that take a user outside of the kids.us domain.

ENFORCEMENT PROCESSES AND PROCEDURES

Pursuant to the kids.us Act, the registry operator has responsibility for creating “a process for removing from the new domain any content that is not in accordance with the [content] standards and requirements of the registry.” This enforcement power, though severe, is not absolute and finite, as the registry is also required to create “a process to provide registrants to the new domain with an opportunity for a prompt, expeditious, and impartial dispute resolution process regarding any material of the registrant excluded from the new domain.”¹³ The purpose of providing this enforcement power to the registry operator is to strengthen a core objective of the kids.us Act, which is both to create an online arena that is free from material that is harmful to minors and to ensure that the kids.us domain remains safe from such harmful material.

At the time of initial content review, all potential websites must completely abide by the kids.us Content Guidelines and Restrictions before any content may reside within the kids.us domain. Once content is available, the Registry can be made aware of any true or alleged content infractions from the Content Manager or through feedback received directly from the Internet community¹⁴. On an on-going basis, the Registry will follow a defined process for removing appropriate content from the kids.us domain. This process is designed to balance the needs of maintaining a stable domain space as well as ensuring a timely and expeditious means for registrants to resolve any true or alleged content infractions.

In order to aid the registry operator in its enforcement, these content restrictions have been assigned a “severity level” that will guide the registry in addressing content violations. Because the registry does not have direct access to the content within a website, actions by the registry are limited to removing a domain name from the authoritative database, thereby blocking the site in its entirety¹⁵. Although complete removal of a domain name may appear to be an extreme course of action in some instances, the objective of protecting children is paramount and must be the guiding factor in the enforcement process.

¹³ Public Law 107-317 Section 157, Subsection C, (5-6).

¹⁴ This information will be made available on the official kids.us website.

¹⁵ It is important to note a technological distinction between the Registry making a domain name unavailable and a user’s ability to access that domain in the future. In the event a domain name has been cached locally or by an ISP, that name will reside in their system until that time they update their individual databases with a current copy of the Registry Operator’s zone file. Thus, though the Registry can remove a name from the zone file, that name could still be accessed if it has been cached with the ISP. Additionally, if the IP address for the domain name has been made available, that can be entered into the URL line of the browser in lieu of an alphanumeric domain name thereby making a website accessible without using DNS.

Content Restrictions are broken into three categories:

Level 1	Level 2	Level 3
Mature content	Hate speech	Hyperlinks to acceptable content
Pornography	Drugs	
Inappropriate language	Weapons	
Violence	Hyperlinks to Level 2 or Level 3 content	
Hyperlinks to Level 1 content	Gambling	
Interactive or multi-user communication	Alcohol	
	Tobacco	

When the Registry is actually notified of an alleged violation, each site will be reviewed within a reasonable time period and categorized pursuant to the table above. If the Content Manager and/or the registry operator determines that a violation has occurred, the following actions will be taken for each of the categories:

Level 1 – Registry will immediately remove the domain name from the Zone file, contact the Registrar and Registrant and provide them notification of removal. The registrant will be required to repeat the content review process before the name can be re-established in the zone.

Level 2 – Registry will notify the Registrar and Registrant of the infraction and provide 4 hours for the error to be modified. The registrant will be subject to an additional review.

Level 3 – Registry will notify the Registrar or Registrant of the infraction and provide 12 hours for the error to be modified.

Registrants found in violation of the content standards desiring to be reinstated within the kids.us domain will be subject to a new review and re-activation fee each time a domain name is removed from the zone file and then re-entered. This fee is designed to recover the operational expense associated with manual removal and insertion into the Registry zone file, the additional content reviews, and other administrative expenses.

Registrants found repeatedly violating the content policy may be subject to permanent loss of their domain name, at the sole discretion of the registry.

Exhibit B

REGISTRAR TOOL KIT

kids.us Administrator-Registrar Software Development Kit includes, but is not limited to the following:

- Reference client implementations:
 - Java
 - C++
- Interface definition: XML Schema
- kids.us Administrator Operational Profile (our extensions)
- Authentication and Encryption guidelines
- EPP "feature freeze" drafts
- EPP test plan and coverage matrix
- Java and C++ API documentation

Exhibit C

ENGINEERING AND CUSTOMER SERVICE SUPPORT

During the Term of this Agreement, kids.us Administrator will provide reasonable telephone and electronic customer support to Registrar, not Registrants or prospective customers of Registrar, for non-technical issues solely relating to the kids.us System and its operation. kids.us Administrator will provide Registrar with a telephone number and e-mail address for such support during implementation of the EPP, APIs and any reference client software included in the Registrar Tool Kit. While e-mail and FAQs are the primary method of help, kids.us Administrator will provide support on a 7-day/24-hour basis. kids.us Administrator will provide a web-based customer service capability in the future and such web-based support will become the primary method of customer service support to Registrar at such time.

The kids.us Administrator provides a clear, concise and efficient deliberation of customer support responsibilities. Registrars provide support to registrants (i.e., Registrants) and registries (like kids.us Administrator) provide support for registrars. This structure allows the kids.us Administrator to focus its support on the highly technical and administratively complex issues that arise between the kids.us Administrator and the Registrar and to focus on the system operations supporting the kids.us.

Technical Help Systems

kids.us Administrator will provide its registrars with the following types of technical support:

- Web-based self-help services, including:
 - Knowledge bases
 - Frequently asked questions
 - White papers
 - Downloads of EPP client software
 - Support for email messaging
- Telephone support from a central Help Desk
- Fee-based consulting services.

Web Portal

kids.us Administrator will implement a secure Web-based multimedia portal to help support registrar operations. To obtain access to these Web-based services, a registrar must register with the kids.us Administrator, and must have implemented our security features, including SSL encryption, log in with user ID and password, and digital certificates for authentication. The home page of the web portal will include a notice to registrars of planned outages for database maintenance or installation of software upgrades. kids.us Administrator will use commercially reasonable effort to post this notification at least thirty (30) days prior to the event in addition to active notification including phone calls and email. kids.us Administrator will also record outage notifications in the help desk database to facilitate compliance with the performance

specifications. Finally, seven (7) days and again two (2) days prior to the scheduled event, kids.us Administrator will use both an email and a Web-based notification to remind registrars of the outage.

Non-affiliated registrars and the general Internet community may obtain generic information from kids.us Administrator's public website, which will describe the TLD service offerings and list of registrars, including Registrar, providing domain-name services.

Central Help Desk

In addition to implementing the website, kids.us Administrator will provide telephone support to registrars through a central Help Desk. Access to the help desk telephone support is through an automatic call distributor that routes each call to the next available customer support specialist. kids.us Administrator will authenticate callers by using caller ID and by requesting a pre-established pass phrase that is different for each registrar. Requests for assistance may also come to the Help Desk via email, either directly or via the secure website. The Help Desk's three tiers of support are:

Tier-1 Support. Telephone support to registrars who normally are calling for help with customer domain-name problems and such other issues such as EPP implementation or billing and collection. Problems that can't be resolved at Tier 1 are escalated to Tier 2.

Tier-2 Support. Support provided by members of the technical support team, who are functional experts in all aspects of domain-name registration. In addition to resolving escalated Tier 1 problems with EPP implementation and billing and collection, Tier 2 staff provides technical support in system tuning and workload processing.

Tier 3 Support. Complex problem resolution provided by on-site maintenance technicians, third party systems and software experts, and vendors, depending on the nature of the problem.

In turn, the Help Desk uses an automated software package to collect call statistics and record service requests and trouble tickets in a help desk database. The help desk database documents the status of requests and tickets. Each customer-support and technical support specialist uses this problem management process to respond to trouble tickets with a troubleshooting, diagnosis, and resolution procedure and a root-cause analysis.

Escalation Policy

kids.us Administrator's escalation policy defines procedures and timelines for elevating problems either to functional experts or to management for resolution if they are not resolved within the escalation-policy time limits. The following table is an overview of the escalation policy.

Level	Description	Escalation Policy	Notification
I	Catastrophic outage affecting overall registry operations	Data-center manager escalates to kids.us Administrator management and Disaster-Recovery Team if not resolved in 15 minutes	Web portal and e-mail notifications to all Registrars within 15 minutes; updates every 30 minutes
II	Systems outage affecting one or two registrar sessions but not the entire system	Systems engineer escalates to data-center manager if not resolved in one hour	Web-portal notification to all registrars; hourly updates
III	Technical questions	Help Desk customer-support specialist escalates to the systems engineer if not resolved in two hours	Hourly updates to registrar via e-mail
IV	Basic questions	Help Desk customer-support specialist escalates to the systems engineer if not resolved within four hours	Hourly updates to registrar via e-mail

Staffing

Initially, kids.us Administrator will staff its Help Desk with a complement of customer service specialists. kids.us Administrator will add staff as necessary to respond to incoming requests within the performance specification guidelines. Customer-service specialists will obtain assistance from kids.us Administrator's technical staff for any problems that cannot be resolved in one (1) phone call.

Test and Evaluation Facility

kids.us Administrator will establish an operational test-and-evaluation facility that will be available for Registrars to test their client EPP system. kids.us Administrator's technical-support team, which consists of functional experts in the processes and technologies for domain-name registration, will support the registrars' testing.

Once each new registrar is satisfied that its system is compatible with the kids.us System, it will schedule a formal acceptance test that will be monitored by kids.us Administrator's system engineer. After a registrar has passed the acceptance test, kids.us Administrator will issue its user id, passwords, and digital certificates, and the registrar can then begin operations.

Customer Satisfaction Survey

To determine the satisfaction of registrars with kids.us Services, kids.us Administrator will implement a Web-based customer-satisfaction survey that will consist of a set of survey questions with responses ranging from one to five on the Likert Scale. kids.us Administrator will tabulate the results and plans to publish them on the website periodically.

To further verify the quality of kids.us Administrator's customer services, kids.us Administrator anticipates commissioning a bi-annual customer-satisfaction survey by an independent third party.

Exhibit D

USTLD REGISTRAR ACCREDITATION AGREEMENT

[INSERT AGREEMENT]

Exhibit E

[INTENTIONALLY OMITTED]

Exhibit F

POLICY ON TRANSFER OF SPONSORSHIP OF REGISTRATIONS BETWEEN REGISTRARS

A. Holder-Authorized Transfers.

Registrar Requirements.

The Registration Agreement between each registrar and its Registrant shall include a provision explaining that a Registrant will be prohibited from changing its registrar during the first 60 days after initial registration of the domain name with the registrar. Beginning on the 61st day after the initial registration with the registrar, the procedures for change in registrar set forth in this policy shall apply. Enforcement shall be the responsibility of the registrar for the domain name registration.

In addition to the requirements contained in Section 3.11 of the kids.us Administrator Agreement, for each instance where a Registrant wants to change its registrar for an existing domain name (i.e., a domain name that appears in a particular top-level domain zone file), the gaining registrar shall:

- 1) Obtain express authorization from the Registrant or the Administrative Contact (as reflected in the database of the losing registrar).
 - a) The specific form of the authorization is at the discretion of each gaining registrar, but must include at a minimum, an Auth Info Code.
 - b) The gaining registrar shall retain a record of reliable evidence of the authorization.
- 2) In those instances when the registrar of record is being changed simultaneously with a transfer of a domain name from one party to another, the gaining registrar shall also obtain appropriate authorization for the transfer. Such authorization shall include, but not be limited to, one of the following:
 - a) A bilateral written agreement between the parties.
 - b) The final determination of a binding dispute resolution body.
 - c) A court order.
- 3) Request, by the transmission of a “transfer” command as specified in the Registrar Documentation, that the kids.us Database be changed to reflect the new registrar.
 - a) Transmission of a “transfer” command constitutes a representation on the part of the gaining registrar that:

- (1) the requisite authorization has been obtained from the Registrant or Administrative Contact listed in the database of the losing registrar, and
- (2) the losing registrar will be provided with a copy of the authorization if and when requested.

In those instances when the registrar of record denies the requested change of prospective gaining registrar, the registrar of record shall expressly notify the prospective gaining Registrar that the request was denied and the reason for the denial.

Instances when the requested change of prospective gaining registrar may be denied include, but are not limited to:

- 1) Situations described in the Domain Name Dispute Resolution Policy
- 2) A pending bankruptcy of the Registrant
- 3) Reasonably dispute over the identity of the Registrant
- 4) Request to transfer sponsorship occurs within the first 60 days after the initial registration with the registrar of record

In all cases, the losing registrar shall respond to the e-mail notice regarding the transfer request within five (5) days. Failure to respond will result in a default “approval” of the transfer.

kids.us Administrator Requirements.

Upon receipt of the “transfer” command from the gaining registrar, kids.us Administrator will transmit an electronic notification to both registrars.

kids.us Administrator shall complete the “transfer” if either:

- 1) the losing registrar expressly “approves” the request, or
- 2) kids.us Administrator does not receive a response from the losing registrar within five (5) days.

When the kids.us Database has been updated to reflect the change to the gaining registrar, kids.us Administrator will transmit an electronic notification to both registrars.

Records of Registration.

Each Registrant shall maintain his, her or its own records appropriate to document and prove the initial domain name registration date, regardless of the number of registrars with which the Registrant enters into a contract for registration services.

Effect on Term of Registration.

The completion by kids.us Administrator of a holder-authorized transfer under this Part A shall result in a one-year extension of the existing registration, provided that in no event shall the total unexpired term of a registration exceed ten (10) years.

B. Approved Transfers.

Transfer of all of the registrations held by one registrar as the result of acquisition of that registrar or its assets by another registrar may be made according to the following procedure:

- (a) The acquiring registrar must be accredited by kids.us Administrator for the kids.us under an Accreditation Agreement and must have in effect a kids.us Administrator-Registrar Agreement with kids.us Administrator for the kids.us.
- (b) kids.us Administrator shall determine, in its sole discretion, that the transfer would promote the community interest, such as the interest in stability that may be threatened by the actual or imminent business failure of a registrar.

Upon satisfaction of these two conditions, kids.us Administrator will make the necessary one-time changes in the registry database for no charge for transfers involving 50,000 name registrations or fewer; provided that the data to be transferred to kids.us Administrator is in the form specified by kids.us Administrator ("Approved Format"). If the transfer involves registrations of more than 50,000 names, and the data to be transferred to kids.us Administrator is in the Approved format, kids.us Administrator will charge the acquiring registrar a one-time flat fee of US \$50,000. If the data to be transferred is not in the Approved Format, the kids.us Administrator may charge a reasonable fee, as determined by the kids.us Administrator, in connection with the cost associated with reformatting such data.

Exhibit G

REGISTRATION FEES

- Sunrise Registration [Intentionally Omitted]
- Initial Registration Fee after Sunrise. Registrar agrees to pay the non-refundable fee of \$6 per Registered Name per year of registration.
- Renewal Fees. Registrar agrees to pay the non-refundable fee of \$6 per Registered Name per year for renewals.
- Fees for Transfers of Sponsorship of Domain-Name Registrations

Where the sponsorship of a domain name is transferred from one registrar to another, kids.us Administrator may require the registrar receiving the sponsorship to request a renewal of one year for the name. In connection with that extension, kids.us Administrator may charge a Renewal Fee for the requested extension as provided in the renewal schedule set forth above. The transfer shall result in an extension according to the renewal request, subject to a ten-year maximum on the future term of any domain-name registration. The Renewal Fee shall be paid in full at the time of the transfer by the registrar receiving sponsorship of the domain name.

NOTE: kids.us Administrator reserves the right to revise the Fees prospectively upon thirty (30) days notice to Registrar, provided that such adjustments are consistent with the kids.us Agreement.

Exhibit H

PERFORMANCE SPECIFICATIONS

- 1.** Introduction. The attached Performance Specification Matrix ("Matrix") provides a list of performance specifications as they apply to the three Core Services provided by the kids.us Administrator—SRS, Nameserver, and Whois services.
- 2.** Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Agreement.
 - 2.1** "Core Services" refers to the three core services provided by the kids.us System—SRS, Nameserver, and Whois Services.
 - 2.2** "Performance Specification" refers to the specific committed performance service levels as specified herein.
 - 2.3** "Performance Specification Priority" refers to the kids.us Administrator's rating system for Performance Specifications. Some Performance Specifications are more critical to the operations of the kids.us Administrator than others. Each of the Performance Specifications is rated as C1-mission critical, C2-mission important, C3-mission beneficial, or C4-mission maintenance.
 - 2.4** "Registrar Community" refers to all the registrars accredited by kids.us Administrator that have executed kids.us Administrator-Registrar Agreements with kids.us Administrator for the kids.us.
 - 2.5** "SRS" refers to the Shared Registration System; the service that the kids.us System provides to the Registrar Community. Specifically, it refers to the ability of registrars to add, modify, and delete information associated with domain names, nameserver, contacts, and registrar profile information. This service is provided by systems and software maintained in coactive data centers. The service is available to registrars via an Internet connection.
 - 2.6** "Nameserver" refers to the nameserver function of the kids.us System and the nameservers that resolve DNS queries from Internet users. This service is performed by multiple nameserver sites that host DNS resource records. The customers of the nameserver service are users of the Internet. The nameservers receive a DNS query, resolve it to the appropriate address, and provide a response.
 - 2.7** "Service Level Measurement Period" refers to the period of time for which a Performance Specification is measured. Monthly periods are based on calendar months, quarterly periods are based on calendar quarters, and annual periods are based on calendar years.

2.8 "Whois" refers to the kids.us Administrator's Whois service. The kids.us Administrator will provide contact information related to registered domain names and nameserver through a Whois service. Any person with access to the Internet can query the kids.us Administrator's Whois service directly (via the kids.us Administrator website) or through a registrar.

3. Performance Specifications. kids.us Administrator shall use commercially reasonable efforts to provide kids.us Services for the kids.us.

3.1 Service Availability. Service Availability is defined as the time, in minutes, that the kids.us System's Core Services are responding to its users. Service is unavailable when a service listed in the Matrix is unavailable to all users, that is, when no user can initiate a session with or receive a response from the kids.us System ("Unavailability"). Service Availability is a C1 priority level.

3.1.1 Service Availability is measured as follows:

Service Availability % = $\{[(TM - POM) - UOM] / (TM - POM)\} * 100$ where:

TM = Total Minutes in the Service Level Measurement Period
(#days*24 hours*60 minutes).

POM = Planned Outage Minutes (sum of (i) Planned Outages and (ii) Extended Planned Outages during the Service Level Measurement Period).

UOM = Unplanned Outage Minutes (Difference between the total number of minutes of Unavailability during the Service Level Measurement Period minus POM).

Upon written request, and at the sole expense of the requesting registrar(s), kids.us Administrator will retain an independent third party (to be selected by kids.us Administrator to perform an independent calculation of the UOM). The frequency of this audit will be no more than once yearly during the term of the Agreement between kids.us Administrator and the Registrar.

This calculation is performed and the results reported for each calendar month for SRS and Whois availability and for each calendar year for Nameserver availability. Results will be reported periodically to the Registrar Community via e-mail.

3.1.2 Service Availability-SRS = 99.9% per calendar month. Service Availability as it applies to the SRS refers to the ability of the SRS to respond to registrars that access and use the SRS through the EPP protocol. SRS Unavailability will be logged with the kids.us Administrator as Unplanned Outage Minutes. The committed Service Availability for SRS is 99.9% and the Service Level Measurement Period is monthly.

3.1.3 Service Availability–Nameserver = 99.999% per calendar year. Service Availability as it applies to the Nameserver refers to the ability of the Nameserver to resolve a DNS query from an Internet user. Nameserver Unavailability will be logged with the kids.us Administrator as Unplanned Outage Minutes. The committed Service Availability for Nameserver is 99.999% and the Service Level Measurement Period is annually.

3.1.4 Service Availability–Whois = 99.95% per calendar month. Service Availability as it applies to Whois refers to the ability of all users to access and use the kids.us Administrator's Whois service. Whois Unavailability will be logged with the kids.us Administrator as Unplanned Outage Minutes. The committed Service Availability for Whois is 99.95% and the Service Level Measurement Period is monthly.

3.2 **Planned Outage.** High volume data centers like that used in the kids.us System require downtime for regular maintenance. Allowing for regular maintenance ("Planned Outage") ensures a high level of service for the kids.us System. Planned Outage Performance Specifications are a C4 priority level.

3.2.1 Planned Outage Duration. The Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the kids.us Administrator is allowed to take the kids.us Services out of service for regular maintenance. Planned Outages are planned in advance and the Registrar Community is provided warning ahead of time. This Performance Specification, where applicable, has a monthly Service Level Measurement Period. The Planned Outage Duration for the Core Services is as follows:

3.2.1.1 Planned Outage Duration–SRS = 8 hours (480 minutes) per month;

3.2.1.2 Planned Outage Duration–Nameserver = (no planned outages allowed); and

3.2.1.3 Planned Outage Duration–Whois = 8 hours (480 minutes) per month.

3.2.2 Planned Outage Timeframe. The Planned Outage Timeframe defines the hours and days in which the Planned Outage can occur. The Planned Outage Timeframe for the Core Services is as follows:

3.2.2.1 Planned Outage Timeframe–SRS = 1201-0800 UTC Sunday;

3.2.2.2 Planned Outage Timeframe–Nameserver =(no planned outages allowed); and

3.2.2.3 Planned Outage Timeframe–Whois = 0600-1400 UTC Sunday.

3.2.3 Planned Outage Notification. The kids.us Administrator will notify all of its registrars of any Planned Outage. The Planned Outage Notification Performance Specification defines the number of days prior to a Planned Outage that the kids.us Administrator will notify its registrars. The Planned Outage Notification for the Core Services is as follows:

3.2.3.1 Planned Outage Timeframe–SRS = 3 days;

3.2.3.2 Planned Outage Timeframe–Nameserver =(no planned outages allowed); and

3.2.3.3 Planned Outage Timeframe–Whois = 3 days.

3.3 **Extended Planned Outage.** In some cases such as software upgrades and platform replacements an extended maintenance timeframe is required. Extended Planned Outages will be less frequent than regular Planned Outages but their duration will be longer. Extended Planned Outage Performance Specifications are a C4 priority level.

3.3.1 Extended Planned Outage Duration. The Extended Planned Outage Duration defines the maximum allowable time, in hours and minutes, that the kids.us Administrator is allowed to take the kids.us Services out of service for extended maintenance. Extended Planned Outages are planned in advance and the Registrar Community is provided warning ahead of time. Extended Planned Outage periods are in addition to any Planned Outages during any Service Level Measurement Period. This Performance Specification, where applicable, has a Service Level Measurement Period based on a calendar quarter. The Extended Planned Outage Duration for the Core Services is as follows:

3.3.1.1 Extended Planned Outage Duration–SRS = 18 hours (1080 minutes) per calendar quarter;

3.3.1.2 Extended Planned Outage Duration–Nameserver =(no planned outages allowed); and

3.3.1.3 Extended Planned Outage Duration–Whois = 18 hours (1080 minutes) per calendar quarter.

3.3.2 Extended Planned Outage Timeframe. The Extended Planned Outage Timeframe defines the hours and days in which the Extended Planned Outage can occur. The Extended Planned Outage Timeframe for the Core Services is as follows:

3.3.2.1 Extended Planned Outage Timeframe–SRS = 1201-0800 UTC Saturday or Sunday;

3.3.2.2 Extended Planned Outage Timeframe–Nameserver =(no planned outages allowed); and

3.3.2.3 Extended Planned Outage Timeframe–Whois = 1201-0800 UTC Saturday or Sunday.

3.3.3 Extended Planned Outage Notification. The kids.us Administrator will notify all of its registrars of any Extended Planned Outage. The Extended Planned Outage Notification Performance Specification defines the number of days prior to an Extended Planned Outage that the kids.us Administrator will notify its registrars. The Extended Planned Outage Notification for the Core Services is as follows:

3.3.3.1 Extended Planned Outage Timeframe–SRS = 4 weeks;

3.3.3.2 Extended Planned Outage Timeframe–Nameserver =(no planned outages allowed); and

3.3.3.3 Extended Planned Outage Timeframe–Whois = 4 weeks.

3.4 Processing Time. Processing Time is an important measurement of transaction-based services like those provided by the kids.us System. The first three Performance Specifications, Service Availability, Planned Outages and Extended Planned Outages, measure the amount of time that the service is available to its users. Processing Time measures the quality of that service.

Processing Time refers to the time that the kids.us system receives a request and sends a response to that request. Since each of the kids.us Services has a unique function the Performance Specifications for Processing Time are unique to each of the kids.us Services. For example, a Performance Specification for the Nameserver is not applicable to the SRS and Whois, etc. Processing Time Performance Specifications are a C2 priority level.

Processing Time Performance Specifications have a monthly Service Level Measurement Period and will be reported on a monthly basis. The kids.us system will log the processing time for all of the related transactions, measured from the time it receives the request to the time that it returns a response.

3.4.1 Processing Time–Add, Modify, Delete = 3 seconds for 95%

3.4.1.1 Processing Time–Add, Modify, and Delete is applicable to the SRS as accessed through the EPP protocol. It measures the processing time for add, modify, and delete transactions associated with domain names, nameserver, contacts, and registrar profile information.

3.4.1.2 The Performance Specification is 3 seconds for 95% of the transactions processed. That is, 95% of the transactions will

take 3 seconds or less from the time the kids.us system receives the request to the time it provides a response.

3.4.2 Processing Time–Query Domain = 1.5 seconds for 95%

3.4.2.1 Processing Time–Query Domain is applicable to the SRS as accessed through the EPP protocol. It measures the processing time for an availability query of a specific domain name.

3.4.2.2 The performance specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time the kids.us system receives the query to the time it provides a response as to the domain name's availability.

3.4.3 Processing Time–Whois Query = 1.5 seconds for 95%

3.4.3.1 Processing Time–Whois Query is only applicable to the Whois. It measures the processing time for a Whois Query.

3.4.3.2 The Performance Specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time the Whois receives a query to the time it responds.

3.4.4 Processing Time–Nameserver Resolution = 1.5 seconds for 95%

3.4.4.1 Processing Time–Nameserver Resolution is only applicable to the Nameserver. It measures the processing time for a DNS query.

3.4.4.2 The Performance Specification is 1.5 seconds for 95% of the transactions. That is, 95% of the transactions will take 1.5 seconds or less from the time Nameserver receives the DNS query to the time it provides a response.

3.5 **Update Frequency.** There are two important elements of the kids.us System that are updated frequently and are used by the general public: Nameserver and Whois. Registrars generate these updates through the SRS. The SRS then updates the Nameserver and the Whois. These will be done on a batch basis. Update Frequency Performance Specifications are a C3 priority level.

The committed Performance Specification with regard to Update Frequency for both the Nameserver and the Whois is 15 minutes for 95% of the transactions. That is, 95% of the updates to the Nameserver and Whois will be effectuated within 15 minutes. This is measured from the time that the registry confirms the update to the registrar to the time the update appears in the Nameserver and Whois. Update Frequency Performance

Specifications have a monthly Service Level Measurement Period and will be reported on a monthly basis.

3.5.1 Update Frequency–Nameserver = 15 minutes for 95%.

3.5.2 Update Frequency–Whois = 15 minutes for 95%.

	Performance Specification Description	SRS	Nameserver	Whois
1	Service Availability	99.9% per calendar month	99.999% per calendar year	99.95% per calendar month
2	Processing Time–Add, Modify, Delete	3 sec for 95%	NA	NA
3	Processing Time–Query Domain	1.5 sec for 95%	NA	NA
4	Processing Time–Whois	NA	NA	1.5 sec for 95%
5	Processing Time–Nameserver Resolution	NA	1.5 sec for 95%	NA
6	Update Frequency	NA	15 min for 95%	15 min for 95%
7	Planned Outage–Duration	8 hrs per calendar month	not allowed	8 hrs per calendar month
8	Planned Outage–Timeframe	1201 – 0800 EST Sun	not allowed	1201 – 0800 EST Sun
9	Planned Outage–Notification	3 days	not allowed	3 days
10	Extended Planned Outage–Duration	18 hrs per calendar quarter	not allowed	18 hrs per calendar quarter
11	Extended Planned Outage–Timeframe	1201 – 0800 ETC Sat or Sun	not allowed	1201 – 0800 ETC Sat or Sun
12	Extended Planned Outage–Notification	28 days	not allowed	28 days

Exhibit I

SERVICE LEVEL AGREEMENT

- 1. Definitions.** Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to them in Exhibit H to the kids.us Administrator-Registrar Agreement.

- 2. Credits.** If kids.us Administrator fails to meet the Performance Specifications defined in Exhibit H ("Service Level Exception" or "SLE"), kids.us Administrator shall pay in the aggregate to the Registrar Community a credit according to the tables provided below ("Applicable Credit"). Each Registrar shall only be entitled to a fraction of the Applicable Credit. Such fractions of the credit specified in the tables to be paid to any individual Registrar will be calculated based upon the number of domain names that such Registrar added to the kids.us system during the Service Level Measurement Period compared to the total number of domain names added to the kids.us system by all Registrars during the Service Level Measurement Period in which the SLE occurred. The credit due to Registrar may be paid as an offset to registrations and other fees owed to kids.us Administrator by Registrar. All credits shall be paid in U.S. Dollars. The following Credit Lookup Matrix indicates the corresponding credit table for which the credits defined in this Exhibit will be levied.

CREDIT LOOKUP MATRIX

	Performance Specification Description	SRS	Nameserver	Whois
1	Service Availability	Table C1a	Table C1b	Table C1a
2	Processing Time - Add, Modify, Delete	Table C2	NA	NA
3	Processing Time – Query Domain	Table C2	NA	NA
4	Processing Time – Whois	NA	NA	Table C2
5	Processing Time – Nameserver Resolution	NA	Table C2	NA
6	Update Frequency	NA	Table C3	Table C3
7	Planned Outage – Duration	Table C4b	NA	Table C4b
8	Planned Outage – Timeframe	Table C4a	NA	Table C4a
9	Planned Outage – Notification	Table C4a	NA	Table C4a
10	Extended Planned Outage – Duration	Table C4b	NA	Table C4b
11	Extended Planned Outage – Timeframe	Table C4a	NA	Table C4a
12	Extended Planned Outage – Notification	Table C4a	NA	Table C4a

If one or more SLEs occurs as the direct result of a failure to meet a Performance Specification in a single credit class, kids.us Administrator shall be responsible only for the credit assessed for the credit class which is the proximate cause for all directly related failures.

The following tables identify total Registrar Community credits due for SLEs in the four credit classes C1 - C4. Notwithstanding the credit levels contained in these tables, the total credits owed by kids.us Administrator under this Agreement shall not exceed \$30,000 USD monthly and \$360,000 USD annually. The credits contained in Tables C1a-C4 represent the total credits that may be assessed in a given SLR category in one Service Level Measurement Period.

2.1 C1 Credit Class—If availability of C1 Credit Class components or systems does not meet C1 Performance Specifications in any given Service Level Measurement Period described in the Performance Specification Matrix in Exhibit H, kids.us Administrator will credit the Registrar Community according to the tables (which amount will be credited to the Registrar on a proportional basis as set forth above).

Table C1a

SLE	< 30 sec.'s	30-60 sec.'s	1-2 min.'s	2-10 min.'s	10-30 min.'s	over 30 min.'s
Monthly Credit to Registrar Community	\$ 750	\$ 1,500	\$ 2,500	\$ 3,750	\$ 5,000	\$ 6,000

C1a Availability Example: In a given measurement period, the SRS Availability is 99.87%, which equates to 52 minutes of unplanned downtime. The kids.us Administrator's Performance Specification for SRS Availability is 99.9%, or 43 minutes of downtime. The Service Level Exception, therefore, is 9 minutes (52-43 minutes), the difference between the Performance Specification and the actual measured performance. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C1a. In Table C1a, the time interval (2-10 minutes) has a corresponding credit of \$3,750 USD to be paid to the Registrar Community.

Table C1b

SLE	< 10 min.'s	10-30 min.'s	30-60 min.'s	1-2 hours	2-4 hours	over 4 hours
Annual Credit to Registrar Community	\$ 7,500	\$ 15,000	\$ 25,000	\$ 35,000	\$ 50,000	\$ 75,000

C1b Availability Example: In a given Service Level Measurement Period, the measured Nameserver Availability is 99.990% over a twelve (12) month period, which equates to 52 minutes of downtime. The kids.us Administrator's Performance Specification for Nameserver Availability is 99.999%, or 5 minutes of downtime per calendar year. The Service Level Exception, therefore, is 47 minutes (52-5 minutes), the difference between the Performance Specification and the actual measured performance. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C1b. In Table C1b, the time interval (30-60 minutes) has a corresponding credit of \$25,000 USD to be paid to the Registrar Community.

2.2 C2 Credit Class—If processing time for C2 Credit Class services does not meet C2 Service Levels in any given Service Level Measurement Period, kids.us Administrator will credit the Registrar Community according to the following table (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C2

SLE	< 2 sec.'s	2-5 sec.'s	5-10 sec.'s	10-20 sec.'s	20-30 sec.'s	over 30 sec.'s
Monthly Credit to Registrar Community	\$ 375	\$ 750	\$ 1,500	\$ 3,500	\$ 4,000	\$ 7,500

C2 Processing Example: The Performance Specification for Processing Time for Add, Modify, and Delete is 3 seconds or less for 95% of the transactions. In a given Service Level Measurement Period 7% of the transactions are greater than 3 seconds. The 5% of those transactions with the longest processing times are not subject to the SLE calculation (3 seconds for 95%). The SLE is calculated using the average processing time for the 2% of the transactions that are subject to the SLE. If there were 1,000 transactions and they took a total of 4,000 seconds the average is 4 seconds. That generates an SLE of 1 second (4 seconds - 3 seconds). From the Credit Lookup Matrix, we see the relevant SLA is found in Table C2. In Table C2, the SLE time interval (< 2 seconds) has a corresponding credit \$375 USD to be paid to the Registrar Community.

2.3 C3 Credit Class—If update frequency measurements of C3 Credit Class components or systems do not meet C3 Service Levels in any given Service Level Measurement Period as described in the Performance Specification Matrix in Exhibit H, kids.us Administrator will credit the Registrar Community according to the following tables (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C3

SLE	< 30 sec.'s	30-60 sec.'s	1-2 min.'s	2-10 min.'s	10-30 min.'s	over 30 min.'s
Monthly Credit to Registrar Community	\$ 188	\$ 375	\$ 625	\$ 938	\$ 1,250	\$ 1,500

C3 Update Frequency Example: In a given Service Level Measurement Period, 95% of the updates to the Nameserver take 24 minutes or less to complete. The corresponding kids.us Administrator's Performance Specification is 15 minutes for 95% of the updates. The SLE, therefore, is 9 minutes. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C3. The SLE time interval (2-10 minutes) has a corresponding credit of \$938 USD to be paid to the Registrar Community.

2.4 C4 Credit Class—If kids.us Administrator fails to comply with C4 Credit Class category Performance Specifications, kids.us Administrator will credit the Registrar Community according to the following tables (C4a and C4b) (which amount will be credited to the Registrars on a proportional basis as set forth above).

Table C4a

SLE	Any
Monthly Credit to Registrar Community	\$ 500

C4a Planned Outage Notification Example: In each instance the kids.us Administrator fails to meet the Performance Specifications for Notification and Timeframe related to Planned Outages and Extended Planned Outages, the kids.us Administrator is subject to the credit in Table C4a. For example, the kids.us Administrator informs the Registrar Community that it will initiate a Planned Outage of the SRS on the next calendar Sunday (five (5) days advance notice). The corresponding kids.us Administrator's Performance Specification is 28 days notice. From the Credit Lookup Matrix, we see the relevant SLA is found in Table C4a. This results in a credit of \$500 USD to be paid to the Registrar Community.

Table C4b

SLE	< 1 hour	1-2 hours	2-4 hours	4-6 hours	6-10 hours	over 10 hours
Monthly Credit to Registrar Community	\$ 300	\$ 750	\$ 1,200	\$ 2,500	\$ 3,500	\$ 4,000

C4b Planned Outage Example: In a given Service Level Measurement Period, the actual duration of a planned outage is 11 hours and 20 minutes for the SRS. The corresponding kids.us Administrator's Performance Specification is 8 hours per month for the SRS. The SLE, therefore, is 3 hours and 20 minutes. From the Credit Lookup Matrix the relevant SLA is found in Table C4b. The SLE time interval (2-4 hours) has a corresponding credit of \$1,200 USD to be paid to the Registrar Community.

3. Receipt of Credits. In order for Registrars to claim credits, the following procedure must be followed:

3.1 kids.us Administrator shall perform the required measurements in order to obtain the total credits associated with the applicable Service Level Measurement Period. Such measurements and associated documentation shall be delivered by e-mail to each of the Registrars in the Registrar Community. Such notice shall also include the total credit (if any) to be paid to the Registrar Community as a result of any outages.

3.2 Receipt of Credit - When the above steps have been completed, the kids.us Administrator shall enter in each Registrar's account balance the amount of credit (if applicable) that can be used immediately toward registrations in the Registry.

4. Obligations.

4.1 Except in the case of cross-network nameserver performance (which is not a subject of this Service Level Agreement), kids.us Administrator will perform monitoring from internally located systems as a means to verify that the conditions of the SLA are being met.

4.2 Upon written request, and at the sole expense of the requesting Registrar(s), kids.us Administrator will retain an independent third party to be selected by kids.us Administrator with the consent of the Registrar(s). The Registrar may, under reasonable terms and conditions, audit the reconciliation records for the purposes of verifying measurements of the Performance Specifications. The frequency of these audits will be no more than once yearly during the term of the agreement between kids.us Administrator and the Registrar.

4.3 kids.us Administrator's obligations under this SLA are waived during the first 120 days after the date that the expanded space of the kids.us goes "live." ("Commencement of Service Date").

4.4 A Registrar must report each occurrence of alleged occasion of Unavailability of Core Services to the kids.us Administrator customer service help desk in the manner required by the kids.us Administrator (i.e., e-mail, fax, telephone) in order for an occurrence to be treated as Unavailable for purposes of the SLE.

4.5 In the event that the Core Services are Unavailable to an individual Registrar, kids.us Administrator will use commercially reasonable efforts to re-establish the affected Core Services for such Registrar as soon as reasonably practicable. In the event that the Unavailability of Core Services affects all Registrars, the kids.us Administrator is responsible for opening a blanket trouble ticket and immediately notifying all Registrars of the trouble ticket number and details.

4.6 Both Registrar and the kids.us Administrator agree to use reasonable commercial good faith efforts to establish the cause of any alleged Core Services Unavailability. If it is mutually determined to be a kids.us Administrator problem, the issue will become part of the Unplanned Outage minutes.

4.7 The kids.us Administrator will use commercially reasonable efforts to restore the critical systems of the Core Services within 24 hours after the termination of a force majeure event and restore full system functionality within 48 hours after the termination of a force majeure event. Outages due to a force majeure will not be considered Service Unavailability.

4.8 Incident trouble tickets must be opened within a commercially reasonable period of time.

5. Miscellaneous.

5.1 This Service Level Agreement is independent of any rights, obligations or duties set forth in the kids.us Administrator Agreement. In the event of any conflict between the terms and conditions of this Agreement and the kids.us Administrator Agreement, the kids.us Administrator Agreement shall control.

ATTACHMENT 1

PAST PERFORMANCE QUESTIONNAIRE

A. Name of Contractor:

.CO Internet S.A.S.

(Company name/Division)

B. Contract Number: Not Applicable

C. Description of organization for whom services were provided:

.CO Internet S.A.S. is the entity that has the contract with the government of Colombia to run and operate the .CO ccTLD on a worldwide basis.

D. Description of contract effort and major deliverables:

Neustar is the technical provider to .CO Internet S.A.S in order to provide technical, operational, billing/collections/accounting and reporting support, and related services associated with the administration of the .CO ccTLD. More specifically, Neustar is the technical manager of the authoritative, master database of all the domain names registered in .CO. It keeps the master database and also generates the "zone file" which allows computers to route Internet traffic to and from .CO domains anywhere in the world.

E. Contract type:

Transactional fee based contract.

(Fixed Price, Cost Reimbursable, Time, etc.)

F. Period of performance:

September 2009 - Present

I. PERFORMANCE QUALITY

How well did the contractor provide quality services under the contract and the extent to which the services conformed to the contractual requirements.

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

Neustar has consistently provided high quality services that meets all of our contractual and business obligations. The performance of each of the services has been exceptionally high, and exceeds the performance levels mandated in our contracts.

II. SCHEDULE PERFORMANCE

How well did the contractor adhere to delivery and administrative schedules under the contract or technical milestones; was the contractor's response to technical direction or the contractor's ability to meet interim and final milestone schedules on a timely basis?

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

--

III. BUSINESS RELATIONSHIP

What was the quality of the business relationship that the contractor maintained with your organization?

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

.CO Internet SAS and Neustar have always maintained a very close business relationship and continue to do so today. We maintain open channels of communication and frequently collaborate in areas of mutual interest. This strong business relationship has been one of the keys to our continued success.

IV. ORAL AND WRITTEEN COMMUNICATIONS

Please rate the quality of the contractor's oral and written communications, including oral presentations and written reports and studies.

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

--

V. RESPONSE INFORMATION

The following information will assist in the analysis of the data. **This information will be kept confidential.**

Name of evaluator:	Nicolai Bezsonoff
Address:	701 Brickell Ave, Suite 860 Miami, FL 33131
Phone/FAX/Email:	646-418-8332
Position/Title:	Chief Operating Officer
Length of involvement in Program/Contract:	4 years
Source of Information/Documentation utilized to rate Performance Level:	Personal experience
Date Questionnaire Completed	11/7/2013

VI. COMMENTS (Additional comments are appreciated)

We chose Neustar to be our back-end Registry provider because it offered a state-of-the-art, scalable, and proven platform from which to launch the .co domain. Built to the highest standards of security, stability, and performance, we were confident in Neustar's technical and operational capabilities from the start.

From the start, Neustar has played an important role in our success. They have been consistent, reliable, and high-performing partner. We could not be more pleased with the relationship.

ATTACHMENT 1

PAST PERFORMANCE QUESTIONNAIRE

A. Name of Contractor: Internet Corporation for Assigned Names and Numbers ("ICANN")

B. Contract Number: Not Applicable

C. Description of organization for whom services were provided: ICANN coordinates, at the overall level, the global Internet's systems of unique identifiers, and in particular ensures the stable and secure operation of the Internet's unique identifier systems.

D. Description of contract effort and major deliverables: Neustar operates the .biz generic top-level domain registry, including all business, technical, operational, marketing, and financial related services associated with the administration of the TLD. More specifically, Neustar is the authoritative, master database of all domain names registered in .biz. It keeps the master database and also generates the "zone file" which allows computers to route Internet traffic to and from .biz domains anywhere in the world.

E. Contract type: No cost contract; All fees paid to Neustar by domain name registrars

(Fixed Price, Cost Reimbursable, Time, etc.)

F. Period of performance: May 2001 - Present

I. PERFORMANCE QUALITY

How well did the contractor provide quality services under the contract and the extent to which the services conformed to the contractual requirements.

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
X					

Comments, if any.

Neustar is a trusted and reliable contractor that consistently provides quality service and
meets or exceeds its contractual requirements.

II. SCHEDULE PERFORMANCE

How well did the contractor adhere to delivery and administrative schedules under the contract or technical milestones; was the contractor's response to technical direction or the contractor's ability to meet interim and final milestone schedules on a timely basis?

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
X					

Comments, if any.

Neustar possesses highly qualified personnel with strong technical capabilities and
program and project management skills. It's a reliable partner and one who takes
its commitments and obligations seriously and performs diligently.

III. BUSINESS RELATIONSHIP

What was the quality of the business relationship that the contractor maintained with your organization?

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
	X				

Comments, if any.

IV. ORAL AND WRITTEN COMMUNICATIONS

Please rate the quality of the contractor’s oral and written communications, including oral presentations and written reports and studies.

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
X					

Comments, if any.

V. RESPONSE INFORMATION

The following information will assist in the analysis of the data. **This information will be kept confidential.**

Name of evaluator: Cyrus Namazi

Address: 801 17th St., NW, Suite 400, Washington, DC 20006

Phone/FAX/Email: +1 202.249.7543

Position/Title: Vice President

Length of involvement in Program/Contract: 1 year

Source of Information/Documentation utilized to rate Performance Level:

Various written and oral sources including presentations, presentation material, and face-to-face interactions.

Date Questionnaire Completed: 05 November 2013

VI.COMMENTS (Additional comments are appreciated)

Neustar is an engaged and constructive member of the ICANN community, not only as the registry operator for .BIZ but also as the manager of the country code top level domain for the United States – the .us ccTLD. In this connection, Neustar actively participates in ICANN's Country Code Name Supporting Organization (ccNSO) and the company's Deputy General Counsel, Becky Burr, serves on the ccNSO Council. In this context, Neustar is providing leadership for the ccNSO's important ongoing work on policy issues related to delegation and relegation of country code top level domains. Neustar's commitment to the multi-stakeholder model is also evidenced by its work outside of the registry context including, for example, its participation in developing and negotiating the 2013 Registrar Accreditation Agreement.

ATTACHMENT 1

PAST PERFORMANCE QUESTIONNAIRE

A. Name of Contractor:

Tralliance Registry Management Company, LLC

(Company name/Division)

B. Contract Number: Not Applicable

C. Description of organization for whom services were provided:

Tralliance is the entity that has the contract with ICANN to run and operate the .TRAVEL TLD on a worldwide basis.

D. Description of contract effort and major deliverables:

Neustar is the Registry provider to Tralliance in order to provide technical, operational, billing/collections/accounting and reporting support, and related services associated with the administration of the .TRAVEL TLD. More specifically, Neustar is the authoritative, master database of all the domain names registered in .TRAVEL. It keeps the master database and also generates the "zone file" which allows computers to route Internet traffic to and from .TRAVEL domains anywhere in the world.

E. Contract type:

Transactional fee based contract.

(Fixed Price, Cost Reimbursable, Time, etc.)

F. Period of performance:

October 2005 - Present

I. PERFORMANCE QUALITY

How well did the contractor provide quality services under the contract and the extent to which the services conformed to the contractual requirements.

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

II. SCHEDULE PERFORMANCE

How well did the contractor adhere to delivery and administrative schedules under the contract or technical milestones; was the contractor's response to technical direction or the contractor's ability to meet interim and final milestone schedules on a timely basis?

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

III. BUSINESS RELATIONSHIP

What was the quality of the business relationship that the contractor maintained with your organization?

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

IV. ORAL AND WRITTEN COMMUNICATIONS

Please rate the quality of the contractor's oral and written communications, including oral presentations and written reports and studies.

Exceptional	Very Good	Satisfactory	Marginal	Unsatisfactory	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments, if any.

We have had a long, trouble-free, collegial and beneficial relationship.

V. RESPONSE INFORMATION

The following information will assist in the analysis of the data. **This information will be kept confidential.**

Name of evaluator:	Byron Henderson
Address:	1500 Cordova Road, Suite 302 Fort Lauderdale, FL 33316
Phone/FAX/Email:	1-250-483-3436
Position/Title:	Managing Director
Length of involvement in Program/Contract:	2004 to present
Source of Information/Documentation utilized to rate Performance Level:	Personal
Date Questionnaire Completed	November 8, 2013

VI. COMMENTS (Additional comments are appreciated)

We are a small registry and I have been personally involved in every aspect of contracting, launch, problem-solving and modification of the registry services with Neustar.

Endorsement Letters

PAGE 1-2 Of 38 REDACTED

11/7/2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and have concerns that changes to the existing Registry Operator may have a negative impact on all .US accredited registrars. A change in registry providers could impose significant unnecessary transition costs and may require us to divert personnel, resources, and time to learn new registry technical and operational requirements.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit to us if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in black ink, appearing to read 'JEFF ECKHAUS', with a long horizontal flourish extending to the right.

Jeff Eckhaus

SVP, Corporate Development, eNom



Web.com Group, Inc.
12808 Gran Bay Parkway West
Jacksonville, FL 32258
T 904 680 6600
F 904 880 0350
NASDAQ: WWWW

April 26, 2013

Ms. Fiona Alexander
Associate Administrator, Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexander,

I represent Web.com Group, Inc. ("Web.com") and its wholly owned subsidiaries, Network Solutions and Register.com, both of which are .US accredited Registrars. I am writing to express our opinion on the .US ccTLD rebid process which is scheduled to take place in 2013.

Web.com supports Neustar's application to retain and continue its operation of the .US Registry. Over the past 10 years, Neustar has provided a high performance standard for the .US Registry which the Registrar community has become reliant upon. Neustar has managed and operated the .US ccTLD Registry to the highest levels for Shared Registration System (SRS) response time and has provided 100% Domain Name System (DNS) resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

Web.com would like to avoid any potential drop in performance that could result from a transition of the .US Registry to another operator. In addition, we are concerned that any changes to the existing Registry Operator could result in significant and unnecessary transition costs which would require us to divert personnel, resources, and time from other revenue generating opportunities.

Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began operating the Registry over 10 years ago. We support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in blue ink, reading "Robert C. Wiegand".

Robert C. Wiegand
Senior Vice President
Web.com Group, Inc.

Date:

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

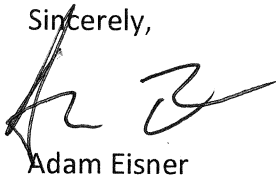
Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary loses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another

Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in black ink, appearing to be 'AE', is written over the word 'Sincerely,'.

Adam Eisner

Director, OpenSRS Product Management, Tucows

96 Mowat Ave.

Toronto ON Canada M6K 3M1

aeisner@tucows.com

+1.416.535.0123x1282



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08 November 2013

Ms. Fiona Alexander
Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
WASHINGTON DC 20230

Dear Ms. Alexander,

Subject: .US ccTLD Registry Operations

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

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In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Yours sincerely

Theo Hnarakis
Chief Executive Officer

Date: 08/11/2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

Directi

India: +91.22.3079.7500

US: +1.415.240.4172

Fax. No.: +91.22.3079 7508

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,



Name: Bhavin Turakhia

Title: CEO

Directi Internet Solutions Pvt. Ltd.

Regd Office: 52, 5th Floor, Jalan House, Walkeshwar Road, Walkeshwar, Mumbai- 400006.

Corp Office: DirectiPlex, Acme I-Tech Park, Next to Andheri Subway, Old Nagardas Road, Andheri (East), Mumbai - 400 069.



DIGITAL BRAND SERVICES
CORPORATION SERVICE COMPANY®

November 12, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs

National Telecommunications and Information Administration

1401 Constitution Ave. NW

Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest



DIGITAL BRAND SERVICES
CORPORATION SERVICE COMPANY™

in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gretchen M. Olive', written in a cursive style.

Gretchen M. Olive

Director, Policy & Industry Affairs

Date: May 24, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

MarkMonitor, Inc. are a .US accredited Registrar through Neustar, Inc., and we are concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

As the leading global provider of brand protection for the enterprise, MarkMonitor offers solutions that safeguard brands, reputations and revenues from ever-evolving online risks. The company's exclusive access to data, combined with its real-time prevention, detection and response capabilities, enables a more secure Internet for enterprises as well as their customers. Headquartered in San Francisco, MarkMonitor has regional offices and operations centers in London, Boise, and the Washington, D.C. metro area. The global leader in enterprise brand protection, MarkMonitor currently safeguards more than half of the Fortune 100 brands.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, MarkMonitor chose to recommend Neustar to our clients as the preferred registry operator for .brand applications as part of the ICANN new gTLD program.

As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Serlin", with a stylized, flowing script.

Matt Serlin
Vice President, Domain Management
MarkMonitor, Inc.

Date: March 18, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

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activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,



Name: *Michele Van Tilborg*
Title: *CMO*

**Internet.bs Corp.**

Sea Beach Boulevard
Sea Beach Estates
N-4892 Nassau Bahamas
Email: info@internet.bs
Fax: +44-207-113-2165

Nassau June 05th 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230
Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

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Sincerely,

Name Marco Rinaudo - Internet.bs Corp.
Title CEO



ICANN accredited Registrar since 2004.

Company Registration #: 130777 B - Nassau - Bahamas



Dynadot LLC 205 E 3rd Ave #314 San Mateo, CA 94401 +1.650.262.0100

March 21, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

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Dynadot LLC 205 E 3rd Ave #314 San Mateo, CA 94401 +1.650.262.0100

a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Todd Han', written in a cursive style.

Todd Han
President

Date: March 15th 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

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communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,



Name Alexander Siffrin
Title CEO – Key-Systems GmbH and KeyDrive SA





service : support : reliability

TierraNet Inc.
PO BOX 502010
San Diego, CA 92150

toll free: 877.TIERRA.1
tel: 858.560.9416
fax: 858.560.9417

www.tierra.net

March 15, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

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service : support : reliability

TierraNet Inc.
PO BOX 502010
San Diego, CA 92150

toll free: 877.TIERRA.1
tel: 858.560.9416
fax: 858.560.9417

www.tierra.net

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

John Matthews
Director of Business Development
TierraNet, Inc



100 N Riverside, 8th Floor
Chicago, IL
60606

Tel: (604) 639-1680
Fax: (604) 688-9013
Web: www.domainpeople.com

March 20, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Dear Ms. Alexander,

As you know, the .US ccTLD Registry Operator rebid process is scheduled to take place this year. DomainPeople, Inc. has been an ICANN accredited domain name registrar since 1999, and in addition to providing registration services for all the major gTLDs in which we are accredited, we are also accredited and provide registration services for most of the world's largest ccTLD registries including .US.

The ongoing security and stability of the .US Domain Name System is of the utmost concern to us and to our customers. I trust the current .US Registry Operator (NeuStar) will be awarded the bid to continue to provide us and our customers with the high level of service reliability that we've come to expect during the past 10 years. I would like to offer you my endorsement of NeuStar and include a few key observations:

- We have never experienced any resolution downtime for .US domains managed under NeuStar.
- We have always received prompt technical support from NeuStar on any .US related issues.
- NeuStar has a proven track record in operating a stable and secure TLD registry, and continues to maintain up-to-date systems and infrastructure that complies with industry best practices.
- Changing a Registry Operator is a large endeavor that requires significant resources from all stakeholders.
- Registrars will require time to update their systems taking away valuable time required to support the upcoming implementation of hundreds of new publicly available gTLDs scheduled to start being implemented into the root this year.

Kind regards,
Christopher Kruk
Product Manager
DomainPeople, Inc.

Tel: (604) 639-1680 Ext. 116
Fax: (604) 688-9013
E-Mail: chrisk@domainpeople.com
www.DomainPeople.us
www.DomainPeople.com



Gandi US Inc.
PO BOX 192101
San Francisco, CA 94119

Date: March 19, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

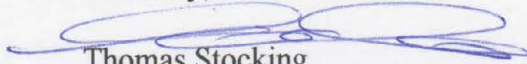
The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities. Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, such as that caused by a transition of Registry Operators, will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy. Any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious activity monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and other malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of

their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Thomas Stocking', with a stylized flourish extending to the right.

Thomas Stocking
COO, Gandi US, Inc.

**National Telecommunications and
Information Administration**

Ms. Fiona Alexander
1401 Constitution Ave. NW
Washington DC 20230
USA

Leudelange, 15.03.2013

Re. US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to Internet Registrars such as EuroDNS.

We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars.

A change of registry provider at a time when more than 1000 new gTLDs are going to be launched will not only impose significant unnecessary transition costs, it will also require EuroDNS to re-train its personnel, modify its technical backend and internal processes, and thus divert EuroDNS' manpower from other revenue generating opportunities.


Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operator will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website, email addresses and related services to be up and running 100% of the time. Many of these customers who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

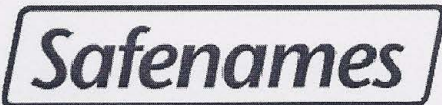
In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD.

As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider.

Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. EuroDNS supports Neustar in its quest to both retain and continue its operation of the .US Registry.

Yours Sincerely


Lutz Berneke
Chief Executive Officer
EURODNS S.A.
2, rue Léon Laval
L-3372 Leudelange



Date: May 9th, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

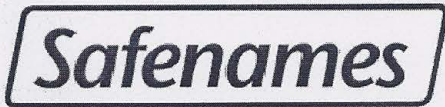
Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.



In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As

a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

Name: Simon Mcmanus
Company: Safenames Ltd

Title: Director

A handwritten signature in black ink, appearing to be "Simon Mcmanus", written in a cursive style.



Instra Corporation Limited
IRD: 100-171-317
PO BOX 116
Napier
Hawkes Bay, 4140
New Zealand

Instra Corporation Pty Ltd
ABN 55 110 054 610
GPO BOX 988
Melbourne
Victoria, 3001
Australia

21 March 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Dear Ms. Alexander,

Subject: .US ccTLD Registry Operations

Our Company is a long standing accredited registrar for .US domain names and we are writing this letter in response to the registry tendering process for the .US name space. I feel compelled to express our point of view as an accredited registrar, as we believe the tendering process is unnecessary. As a registrar that connects with over 140 registries worldwide, we believe that Neustar SRS system is of an extremely high standard.

Neustar Inc have already demonstrated their commitment to the ongoing success of the .US name space by providing quality support for registrars. They have invested in providing high availability infrastructure to ensure that the SRS remains robust and reliable. In addition to this, Neustar have been one of the initial pioneers in implementing multi-casted DNS technologies, which has proven to be extremely reliable, with no reported downtime of the .US root level DNS zone. This in itself is an amazing achievement when compared to various other ccTLD providers around the world.

I would like to offer my upmost recommendation to continue to allow Neustar to be the SRS provider of the .US name space. They have proven infrastructure, quality customer service for registrars, offer competitive pricing for registrars, and they are very active in the ongoing promotion of the .US ccTLD. They have also ensured that their infrastructure is scalable and adaptable to emerging technologies, and they ensure that registrars are always kept informed of any technology changes in an efficient and timely manner.

Neustar is a proven provider, is able to adapt to changing needs and emerging technologies, and has a proven track record of providing both value and quality of service. I trust that you will consider this recommendation as a registrar in support of Neustar to continue as the SRS provider for the .US name space.

Sincerely,

Dennis Kittrell
VP Business Development

Instra Corporation



March 19, 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers at a time when our business is recovering from the recently strained economy, will not only impose significant unnecessary transition costs, it will also require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.





In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Beltran", with a long horizontal flourish extending to the right.

Anthony Beltran
COO / CFO





Date: May 10, 2013

Ms. Fiona Alexander, Associate Administrator
Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave., N.W.
Washington, D.C. 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexander,

The .US ccTLD rebid process scheduled to take place in 2013 is of significant importance to our company. The National Arbitration Forum (Forum) is a .US accredited dispute resolution provider through Neustar, Inc. A change of registry providers away from Neustar would impose significant and unnecessary transition costs and require us to divert personnel, resources, and time from productive and revenue-generating opportunities.

Over the past 10 years, Neustar has maintained a high performance standard for the .US Registry. Domain name dispute resolution predominantly serves to protect the domain name space from trademark infringement, a significant problem in many gTLDs and other ccTLDs. In contrast, we believe the strong policies Neustar has implemented has helped to prevent significant misuse of the .US ccTLD space.ⁱ These policies include the Forum-administered usDRP (.US TLD Dispute Resolution Policy) and the usNDP (.US Nexus Dispute Policy), as well as internal policies Neustar uses to protect the .US TLD against DDOS attacks, botnets, phishing, and other malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the consistently professional manner in which Neustar has operated .US clearly demonstrates that it is the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD.

In the rare instances where we have had to elevate an issue to the .US TLD Administrator, we have found Neustar to be prompt and helpful in resolving the issue. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to retain and continue its operation of the .US Registry.

Sincerely,

Kristine F. Dorrain
Director, Internet and IP Services
National Arbitration Forum
kdorrain@adrforum.com

ⁱ **.US TLD Dispute Statistics from 2002-present:**

usTLD Disputes: 459

- Withdrawn per settlement: 58
- Total Decisions: 384
- Cases without a Response: 300
- Outcomes:
 - Complainant Prevailed: 95%
 - Respondent Prevailed: 5% (where Respondent responded, they prevailed 23% of the time)

usNDP Disputes: 10

- Withdrawn per settlement: 0
- Total Decisions: 10
- Cases without a Response: 6
- Outcomes:
 - Complainant Prevailed: 50%
 - Respondent Prevailed: 20%
 - Forum issued a Nexus Failure Finding: 30%



Date: March 20, 2013

Subject: .US ccTLD Registry Operations

To Whom It May Concern,

The .US ccTLD rebid process which scheduled to take place in 2013 is of significant interest to our organization. The National Small Business Association is a staunchly bi-partisan organization dedicated to today's entrepreneurs. In its rich, 75-year history, NSBA has made significant strides in advocating for small businesses. From our humble beginnings under founder DeWitt Emery, a small-business owner who aimed simply to make a difference, to today with our broad, national presence as the leading small-business advocacy group, NSBA fights daily for Mr. Emery's mission to make a difference for America's small businesses.

* Neustar, as a registry services provider has become a strong and dedicated partner in our efforts, by creating and promoting programs which simultaneously promote the growth of American business and the global brand recognition of the ccTLD, .US.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact on business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US based organization which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. We support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd McCracken", with a long horizontal line extending to the right.

Todd McCracken

President , National Small Business Association

Celebrating 75 Years • 1937 - 2012

1156 15th Street NW • Suite 1100 • Washington, DC 20005 • 202-293-8830 • Fax: 202-872-8543 • www.nsba.biz



October 28, 2013

Subject: .US ccTLD Registry Operations

To Whom It May Concern:

We have been very pleased and impressed with the activities of Neustar in the promotion of .us products/services to the U.S. business market through chambers of commerce. The American Chamber of Commerce Executives (ACCE) represents 1,200 chambers of commerce across the U.S. whose aggregate membership is 1.2 million businesses. These businesses have a total employee count of 70 million.

We recently established a partnership with Neustar. As an ACCE official corporate sponsor, Neustar exhibited at our 2013 annual convention in Oklahoma City, July 23-26, where the firm promoted the use of the .us country-code top-level domain. Members were interested in the ".us" domain; several said it would be received by their member businesses as a patriotic or "main street" kind of website identification.

We believe Neustar will continue to be an excellent partner with chambers of commerce and their business members and we support Neustar's continued operation of .us in its upcoming rebid for the ccTLD with the United States Department of Commerce. We are especially excited at the prospect of offering mobile .us web sites to small businesses via chambers of commerce in the near future, with the help, advice and planning of executives at Neustar.

Sincerely,

Michael Fleming
President



2nd April 2013

Ms. Fiona Alexander, Associate Administrator Office of International Affairs
National Telecommunications and Information Administration
1401 Constitution Ave. NW
Washington DC 20230

Subject: .US ccTLD Registry Operations

Dear Ms. Alexeander,

The .US ccTLD rebid process which is scheduled to take place in 2013 is of significant importance to our company. We are a .US accredited Registrar through Neustar, Inc., and we are markedly concerned that any changes to the existing Registry Operator will have a significant negative impact on all .US accredited Registrars. A change of registry providers would require us to divert personnel, resources, and time from other revenue generating opportunities.

Over the past 10 years, Neustar has provided a high performance standard for the .US Registry. The growing Registrar community has become both accustomed to and reliant upon this high standard of excellence. Any drop in the performance standard of the Registry, caused by a transition of Registry Operators will have a negative impact to our business and will most assuredly create an undue sense of dissonance among existing .US users who rely on their .US website to be up and running 100% of the time. Many of these users who operate e-commerce sites are small and medium businesses which contribute to the American economy and any downtime may represent monetary losses to these .US customers.

Neustar has managed and operated the .US ccTLD critical Registry to the highest levels for SRS response time and has provided 100% DNS resolution. Their globally distributed infrastructure has ensured that the millions of .US websites resolve on the Internet without any downtime. Neustar's existing DDOS mitigation, security practices and malicious monitoring have also ensured that .US as a TLD is protected against DDOS attacks, botnets, phishing and malicious activities. For these reasons, the .US ccTLD has become a trusted domain in this increasingly competitive arena.

In addition, the manner in which Neustar has operated .US clearly demonstrates that it has the distinction of being the single Registry Operator that can manage all of the different and complex policies and Nexus requirements necessary to protect the integrity of the .US ccTLD. As a .US Registrar which has a vested interest in the uninterrupted service of the .US ccTLD, there is little benefit but extremely high risk if the Registry operations are transferred to another Registry provider. Please accept this communication as an endorsement of Neustar's



meshdigital

www.meshdigital.com

info@meshdigital.com

phone +44 (0)1483 304030

fax +44 (0)1483 304031

The Old Forge, Shackstead Lane, Godalming, Surrey, GU7 1RJ

performance to date and recognition of their success since they first began to operate the Registry for the US ccTLD over 10 years ago. I support Neustar in its quest to both retain and continue its operation of the .US Registry.

Sincerely,

Pete Osmond

Partner Development Director

Neustar Response to **2013 .us Solicitation**

No. SB1335-13-RP-0086

Volume 2: Financial Information and Project Funding Strategy

November 14, 2013

Redacted Version

This proposal includes data and information that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed—in whole or in part—for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offeror as a result of—or in connection with—the submission of this data and information, the Government shall have the right to duplicate, use, or disclose the data and information to the extent provided in the resulting contract. This restriction does not limit the Government's right to use data and information contained in this proposal data if it is obtained from another source without restriction. The data and information subject to this restriction are contained in every sheet of this proposal and is marked with the following legend: Use or disclosure of data and information contained on this sheet is subject to the restriction on the title page of this proposal.

neustar®

1. Project Funding (L.6.d.xv)

Neustar's Registry service and business processes were designed specifically to manage the usTLD at no cost to the United States Government while providing world-class service at a fair and reasonable price to Registrars, registrants and delegated managers.

Developing, deploying and maintaining scalable and reliable Internet infrastructure services in today's ever-changing, on-line world is a challenge very few providers are capable of meeting. Couple that with the need to create, monitor and enforce the unique set of policies that govern the usTLD and the list narrows to only one provider—Neustar. Neustar has been able to provide exceptional service for the administration and operation of the usTLD at no cost to the United States government. In addition, we have not raised the price of a usTLD domain name throughout the term of our agreement despite our increased investment in infrastructure, operations and support detailed throughout this Proposal.

Funding for the administration, management, marketing and operation of the usTLD is generated through registration fees paid by Registrars and, in the case of the U.S. Reserved Names Program, the registrants themselves. Detail on Neustar's pricing for the usTLD is provided in *Proposal VII Section 3 Financial Modeling*. Neustar is able to provide these services at no cost to the United States Government while maintaining the prices to Registrars at rates that are fair, reasonable and are on the lower end of those charged by other ccTLDs and gTLDs by:

1. Architecting flexible world-class systems that scale;
2. Leveraging existing services and shared infrastructure to provide cost-effective solutions while capitalizing on best in breed technologies and advancements; and
3. Creating custom training programs that rapidly integrate new hires.

Architecting Flexible, World-Class Systems that Scale

Since the start of the current contract term, DNS queries for the usTLD have more than doubled, from 9.6 billion per month in 2008 to more than 20 billion per month in 2013. The introduction of new devices accessing the Internet by new users from new locations throughout the world has manifested itself into increased load and demand for critical assets such as the usTLD. Along with the rise in worldwide Internet users and traffic comes the unfortunate increase in malicious activity. Neustar has seen the load caused by attacks such as Distributed Denial of Service (DDoS) attacks increase significantly. Attackers that used to generate less than 100Mbps of traffic only a few years ago are now able to leverage unprotected systems to propagate over 10 Gbps or even 20 Gbps attacks. As the leading provider of DDoS mitigation services, Neustar sees first-hand the damaging effects that these attacks can have on unprotected systems.

Preparing for this increased load requires a scalable architecture that is flexible to meet the challenges of a dynamic ecosystem. For example, Neustar's next generation DNS network grew from 16 worldwide services nodes to 30 during the contract term. Each node has the added

flexibility to scale through increased hardware should our network analysts determine that more capacity is needed in certain regions of the world. Neustar's team designed the DNS network like we architect all of our Registry Services, in a way that enables it to cost-effectively grow to meet sometimes unexpected demand. Similar scalable architectures can be found in the WHOIS and Shared Registration Service (SRS) platforms.

Leveraging existing services and shared infrastructure to provide cost effective solutions

As the current administrator of the usTLD, Neustar has all features, functionality and processes required to manage the namespace in place and working today. We would not incur any of the ancillary and often unknown costs that would burden a successor provider. Specifically, Neustar has:

- No ramp time to build operational systems
- No significant capital investments required to fund an infrastructure build out
- No migration or transition costs
- No significant staffing challenges to hire for
- No educational or staff training costs
- No policy enforcement development costs

This key factor helps Neustar to provide these services to the United States Government at no cost while maintaining competitive marketing pricing. Growing with the usTLD and developing custom services, systems and processes to manage the expanding namespace has become a critical component to ensuring we provide the contract.

Creating custom training programs that rapidly integrate new hires

Last but not least, Neustar has worked diligently with the Department of Commerce, registrars, delegated managers and usTLD end-users to create tailored solutions to meet their diverse needs. These lessons, policies, and processes are documented and used to rapidly train and integrate new employees. Although turnover on the Registry team is incredibly low, new employees quickly assimilate and come to understand a unique set of requirements that govern the usTLD. This rapid on-boarding enables Neustar to keep costs low but value high for usTLD constituents.

Neustar is uniquely qualified to provide the array of diverse and innovative services supporting the usTLD at a fair and reasonable price without cost to the United States Government.

2. Annual Contractor Costs (L.6.d.xvi)

Neustar has a proven cost structure that is based on 12 years of experience managing the usTLD. As the existing operator, Neustar is intimately aware of all of the costs associated with managing the usTLD and is in the best position to provide an accurate depiction of those

costs. The following sections provide details about the cost categories in a way that enables the Government to match those costs to specific Contractor requirements.

Expense Categories

As the usTLD registry grows, incremental expenses are required across all functional areas to deliver and maintain a world-class registry operation. Neustar presents a description of each expense category summarized in *Proposal VII Section 3 Financial Modeling*, and the assumptions underlying the 2014 to 2018 (the "Forecast Period") figures.

Rebates

As an incentive to actively market the usTLD, Neustar has traditionally offered rebates to Registrars to grow the usTLD domain name space. Neustar's partnership with high-quality, high-performing Registrars, along with the Sales and Marketing efforts are expected to drive growth in the number of domain names managed. [REDACTED]

Operations

This expense category encompasses all operating expenses related to software engineering, systems administration, database administration, data warehouse, network operations, security operations and threat mitigation, customer support and internal help-desk support. This expense category also includes the operating expenses for operations of a carrier-grade DDoS mitigation platform with geographically distributed nodes that can be utilized in the event of a DDoS attack on the usTLD DNS platform. Due to the projected increase in domain names managed, and Registrars supported, Neustar estimates an initial growth in Operations expense which would then decrease throughout the Forecast Period due to economies of scale and other operational efficiencies. [REDACTED]

Infrastructure

The enhanced SRS site, two of the nameserver sites, and disaster recovery site, continue to be housed in [REDACTED]. A proportional amount of the space in those data centers is allocated for the usTLD registry. In addition to these technical facilities, Neustar will continue to contract with qualified third parties to host nameservers in geographically distributed facilities.

Communications expense includes all bandwidth and capacity requirements at the SRS data centers and the nameserver sites. Neustar contracts with multiple Internet service providers to build in redundant access rather than relying on a single provider. This protects the usTLD registry from instances of system outage due to a single service provider's backbone outage.

Infrastructure expenses also include an estimate of the ongoing, dedicated hardware and software maintenance costs, billing system support, network security, data warehousing and reporting expenses. These expenses are estimated to grow throughout the Forecast Period, but the year-over-year growth rate of these expenses will decrease due to economies of scale and

other operational efficiencies. [REDACTED]

Sales and Marketing

This category of expense includes advertising, events, and sales operations to support the continued growth of the usTLD domain name space. Neustar has allocated funds to cover the specific marketing and outreach programs for the usTLD outlined in *Proposal Volume 1 Section 1.3.8*. Sales and Marketing expense is forecasted to increase at an average annual rate of [REDACTED] over the Forecast Period.

Neustar proposes to add a Manager of Public Participation to work with the newly proposed usTLD Stakeholder Council to facilitate consultation with stakeholders as set forth in *Proposal Section VI Section 1.3.15*. [REDACTED]

General & Administrative (G&A)

This category of expense includes costs for all corporate functions such as: billing, accounting, human resources, legal, purchasing, and financial analysis. The rate that Neustar is using for G&A expenses is [REDACTED] of all other costs.

Each of these expense categories (Operations, Infrastructure, Sales and Marketing, etc.) enumerated above is critical to the efficient operation, management and growth of the usTLD registry. Neustar's extensive experience operating a mission-critical public resource uniquely qualifies it to identify and account for each aspect of its responsibilities. [REDACTED]

Depreciation

This expense represents the depreciation of capital assets over their useful life. Neustar assumes a useful life of between [REDACTED] depending on the particular useful life of the third-party hardware and software acquired or registry application developed. [REDACTED]

Capital Investment

Capital expenditure estimates are inclusive of the incremental hardware and software components required for ongoing operation, maintenance and improvement of the Registry. As Neustar is the current usTLD administrator, a significant hardware and software capacity is already in place. Neustar continues to invest, however, in platform improvement and in the development of new tools to support the evolution of registry services described throughout this proposal.

Neustar's hardware architecture is scalable and is built to operate at high performance and availability levels. *Proposal Volume 1 Section 2.4 Performance Measurements* sets forth not only the current service levels, but the increased performance standards that Neustar is

committing to for the subsequent term. The Enhanced Shared Registry System (SRS) data centers are responsible for the core registry functions of adding, modifying, and deleting domain names to the registry. Nameservers that manage the resolution of domain names to IP addresses are co-located. The quantity of application, name, web and WHOIS servers; routers; load balancers; and relevant networking equipment is driven by the zone root query volume and size, anticipated demand for usTLD registrations, and the thick registry design. Throughout the term of the current contract, Neustar has built and maintained infrastructure sufficient to support the usTLD required loads. In addition, we regularly perform hardware technical refreshes approximately [REDACTED]

The software design is an equally large-scale and important facet of the development of a next-generation Internet registry. Neustar’s thick registry architecture provides enhanced service offerings and allows applications to be seamlessly integrated into the usTLD space. Additionally, Neustar’s use of open architecture allows for easy scalability of the registry hardware to support query and registration volume increases. [REDACTED]

Operating Expenses In Relation to the Statement of Work

Table 2-1 for a comparison of the expense categories defined above to functional areas of the SOW

SOW Section	Proposal Section	SOW Section Description	Expense Categories				
			Operations	Infrastructure	Policy	Sales & Mkt	G&A
C.1	N/A	Background	N/A	N/A	N/A	N/A	N/A
C.2	1.1	Scope of Services	N/A	N/A	N/A	N/A	N/A
C.3	1.2	Description of Services	N/A	N/A	N/A	N/A	N/A
C.4	1.3	Core Registry Functions	✓	✓	✓	✓	✓
C.5	1.4	Core Policy Requirements	✓		✓		✓
C.6	1.5	Locality based USTLD Structure Functions	✓	✓			✓
C.7	1.6	Second-Level USTLD Space Functions	✓	✓	✓		✓
C.8	1.7	Enhances USTLD Functions	✓	✓	✓	✓	✓
C.9	1.8	Kids.US Second-Level Domain Functions	✓	✓	✓	✓	✓
C.10	1.9	License to use USTLD and Kids.US Promotional Marks	✓			✓	✓
C.11	1.10	Conflict of Interest Requirements	✓	✓	✓	✓	✓
C.12	1.11	Security Requirements	✓	✓	✓		✓
C.13	1.12	Reporting Requirements	✓	✓	✓		✓
C.14	1.13	Inspection and Acceptance	✓	✓			✓
C.15	1.14	Transition to Successor Contractor	✓	✓	✓	✓	✓
F	1.15	Deliverables	✓	✓	✓	✓	✓

Table 2-1: Operating Expenses In Relation to the Statement of Work

As would be expected, the Operations category is part of nearly all sections of the SOW (all but the item related to trademark licenses) and G&A is part of all sections.

3. Financial Modeling (L.6.d.xvii)

Neustar provides service for the usTLD at a Fair and Reasonable Price to offset the operational costs associated with delivering a secure, stable and reliable growth platform for the US Internet community.

Neustar has successfully managed the usTLD domain under the NTIA's supervision at no cost to the U.S. Government for the last 12 years. During that time, we have invested in supporting the growth, policies, security and stability of the space by deploying all necessary personnel, equipment, services and facilities. We have delivered this world-class service without raising prices for usTLD domain names in the last 8 years.

One method to assess Fair and Reasonable price is to analyze other Registry pricing. The table below shows a comparison of usTLD pricing to other TLDs in the marketplace. Despite the fact that the usTLD is governed by the highest standards of any TLD, pricing remains lower than most.

TLD	Price
.CO	\$20.00
.COM.AU	\$17.00
.PL	\$13.88
.ORG	\$8.25
.CA	\$8.13
.COM	\$7.85
.INFO	\$7.42
.UK	\$6.67 (members price)
.FR	\$6.49
.NET	\$6.43
.US	\$6.00
.NL	\$5.66
.EU	\$5.41

Table 3-1: Comparison of TLD Marketplace Pricing

Table 3-2 provides an overview of the fees we are proposing to charge during the subsequent renewal term.

Fee Element	Charged to	Fee
Locality-based Structure (e.g., <i>DMV.state.va.us</i>)		
Adds, Transfers, and Renewals	Delegated Managers/Registrants	\$0 per year
Expanded second –level Structure (e.g., <i>FellsPoint.us</i>)		
Adds, Transfers, and Renewals	usTLD Accredited Registrar	\$6.00 per year
usTLD Stakeholder Council Fee for all Adds, Transfers and Renewals	usTLD Accredited Registrar	\$0.50 per year
One-time Initial Accreditation Fee	usTLD Accredited Registrar	\$1,000.00
Redemption Grace Period Restoration		
< 5 days	usTLD Accredited Registrar	\$6.50 per transaction
> 5 days	usTLD Accredited Registrar	\$40.00 per transaction
Kids.us (e.g., <i>nickjr.kids.us</i>)		
Adds, Transfers, Renewals	Kids.us Accredited Registrar	\$6.00 per year
usTLD Stakeholder Fee	Kids.us Accredited Registrar	\$0.50 per year
Content Management Subscription Fee	Registrant	\$125.00 per year
Reserved Names (e.g., <i>nasa.us</i>)		
Three-year term registration/renewal	Registrant	\$168 per 3 year term
Five-year term registration/renewal	Registrant	\$180 per 5 year term
Lifetime registration	Registrant	\$395 one time
Reserve qualified domain name permanently	Registrant	\$152 one time
BTAPPA	usTLD Accredited Registrar	\$.20 per name; \$1,000 minimum
Registry Lock Service	usTLD Accredited Registrar	1 - 99 domain names and/or host record: \$4.50 per name per month 100 - 499 domain names and/or host record: \$3.50 per name per month 500 – 1,000 domain names and/or host record: \$2.50 per name per month 1,001 – 2,499 domain names and / or host record: \$1.50 per name per month 2,500+ domains and/or host record: to be negotiated by Neustar and the registrar

Table 3-2: usTLD Administration Fees

Although Neustar is proposing a number of enhancements and increased service levels to registrants, delegated managers, Registrars and end users, we are not initially proposing an increase in the annual usTLD wholesale registry fee. We are, however, proposing to charge a new \$0.50 per domain name per year fee to cover the costs associated with the usTLD Stakeholder Council and maintaining the new multi-stakeholder model of policy development described in our proposal. This fee will fund a Manager of Public Participation as well as infrastructure costs for the Council and stakeholders, including mailing lists, meetings, conference call facilities, and so on.

Neustar's reported financial statements are prepared in accordance with US GAAP. Revenue is calculated on a straight-line basis over the duration of the registration term. All expenses, excluding depreciation, are wholly recognized in the period in which they occur. Depreciation is recognized on a straight-line basis over a three to five-year period depending on the useful life of the specific asset.

The following Figure illustrates the usTLD Pro Forma Income Statement for this contract. The 2013 forecast is provided as a baseline. The chart takes into consideration the three years of the full contract term and extrapolates out for the 1st and 2nd contract extension years.

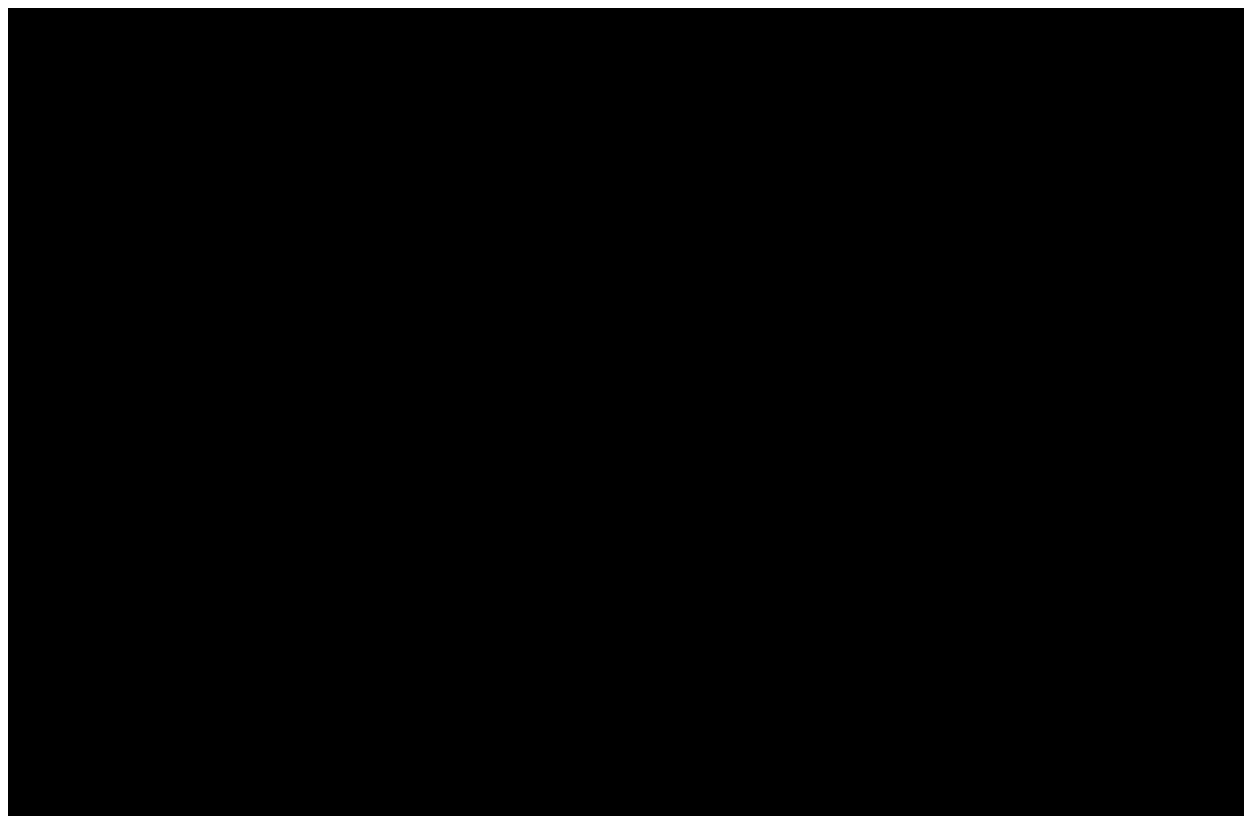


Figure 3-1: usTLD Pro Forma Income Statement for this contract

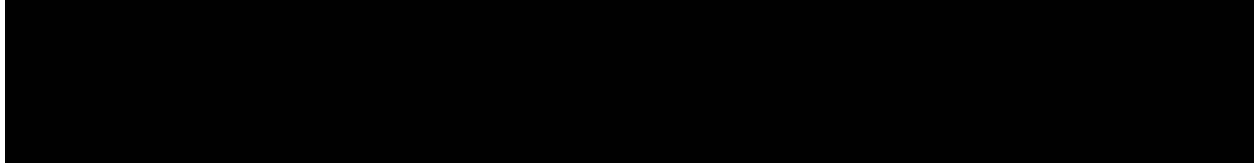


Figure 3-2 illustrates the usTLD Pro Forma Capital Expenditures statement for this contract. 2013 forecast is provided as a baseline. The chart takes into consideration the three years of the full contract term and extrapolates out for the first and second contract extension years.

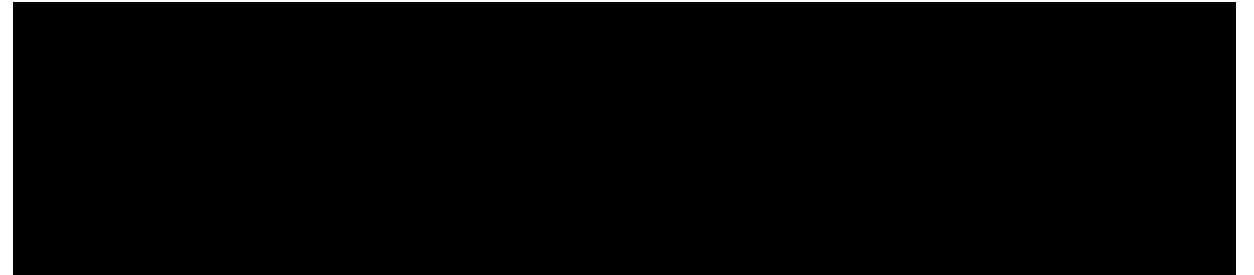


Figure 3-2: usTLD Pro Forma Capital Expenditures statement with 2013 Forecast

Neustar's financial plan is self-funding. We are forecasting reasonable profits over the base and option terms of the contract. This trend reflects the current fee structure and the benefit of leveraging an existing usTLD registry infrastructure. Further, the anticipated revenue growth will be supported by a proven and viable cost structure that includes: ongoing maintenance and capital investments, increases in operating costs, and marketing programs. Neustar will, therefore, fund the requirements of this acquisition at no cost to the United States Government.

4. Financial Strength and Stability (L.6.d.xvii)

Neustar has the financial and organization stability to support the ongoing administration of the usTLD throughout the contract term.

Neustar's Financial Statements are provided in Proposal Volume 2, *Attachment 1*.

Neustar is a trusted, neutral provider of real-time information and analysis to the communications services, financial services, retail, and media and advertising sectors. Neustar has the financial resources to accomplish all of the requirements of the solicitation. As of September 30, 2013, the company had in excess of \$340 million in cash and cash equivalents. The company has demonstrated consistent annual revenue and net income growth. Neustar has grown both revenue and net income in every year since launching the usTLD in 2001. In 2012, revenue and net income were \$831.4 million and \$156.1 million, respectively. Neustar's financial performance is indicative of the value that it provides to customers of its services. Specifically, the Neustar's TLD registry and DNS resolution services provide stable, predictable revenue based on recurring revenue models. Additionally, many of Neustar's services are delivered under long-term contracts.

In 2005, Neustar became a publicly traded company on the New York Stock Exchange under the symbol NSR. In 2012, Neustar acquired Targus Information Corporation, a leading provider of real-time, on-demand information services including Caller ID, providing analytics and insights to its customers over 100 billion times a year, a cash transaction of approximately \$650 million. In October of 2013, Neustar acquired Aggregate Knowledge for a cash transaction of approximately \$119 million.

Neustar maintains comprehensive investor information on its web-page (www.neustar.biz). Our annual reports on Form 10-K for 2012 and 2011, which contain audited financial statements, are available for download from our Investor Relations page or from the United States Securities and Exchange Commission at www.sec.gov. The 2011 annual report also contains audited financial data for 2004.

The following table summarizes Neustar's net income, operating cash flow and cash on hand for fiscal year 2012, as of December 31, 2012, and the previous two reported fiscal years, as specified in Neustar's 2012 and 2011 annual reports on Form 10-K.

(in \$Millions)	2012	2011	2010
Net Income	\$156.1	\$160.8	\$106.2
Net Cash provided by operating activities	\$303.6	\$226.4	\$144.8
Cash, Cash Equivalents, Short-term Investments	\$343.9	\$132.8	\$345.4

Table 3-3: Neustar Financial Summary

5. Representations and Certifications (L.6.d.xxii)

Please see *Proposal Volume 2, Attachment 2*.

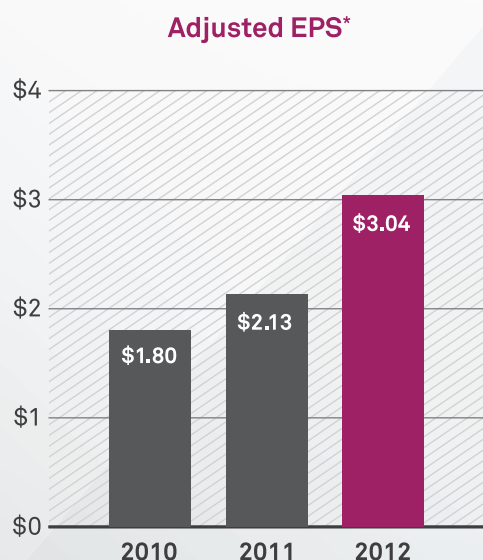
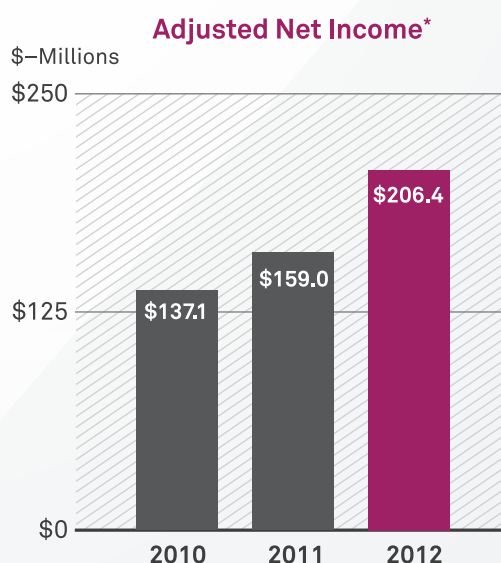
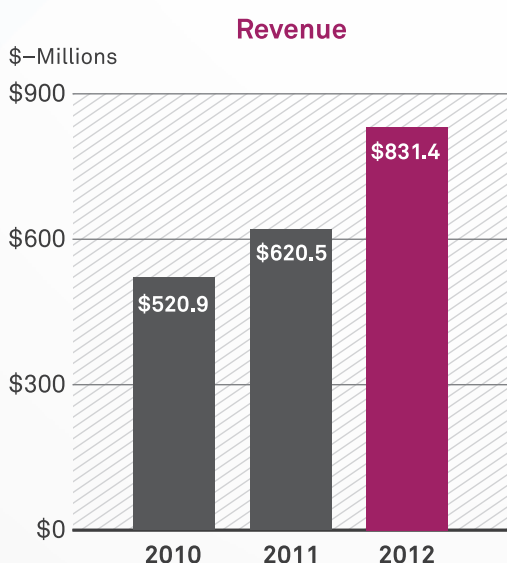
2012 ANNUAL REPORT

Company Profile

We provide real-time information and analytics using proprietary and hard to replicate data sets. Our customers use our services for commercial insights that help them promote and protect their businesses. We combine proprietary, third party and customer data sets to develop unique algorithms, models, point solutions and complete work flow solutions. Among other things, marketing, security, information and operating officers use these real-time insights to identify who or what is at the other end of a transaction, the geographic context of a transaction and the most appropriate response. We provide our services in a trusted and neutral manner. Today, we serve customers in the Internet, communications, information services, financial services, retail, and media and advertising verticals.

We were founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. We provide the authoritative solution that the communications industry relies upon to meet this mandate. Since then, we have grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

Financial Highlights



* Adjusted Net Income from Continuing Operations, Adjusted EPS from Continuing Operations and Free Cash Flow are non-GAAP financial measures. See inside back cover for the reconciliations of these non-GAAP measures to their nearest comparable GAAP measures.

To Our Shareholders,

As you will recall, 2011 was a year in which we pivoted from seeing ourselves as a maturing telecommunications infrastructure company to beginning down the path as a growth-oriented information and analytics company serving telecommunications clients and others. While such transformations are challenging, it was exhilarating to sweep through the Company with significant changes in strategy, structure, M&A and balance sheet management. By contrast, 2012 was the first year where it was all about execution. It's one thing to develop and communicate a transformation strategy; it's quite another to make that transformation a success. To maximize the likelihood of our long-term transformation, each year we set out a few clear goals and drive to achieve them. In 2012, our goals were to: (1) Achieve our financial targets; (2) Position for a successful NPAC renewal; (3) Integrate the TARGUSinfo acquisition; and (4) Transform our culture.

These annual goals are set in the context of serving certain core constituencies; we focus every day on meeting the needs of our clients and prospects. If we are able to become a strategic partner to the marketing and IT departments of our clients, our revenue growth will follow naturally. We focus equally on the creation of shareholder value. We intend to grow our revenues while maintaining our margins and capital spend. Our team focuses on cutting costs to reinvest those dollars to meet client needs in new ways. As we have said since I became CEO, we would prefer to maintain prudent leverage and invest excess cash flow either in acquisitions that provide additional services to benefit our clients or in returning that capital to shareholders. In 2012, we focused on the integration of our 2011 acquisitions and returned \$98.0 million to shareholders through an open market buyback, reducing our share count by 2.7 million and increasing EPS by \$0.05. We will maintain this discipline going forward. We also invest in our people, who are critical to our success. We want our people committed to our customers and to the creation of shareholder value; we have the programs in place to support this commitment. And finally, over the past two years we have committed to the communities in which we operate, both geographically and professionally.

Let me turn to a review of 2012.

Achieving our financial targets

Our goal is to continue our topline growth in all services, while focusing our efforts on non-NPAC growth in the information and analytics services that our clients demand. This focus has the ancillary benefit of yielding revenue diversity. In 2012, while NPAC revenue increased 12%, our non-NPAC revenue increased 65%, causing the NPAC to be less than 50% of our gross revenue for the first time in our history. We expect this trend to continue.

While our overall revenue increase was 34%, we also delivered strong cash flow and earnings. In fact, we generated \$250.5 million of free cash flow in 2012 and, as I noted above, we continued our buyback program. In addition, we recently refinanced our credit facility to achieve lower cost, more flexible terms, greater capacity and staggered maturities. We will continue to focus on building an efficient, long-term balance sheet.

Position for a Successful NPAC Renewal

Close to 50% of our total revenue is derived from providing number portability services under our fixed fee contracts with the North American Portability Management LLC.

As we have always said, the best way to compete for the NPAC contract is to provide unrivaled service to the telecommunications industry, and we have done just that. In 2012, we earned a near-perfect score in the industry's annual independent customer survey, achieving 3.9 out of 4.0 in overall customer focus, which contributed to our highest-ever customer satisfaction score. We achieved this while completing the largest system upgrade in a flawless manner.

For the first time in our company's history, we have documented and validated the vastness of the system, its critical importance to the U.S. telecommunications infrastructure, its unique capabilities in the global market, the transition risk to the industry from any change in provider, and its increasing relevance in an IP age.

The NPAC is the world's largest and most complex number portability system, and is a critical component of America's telecommunications network infrastructure. Our NPAC system connects continuously with over 4,800 telecommunications service providers, serving at least 15 times more customers than any other number portability system in the world. This system securely and reliably distributes essential routing and rating information every few seconds, making it one of the most versatile and reliable information exchanges.

The NPAC plays a critical role in the U.S. economy by supporting major mobile device launches, and enabling consumers and businesses to leverage new technologies and capabilities. It also allows our customers to execute on their strategies for IP-based network transformation and service delivery. We're confident that our capabilities and demonstrated track record of innovation and outstanding service in this complex ecosystem position us as a very strong competitor for the next contract that begins July 1, 2015.

Integration of TARGUSinfo

We acquired TARGUSinfo in November 2011, the largest deal in the Company's history. We were able to achieve integration slightly earlier than we had planned, and have already begun to see new revenue streams from combining assets from the acquisition with those we had before.

This acquisition has put us on a path to become a leading provider of commercial insights and analytics, offering services that enable our customers' marketing departments to promote their business, and IT departments to protect their online business assets.

We use unique data sets to enable our marketing customers to plan, target, engage and measure results and our information technology customers to plan, monitor, diagnose and respond to threats to their online assets. For marketing departments, this enables them to deliver the right message, to the right audience, across all customer touch points. For IT departments, this enables them to deliver performance reliability and security.

Transform Our Culture

In 2012, we embarked on a multi-year plan to transform our culture from one that is slow, methodical, inward-facing and risk-averse to one that is relentlessly focused on the customer, fast, innovative, smart and—critically—capable of delivering shareholder value at every level. In 2012, we laid the foundation for this change.

First, every service instituted a customer advisory group that meets to assist on our service roadmaps. In addition, we undertook our first ever, comprehensive buyer demand research. These new efforts, together with our ongoing net promoter score program, are beginning to affect the way we develop and market services. However, we have a long path ahead.

Second, we have completely reworked our job definitions, job families and career paths and have put employee development programs into place. Third, thanks to the Board's support, we have made every employee a shareholder of the Company. I can tell you the focus on the numbers and what they mean has become top of mind for a significant portion of the employee base.

Finally, our new corporate social responsibility commitment has increased loyalty to and pride in the Company. In 2012, we rolled out sponsorship of a digital literacy program, My Digital Life, to all middle schools in Virginia, Kentucky and California, states in which we have a significant operating presence. To date, we are thrilled to have graduated over 23,000 students—and more to come.

We have also put in place a more inward focused effort to care for our employees. When we had a powerful storm rip through northern Virginia last summer, driving people from their homes, we quickly made it widely known that we would provide financial assistance to employees in need. In the end, only a handful needed the assistance, but hundreds of employees across the country wrote of their pride in Neustar. This pride is reflected in increased employee engagement, which has improved by 65% since we began this journey.

2012 in Summary

As you see, in 2012, we were able to exceed our original revenue growth, adjusted net income and EPS goals during a year in which we made significant progress in changing both the future of our company and our culture. While we are excited about our progress during the first two years of our transformation, we recognize that many challenges lie ahead. We feel fortunate to be in the enviable position that we are in and will remain focused as we enter another critical year in our transformation. This team of 1,500 people is absolutely extraordinary in its willingness to do what it takes, to move fast, to accept and act on the incredible change, and with the speed we have requested. I am so fortunate to have their trust.

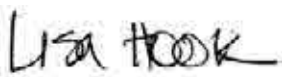
The Year Ahead

Our goals for 2013 stem from our accomplishments in 2012. First, we will maintain a sharp focus on achieving our financial targets. Second, we will continue to position ourselves for a successful NPAC renewal by innovating and continuing to raise the bar in customer service. Third, we will continue to execute on our strategy to become the single most trusted source for commercial insights and analytics. Finally, we will continue to invest in culture change and continuous technology platform innovation.

Our balance sheet creates a strong foundation for growth and additional value creation for our investors in 2013 and beyond. We have demonstrated that we can adjust our strategy to take advantage of opportunities, make significant acquisitions, and transform our corporate culture while achieving our financial goals. Our investors can expect this same focus on reaching our financial targets in the coming year.

On behalf of all of us at Neustar, I thank you for your continued support.

All the best,

A handwritten signature in black ink that reads "Lisa Hook". The signature is written in a cursive, slightly stylized font.

Lisa A. Hook
President and Chief Executive Officer

Year In Review

At the beginning of 2012, we told you that achieving four clear goals would benefit our investors and provide further evidence that Neustar is the emerging leader in real-time information insights and analytics. We are pleased to tell you that 2012 was an excellent year for Neustar. We achieved each of the goals that we set for ourselves and we succeeded in helping to contribute to the communities where we live and work.

We achieved our first goal by delivering against each of our financial targets for the year, once again providing our investors with growth in revenue, earnings, and cash flow. The achievement of all our financial objectives for the year is a testament to the hard work of our employees who provide services to over 14,000 customers worldwide. It is also evidence that our strategy is sound, and that even in a year in which we needed to seamlessly integrate Neustar's largest ever acquisition, our employees were able to deliver on the financial goals that we set.

Revenue increased 34% to \$831.4 million, while Adjusted Net Income increased 30% to \$206.4 million.

In 2012 we continued our share repurchase program, buying back \$98.0 million in shares at an average price of \$36.56. Since we instituted our share repurchase program in 2010, we have repurchased \$462.7 million in shares (including the \$250 million Dutch tender in 2011) buying back 14.4 million shares at an average price of

\$32.07. During the fourth quarter of 2012, we also took steps to refinance our existing debt facility with lower cost, more flexible terms, greater capacity and staggered maturities.

Integrating TARGUSinfo, which we rebranded as Neustar Information Services, was our second important goal, and we accomplished this objective in the second half of the year. Among other benefits to our investors, the acquisition of TARGUSinfo gave us the impetus to establish

*...once again providing
our investors with growth
in revenue, earnings, and
cash flow.*

integrated account plans for our top customers. We sold our first collaborative solution incorporating services from multiple business segments roughly a year earlier than we had originally anticipated. With the successful integration of our Information Services segment, we are well-positioned to penetrate in such fast-growing markets as marketing analytics, lead verification, online advertising, and local search. Moreover, Information Services, working collaboratively with Carrier Services and Enterprise Services, is enabling Neustar to expand our customer base and to position the company for future growth.





Paul S. Lalljie, Senior Vice President and Chief Financial Officer, and Lisa A. Hook, President and Chief Executive Officer

Our third goal for 2012 was to put Neustar in a good position to compete for the North American Portability Plan Administration Center contract renewal, and we accomplished this objective. The NPAC is the world's largest and most complex number portability system and is a critical component of America's telecommunications network infrastructure. Neustar is proud to have developed the world's most innovative and reliable service for number portability, as evidenced by our highest-ever customer satisfaction rating in 2012. We are confident that our capabilities and demonstrated track record of innovation and outstanding service in this complex ecosystem position us as a very strong competitor for the next contract that begins July 1, 2015.

Our final goal was to embark on a multi-year culture change effort to develop a more customer-focused and innovative organization. The reorganization of our sales operations is just one facet of the progress we are making. Our results this year clearly demonstrate that our employees are engaged and aligned around this vision. We are giving our entire team the tools to act with urgency, drive innovation, and solve problems for our customers. Our financial results, and our strengthened relationship with our customers, illustrate that this approach is working to the benefit of our investors.

We also continued to demonstrate our commitment to increased innovation. In late March, we announced a partnership with the University of Illinois Urbana-Champaign to create an innovation center. This center brings university data scientists and students together with leading technology innovators in a vibrant environment designed to develop new methods of solving customer problems.

We continued using our considerable assets and strengths to help the world around us. As more fully discussed in our letter on our corporate social responsibility efforts, we expanded our digital literacy and responsibility program, "My Digital Life," to schools in Virginia, Kentucky and California. And in November, 2012, Neustar was recognized by Year Up, as a key corporate partner in this one-year intensive training program that provides low-income young adults hands-on skill development, college credit, and corporate internships in high-tech companies.

In 2013 we will continue to stress the importance of reaching our goals, while executing our vision to become the single, most trusted source for commercial insights and analytics for our customers.

Neustar Services

Neustar is a provider of real-time information insights and analytics using proprietary and hard to replicate data sets. Our customers use our services for commercial insights that help them promote and protect their businesses. Neustar combines proprietary, third party and customer data sets to develop unique-yet-repeatable and scalable work flow solutions. Our marketing customers use these real-time insights to plan, target, engage and measure performance and our IT customers use them to plan, monitor, diagnose and respond to security threats to their online assets. We provide our services in a trusted and neutral manner. Our customers access our databases through standard connections, which we believe is the most efficient and cost effective way to operationally exchange essential data in a secured environment that does not favor any particular customer or technology. Today, Neustar primarily serves customers in the Internet, communications, information services, financial services, retail, and media and advertising industry verticals.





4 Billion

Daily Phone Calls
Enabled

3.8 Billion

Global Telephone
Numbers

Carrier Services

Numbering Services. Neustar operates and maintains authoritative databases that help manage the increased complexity in the communications industry. The numbering services Neustar provides to carrier customers using these databases include number portability administration center services, or NPAC Services, in the United States and Canada and local number portability, or LNP, services in Taiwan and Brazil, or international LNP solutions, and number inventory and allocation management. The NPAC is the world's largest and most complex number portability system with connections to over 4,800 individual customers and is a critical component of the national telecommunications network infrastructure. Neustar's NPAC Services provide a key foundation for subscriber acquisition and for a robustly competitive telecommunications market. These services also support the industry's needs for real-time network and resource optimization, emergency preparedness and disaster recovery, and efficient telephone number utilization.

Order Management Services. Neustar's order management services permit carrier customers to exchange essential operating information with multiple carriers in order to provision and manage services. Neustar provides these services through a single interface or on-premise installations. In addition, Neustar offers inventory management services that allow carrier customers to efficiently manage their assigned telephone numbers and associated resources.

IP Services. Neustar provides scalable IP services to global carriers and service providers that allow them to manage access for the routing of IP communications, such as multimedia messaging service. Neustar's solutions also provide accurate and reliable routing of text messages and voice calls by identifying terminating service provider networks. In addition, Neustar provides a solution for carriers to migrate from the public switched telephone network to IP Interconnect through mapping a phone number to an IP address for accurate and reliable routing to a carrier's network.



Enterprise Services

Internet Infrastructure Services. Neustar provides a suite of DNS services to enterprise customers built on a global directory platform. These services play a key role in directing and managing Internet traffic flow, resolving Internet queries, providing security protection against Distributed Denial of Service attacks, providing geolocation services used to enhance fraud prevention and online marketing, and monitoring, testing and measuring the performance of websites and networks.

Registry Services. Neustar operates the authoritative registries of Internet domain names for the .biz, .us, .co, .tel and .travel top-level domains. Neustar also provides international registry gateways for China's .cn and Taiwan's .tw country-code top-level domains. All Internet communications routed to any of these domains must query a copy of Neustar's directory to ensure that the communication is routed to the appropriate destination. Neustar also operates the authoritative Common Short Codes registry on behalf of the U.S. wireless industry. In addition, Neustar operates the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers use to access their entertainment content.

18 Billion
DNS Queries
Resolved Daily

2.8 Billion
Global IP Addresses



Information Services

2 Billion

Customer Client Queries
Answered Daily

13.9 Million

US Business Listings

Identification Services. Neustar provides Caller ID services to carriers in the U.S. and real-time identification and location services to over 1,000 businesses in the U.S. across multiple industries. Neustar's location service enables clients to match a 10-digit phone number to a latitude and longitude, and is used for a number of applications including intelligent site planning, market scoring, and Web-based location lookup. In addition, Neustar provides services that enable clients to remarket to non-converting prospects and to help identify whether an inbound inquiry is coming from an existing customer or a prospect.

Verification & Analytics Services. Neustar provides lead verification services that allow clients to validate customer data, enhance leads and assign a lead quality rating to each lead to provide a client the ability to contact a customer. This lead verification application has evolved into a lead scoring service, which assigns a real-time predictive score to inbound telephone and web leads and predicts which prospects are most likely to convert into customers and/or become high-value customers, or for current customers, which ones will respond to a specific up-sell offer.

Local Search & Licensed Data Services. Neustar provides an online local business listing identity management solution that serves local search platforms, national brands, authorized channel partners and local businesses. This service provides businesses and channel partners the essential tools to verify, enhance and manage the identity of local listings on local search platforms across the Web, and offers local search platforms an accurate, complete and up-to-date database of local business listings for online publishing.

Corporate Social Responsibility Report

Neustar was created in the mid-1990s with a unique public service mission. At the time, the telecommunications industry was embarking on a rapid transformation that created new services for consumers leading to economic growth for the entire nation. For innovation and consumer choice to truly take hold, a neutral, trusted intermediary was needed to allow U.S. consumers to easily switch telephone companies. Using the most sophisticated technology and services available, we have played this role ever since.

Our unique public service mission, and the way we have accomplished it, has made Neustar a different kind of company. Our success as a business for the last 16 years has been closely intertwined with our recognition that providing this public service is not just what we do, but who we are. For this reason, Neustar has made it a top priority to contribute to the communities where we live and work, and to our country, in ways that are both large and small.

STEM Education

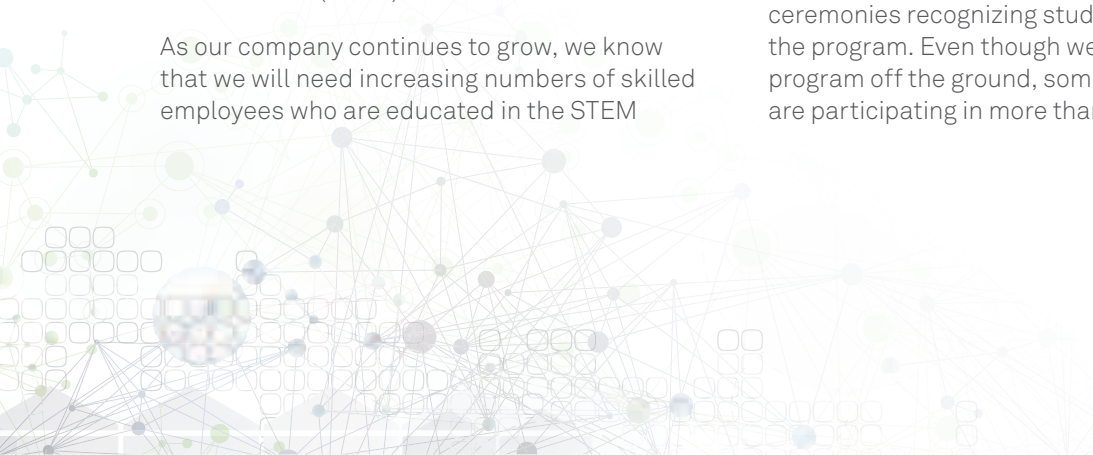
Our business depends on advanced technology. But we know that technology is only as dependable and reliable as the people who build it, run it and improve it. This understanding, and our special sense of mission, has led us to believe it is vital for Neustar to play a role in promoting science, technology, engineering, and mathematics (STEM) education.

As our company continues to grow, we know that we will need increasing numbers of skilled employees who are educated in the STEM

fields. In this way, Neustar reflects the future of our nation. Our national competitiveness depends on having a workforce that is digitally literate and well-trained in STEM subjects. Unfortunately, today, we're not developing the skilled talent that will be needed by both Neustar and our nation at large. At Neustar, we believe we have a responsibility to work with educators, governments and others to improve and expand STEM education while also helping to increase the number the Americans choosing careers in technology.

23,500 students are participating in more than 210 schools.

With that goal in mind, Neustar is investing both money and time in My Digital Life, an in-school, online, digital literacy program designed for 8th and 9th graders. We make My Digital Life available at no charge to every middle school and high school in Virginia, Kentucky and California, three states that Neustar calls home. Our goal is to help students feel comfortable with technology, to teach them to use it wisely, and to excite them about potential careers in the field. Our employees actively promote the program in local schools and participate in the award ceremonies recognizing students that complete the program. Even though we are just getting the program off the ground, some 23,500 students are participating in more than 210 schools.





Reaching students at a young age is only the beginning. Neustar is an enthusiastic supporter of Year Up, an intensive training program that provides low-income young adults, ages 18 to 24, with a combination of hands-on skill development, college credits and corporate internships—particularly in the technology sector. We began working with Year Up in 2012 and have already sponsored 11 interns, a number of whom have gone on to become full-time Neustar employees.

We are also supporting higher education initiatives that help students further their degrees with real-world experience. In the spring of 2012, Neustar Labs, our research and development arm, established the Neustar Innovation Center at the University of Illinois, Champaign-Urbana, one of the leading computer science schools in the country. Neustar offers internships at the Center, where students research and develop new solutions to real business problems, giving them valuable

experience they can apply to future careers. In Kentucky, where we have a major operations center, we are actively working to support universities' engineering programs to help develop a strong pipeline of technical talent. In 2012, we hired our first interns from area colleges and plan to continue offering training opportunities in that community.

In this same vein, Neustar sponsored the CyberWatch Mid-Atlantic Collegiate Cyber Defense Competition, where students from regional colleges try to protect networks that a team of "hackers," or security professionals from Neustar and other companies, attempt to compromise. We also participated in The George Washington University's Teachers in Industry Project, which provides middle and high school teachers the opportunity to experience the work environment for which they are preparing their students. This has led us to offer four-day "externships" to STEM teachers at our Sterling, Virginia, campus.



Finally, we work with the Anita Borg Institute (ABI), which supports and promotes women in technology. We participate in the annual Grace Hopper Celebration event which connects women and girls with technology leaders. We also are active participants in the event's recruiting fair which helps us identify female candidates for Neustar careers. We are proud of the fact that our Chief Technology Officer, Mark Bregman is on the ABI's Board.

We are committed to improving STEM education and to increasing the size of our STEM-educated work force—both at Neustar and across the country.

Environmental Stewardship

While promoting STEM education is our signature social responsibility effort, all technology companies share the duty of embracing new energy-saving technologies. Environmental stewardship protects the communities in which we work and live and, if done correctly, reduces the costs of doing business. Reducing energy usage can also help improve our nation's economic and national security.

Environmental stewardship is a smart business practice. We are very proud that our corporate headquarters in Sterling, Virginia, has been

LEED certified and that we are routinely recognized as a "Certified Green Business" by the Loudoun County Chamber of Commerce. Our data centers use innovative cooling and heating systems that conserve energy and maximize efficiency. We recently acquired software that reduces the energy used by our computers by about one-third, saving us twice as much in energy costs as we paid for the software. We also invested in technology that gives us real-time information about data center power usage—a tool that both protects our data centers and allows us to take additional power and cost-savings measures.

These are just a few of our energy saving and environmental efforts. As with our STEM efforts, sound environmental stewardship is a natural outgrowth of our development as a leading edge technology company and a critical component of our corporate identity.

Employee Engagement

Technology is only as good as the people who work with it. We are proud of the technical skill, dedication and integrity of Neustar employees. We view the men and women who work at Neustar as our greatest resource and our first and most vital community.

Just as we believe we have a responsibility to help improve the STEM educational opportunities and to be an environmentally sound neighbor, we believe it is vital to support the relationship between our employees and the broader communities in which we live. We offer each of our full-time employees one paid day off each year to volunteer for non-profit and community organizations. In effect, we allow our employees to contribute up to 10,000 hours of

We allow our employees to contribute up to 10,000 hours of paid volunteer time each year.

paid volunteer time each year. Going forward, our goal is to find new ways to support their efforts, including using technology to make it easier for them to engage in community activities. We believe this effort will not only improve our cities and neighborhoods, but will also enhance the skills, interests and motivation of our workforce.

Conclusion

Today, the best companies understand they have a double bottom line. While a company's success is dependent on rigorous efforts to ensure profitability to its shareholders, smart companies understand that being mindful of the broader society they serve supports their business goals.

And, at Neustar, that concern for our broader community was woven into the fabric of our corporate existence at the beginning. As a trusted, neutral intermediary, we have always been dedicated to supporting the growth of the industry we serve and the good of the American public.

Consistent with this view, we understand how important it is that Neustar and other technology companies have the benefit of the same kind of skilled and able workforce that has helped make us so successful. We understand the importance and the smart business results that come from being mindful of environmental sustainability. Finally, we know that it is vital that we support our truly dedicated employees as they serve our shareholders and the communities we call home.

BOARD OF DIRECTORS

James G. Cullen

Chairman of the Board;
Retired President and
Chief Operating Officer
of Bell Atlantic Corporation

Gareth C. C. Chang

Chairman and
Chief Executive Officer
of Towona Media

Joel P. Friedman

Former President
of Accenture's Business Process
Outsourcing Organization

Mark N. Greene

Chief Executive Officer
and Director
of OpenLink Financial LLC

Lisa A. Hook

President and
Chief Executive Officer

Ross K. Ireland

Retired Senior Executive
Vice President of Services and
Chief Technology Officer
of SBC Communications Inc.

Paul A. Lacouture

Retired Executive Vice President
of Engineering and Technology
for Verizon Telecom

Michael J. Rowny

Chairman of Rowny Capital

Hellene S. Runtagh

Former President and
Chief Executive Officer
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EXECUTIVE OFFICERS

Lisa A. Hook

President and
Chief Executive Officer

Paul S. Lalljie

Senior Vice President and
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Mark F. Bregman

Senior Vice President and
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Scott Blake Harris

General Counsel and
Senior Vice President,
Legal and External Affairs

Steve J. Edwards

Senior Vice President,
Carrier Services

Alexander L. Berry

Senior Vice President,
Enterprise Services

Dennis G. Ainge

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Stock Information

Neustar stock is publicly traded
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symbol NSR.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-32548

NeuStar, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*State or other jurisdiction of
incorporation or organization)*

21575 Ridgeway Circle

Sterling, Virginia

(Address of principal executive offices)

52-2141938

*(I.R.S. Employer
Identification No.)*

20166

(Zip Code)

(571) 434-5400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Class A Common Stock

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On February 21, 2013, 66,134,805 shares of NeuStar Class A common stock were outstanding and 3,082 shares of NeuStar Class B common stock were outstanding. The aggregate market value of the NeuStar common equity held by non-affiliates as of June 30, 2012 was approximately \$2.83 billion.

DOCUMENTS INCORPORATED BY REFERENCE:

Information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to portions of NeuStar's definitive proxy statement for its 2013 Annual Meeting of Stockholders, which NeuStar intends to file with the Securities and Exchange Commission within 120 days of December 31, 2012.

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Unless the context requires otherwise, references in this report to “Neustar,” “we,” “us,” the “Company” and “our” refer to NeuStar, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. BUSINESS

Overview

We are a trusted provider of real-time information and analysis using proprietary and hard to replicate data sets. Our customers use our services for commercial insights that help them promote and protect their businesses. We combine proprietary, third party and customer data sets to develop unique algorithms, models, point solutions and complete work flow solutions. Among other things, chief marketing, security, information and operating officers use these real-time insights to identify who or what is at the other end of a transaction, the geographic-context of a transaction and the most appropriate response. We provide our services in a trusted and neutral manner. Our customers access our databases through standard connections, which we believe is the most efficient and cost effective way to exchange operationally essential data in a secured environment that does not favor any particular customer or technology. Today we primarily serve customers in the Internet, communications, information services, financial services, retail, and media and advertising verticals.

We were founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. We provide the authoritative solution that the communications industry relies upon to meet this mandate. Since then, we have grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short-codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

We provide the North American communications industry with real-time information that enables the dynamic routing of virtually all telephone calls and text messages among competing carriers in the United States and Canada. Our internet and eCommerce customers use our broad array of domain name systems, or DNS, solutions to resolve internet queries in a timely manner and to protect their businesses from malicious attacks. We also provide a broad suite of solutions that allow our customers to generate marketing leads, offer more relevant services and improve client conversion rates.

Background

With the advent of competition in telecommunications markets, local number portability, the Internet and mobility, the routing of communications among thousands of service providers worldwide has become significantly more complex. In addition, we believe companies are utilizing an increasing amount and variety of data and analytics to promote their brands, protect their businesses and direct their operations. We help simplify this complex environment and address the market demand for better information and commercial insights by providing real-time information and analytics.

Our carrier customers seek information and insights that will help them improve the efficiency and profitability of their networks and services, including migration to hosted services and new technologies. This migration is driven by increasingly complex technical and operating challenges. For example, service providers are accelerating the development of broadband wireless and next generation IP networks that are capable of delivering new, voice, messaging, data and video services. The resulting complexity requires more efficient solutions to exchange information to ensure successful interconnection of today’s networks and services.

The increasing complexity of the communications industry has produced operational challenges, as the in-house network management and back office systems of traditional carriers were not designed to capture all of the

information necessary for provisioning, authorizing, routing and billing these new services. In particular, it has become significantly more difficult for carriers to:

- *Locate end-users.* Identify the appropriate destination for a given communication among multiple networks and unique addresses, such as wireline and wireless phone numbers as well as IP and email addresses;
- *Establish identity.* Authenticate that the users of the communications networks are who they represent themselves to be and that they are authorized to use the services being provided;
- *Connect.* Route the communication across disparate networks;
- *Manage communications traffic.* Authorize and account for the exchange of communications traffic across multiple networks; and
- *Process transactions.* Capture, process and clear accounting records for billing, and generate settlement data for inter-provider compensation.

Enterprises in the United States and throughout the world have become increasingly reliant on the Internet and other DNS-based systems to support their businesses. With the growth in e-commerce and the continuing growth of advanced DNS-based communication services, large and small enterprises have increased demand for:

- *Online protection.* Security protection services against Internet attacks and online fraud;
- *Network and web performance.* Website performance monitoring and testing services to improve online performance, competitive advantages and positive end-user experiences; and
- *Registry services.* Essential registry services to manage internet addresses and to access content in a reliable, prompt and secure manner.

In addition, we believe companies require an increasing amount of real-time information and analytics to promote their brands, protect their businesses and direct operations. This has resulted in higher market demand for commercial insights, which we believe will continue to grow. In particular, our customers are interested in identifying, locating and evaluating both commercial risks and opportunities. We believe that the current economic, technological, demographic and competitive trends in the market will continue to drive demand for commercial insights. Accordingly, there is an increasing demand for:

- *Identification.* Real-time identification, location and authentication services, including Caller ID;
- *Relevant Advertising.* Insights into demographic and behavioral attributes of audiences successfully to identify and attract customers; and
- *Online visibility.* Improving the visibility and accuracy of online business listings and localized searches.

Our Company

We incorporated in Delaware in 1998. Our principal executive offices are located at 21575 Ridgeway Circle, Sterling, Virginia, 20166, and our telephone number at that address is (571) 434-5400.

We are organized into three operating segments: Carrier Services, Enterprise Services and Information Services. We have a shared operations group that spans the organization to support our global infrastructure. This infrastructure has been designed to provide services that are:

- *Reliable.* Our services depend on complex technology that is configured to deliver high reliability consistent with stringent industry and customer standards. We have made a commitment to our customers to deliver high quality services meeting numerous measured service level requirements, such as system availability, response times for help desk inquiries and billing accuracy.

- *Scalable.* The modular design of our infrastructure enables capacity expansion without service interruption or quality of service degradation, and with incremental investment that provides significant economies of scale.
- *Neutral.* We provide our services in a competitively neutral way to ensure that no customer or industry segment is favored over any other. Our databases and capabilities provide competing entities with fair, equal and secure access to essential shared resources.
- *Trusted.* The data we collect are important and proprietary. Accordingly, we have implemented appropriate procedures and systems to protect the privacy and security of customer data, restrict access to our systems and protect the integrity of our databases. Our performance with respect to neutrality and security is independently audited on a regular basis.

Carrier Services

Our Carrier Services include numbering services, order management services and IP services. Our numbering services enable the dynamic routing of calls and text messages among all competing communications service providers in the United States and Canada. Our services, which include unique geographically dispersed databases, are relied upon for the intelligence that allows networks to connect seamlessly. In particular, we provide near real-time updates to the North American telephone numbering system that is essential for the accurate routing of telephone calls and text messages. Our customers also use these services to improve network performance and functionalities across diverse and complex networks. In addition, we also facilitate order management and work-flow processing among carriers, including telephone number inventory management, and allow carriers to manage and optimize the addressing and routing of IP communications.

Through our Carrier Services operating segment, we provide a range of services to our carrier customers, including:

- *Numbering services.* We operate and maintain authoritative databases that help manage the increased complexity in the communications industry. The numbering services we provide to our carrier customers using these databases include number portability administration center services, or NPAC Services, in the United States and Canada and local number portability, or LNP, services in Taiwan and Brazil, or international LNP solutions, and number inventory and allocation management. The NPAC is the world's largest and most complex number portability system with connections to over 4,800 individual customers and is a critical component of the national telecommunications network infrastructure. Our NPAC Services provide a key foundation for subscriber acquisition and for a robustly competitive telecommunications market. These services also support the industry's needs for real-time network and resource optimization, emergency preparedness and disaster recovery, and efficient telephone number utilization.
- *Order management services.* Our order management services permit our carrier customers to exchange essential operating information with multiple carriers in order to provision and manage services. We provide these services through a single interface or on-premise installations. In addition, we offer inventory management services that allow our carrier customers to efficiently manage their assigned telephone numbers and associated resources.
- *IP services.* We provide scalable IP services to global carriers and service providers that allow them to manage access for the routing of IP communications, such as multimedia messaging service. Our solutions also provide accurate and reliable routing of text messages and voice calls by identifying terminating service provider networks. In addition, we provide a solution for carriers to migrate from the public switched telephone network to IP Interconnect through mapping a phone number to an IP address for accurate and reliable routing to a carrier's network.

Enterprise Services

Our Enterprise Services include Internet infrastructure services and registry services. We provide Internet infrastructure services that our customers use in order to direct, prioritize and manage Internet traffic. In addition, enterprise customers rely on our services to optimize their website performance, including protecting against malicious traffic. Enterprises use our broad infrastructure and our unique datasets to identify the location of their online customers for a variety of purposes, including fraud prevention and marketing. We believe our registry services provide reliable, fair and secured access used for resolving top-level domain name Internet queries. We also operate the authoritative Common Short Codes registry on behalf of the U.S. wireless industry.

The range of services we offer to our enterprise customers includes:

- *Internet Infrastructure Services.* We provide a suite of DNS services to our enterprise customers built on a global directory platform. These services play a key role in directing and managing Internet traffic flow, resolving Internet queries, providing security protection against Distributed Denial of Service attacks, providing geolocation services used to enhance fraud prevention and online marketing, and monitoring, testing and measuring the performance of websites and networks.
- *Registry Services.* We operate the authoritative registries of Internet domain names for the .biz, .us, .co, .tel and .travel top-level domains. We also provide international registry gateways for China's .cn and Taiwan's .tw country-code top-level domains. All Internet communications routed to any of these domains must query a copy of our directory to ensure that the communication is routed to the appropriate destination. We also operate the authoritative Common Short Codes registry on behalf of the U.S. wireless industry. In addition, we operate the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers use to access their entertainment content.

Information Services

Our Information Services include identification services, verification and analytics services, and local search and licensed data services. We utilize proprietary databases and solutions to inform real-time decisions on customer initiated interactions over the telephone, Internet and at points of sale. Our services correlate unique attributes, such as demographic information, projected buying behaviors and location. This allows our customers to offer consumers more relevant services and products, and leads to higher client conversion rates. Our business listings identity management services manage the placement of our customers' online local business listings on search engines, improving brand awareness and targeted advertising.

- *Identification Services.* We provide Caller ID services to carriers in the U.S. and real-time identification and location services to over 1,000 businesses in the U.S across multiple industries. Our location service enables clients to match a 10-digit phone number to a latitude and longitude, and is used for a number of applications including intelligent site planning, market scoring, and Web-based location lookup. In addition, we provide services that enable clients to remarket to non-converting prospects and to help identify whether an inbound inquiry is coming from an existing customer or a prospect.
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enhance and manage the identity of local listings on local search platforms across the Web, and offers local search platforms an accurate, complete and up-to-date database of local business listings for online publishing.

Operations

Sales Force and Marketing

As of December 31, 2012, our sales and marketing organization consisted of approximately 493 people who work together to offer our customers advanced services and solutions. Our sales teams work closely with our customers to identify and address their needs, while our marketing teams identify emerging trends and technologies that provide opportunities for broadening and offering new high value services to our customers and prospects.

We have an experienced sales and marketing staff who have extensive knowledge of the industries we serve, which helps us identify new revenue opportunities and network efficiencies. We believe we have close relationships with our customers, and we understand their systems and operations. We have worked closely with our customers to develop solutions such as national pooling, U.S. Common Short Codes, number translation services, the provisioning of service requests for Voice over Internet Protocol, or VoIP, providers, and Caller ID services.

Customer Support

Customer support personnel are responsible for the resolution of all customer inquiries and provisioning and trouble requests. Our staff works closely with our customers to ensure that our service level agreements are being met. They continually solicit customer feedback and are in charge of bringing together the appropriate internal resources to troubleshoot any problems or issues that customers may have. Performance of these individuals is measured by customer satisfaction surveys and measurements of key performance indicators.

Operational Capabilities

We provide our services through our state-of-the-art data centers and remotely hosted computer hardware that is located in third-party facilities throughout the world. Our data centers, including third-party facilities that we use, are custom designed for the processing and transmission of high volumes of transaction-related, time-sensitive data in a highly secure environment. We are committed to employing best-of-breed tools and equipment for application development, infrastructure management, operations management and information security. In general, we subscribe to the highest level of service and responsiveness available from each third-party vendor that we use. Further, to protect the integrity of our systems and ensure reliability of our systems, the major components of our networks are generally designed to eliminate any single point of failure.

We consistently meet and frequently exceed our contractual service level requirements. Our performance results for certain services are monitored internally and are subjected to independent audits on a regular basis.

Research and Development

We maintain a research and development group, the principal function of which is to develop new and innovative services and improvements to existing services, oversee quality control processes and perform application testing. Our processes surrounding the development of new services and improvements to existing services focus on the challenges our customers face. We employ industry experts in areas of technology that we believe are key to solving these challenges. Our quality control and application testing processes focus predominantly on resolving highly technical issues that are integral to the performance of our services and solutions. These issues are identified through both internal and external feedback mechanisms, and continuous

testing of our applications and systems to ensure uptime commensurate with the service level standards we have agreed to provide to our customers. As of December 31, 2012, we had approximately 143 employees dedicated to research and development, which included software engineers, quality assurance engineers, technical project managers and documentation specialists. Our research and development expense was \$13.8 million, \$17.5 million and \$29.8 million for the years ended December 31, 2010, 2011 and 2012, respectively.

Customers and Markets

Our customer base spans across all of our operating segments. We provide services to common customers in six verticals: Internet, communications, information services, financial services, retail, and media and advertising.

For our customers in our Internet vertical, we primarily provide infrastructure and IP services, including DDoS protection services and managed DNS services. Our Internet customers include companies that either enable Internet services or provide information and content to Internet and telephone users, such as Amazon.com Inc. and Moody's Corporation.

Within our communications vertical, we primarily provide numbering services, caller identification services and order management services. Our communications customers include Verizon Communications Inc. and AT&T Inc., Comcast Corporation, and Time Warner Cable Inc., as well as, emerging providers of VoIP services, social media, and message aggregators.

Our customers in our information services, financial services, retail and media and advertising verticals primarily use our verification and analytics services, local search and licensed data services, DDoS protection services, and managed DNS services. Our customers in our financial services and retail verticals also use our IP Services.

Our customers include over 14,000 different corporate entities, each of which is separately billed for the services we provide, regardless of whether it may be affiliated with one or more of our other customers. No single such corporate entity accounted for more than 10% of our total revenue in 2012. The amount of our revenue derived from customers inside the United States was \$480.2 million, \$571.1 million and \$776.0 million for the years ended December 31, 2010, 2011 and 2012, respectively. The amount of our revenue derived from customers outside the United States was \$40.7 million, \$49.4 million and \$55.4 million for the years ended December 31, 2010, 2011 and 2012, respectively. The amount of our revenue derived under our contracts with North American Portability Management LLC, or NAPM, an industry group that represents all telecommunications service providers in the United States, was \$337.1 million, \$374.4 million and \$418.2 million for the years ended December 31, 2010, 2011 and 2012, respectively, representing 65%, 60% and 50% of our revenue for the years ended December 31, 2010, 2011, and 2012, respectively. Our total revenue from our contracts with NAPM includes revenues from our NPAC Services, connection services related to our NPAC Services and NPAC-related system enhancements.

Our operating segments, Carrier Services, Enterprise Services and Information Services, are the same as our reportable segments. For further discussion of the operating results of our segments, including revenue, segment contribution, consolidated income from continuing operations, total long-lived assets, goodwill, and intangible assets, as well as information concerning our international operations, see Note 6 and Note 17 to our Consolidated Financial Statements in Item 8 of Part II of this report.

Competition

Our services most frequently compete against the in-house systems of our customers. We believe our services offer greater reliability and flexibility on a more cost-effective basis than these in-house systems.

With respect to our roles as the North American Numbering Plan Administrator, National Pooling Administrator, administrator of local number portability for the communications industry, operator of the sole authoritative registry for the .us and .biz Internet domain names, and operator of the sole authoritative registry for U.S. Common Short Codes, there are no other providers currently providing the services we offer. We were awarded the contracts to administer these services in open and competitive procurement processes in which we competed against companies including Accenture plc, Computer Sciences Corporation, Hewlett-Packard Company, International Business Machines Corporation, or IBM, Noblis, Inc., Nortel Networks Corporation, Pearson Education, Inc., Perot Systems Corporation, Telcordia Technologies, Inc., which is now a wholly-owned subsidiary of LM Ericsson Telephone Company, and VeriSign, Inc. We have renewed or extended the term of several of these contracts since they were first awarded to us. Prior to the expiration of our contracts in June 2015 to provide NPAC Services in the United States, our competitors may submit proposals to replace us as the provider of the services covered by these contracts. In addition, NAPM has initiated a selection process for the administration of NPAC services upon the expiration of our existing NPAC contracts in June 2015. Similarly, with respect to our contracts to act as the North American Number Plan Administrator, the National Pooling Administrator, operator of the authoritative registry for the .us and .biz Internet domain names, and the operator of the authoritative registry for U.S. Common Short Codes, the relevant counterparty could elect not to exercise the extension period under the contract, if applicable, or to terminate the contract in accordance with its terms, in which case we could be forced to compete with other providers to continue providing the services covered by the relevant contract. In addition, the current .us contract expires in 2013 and the U.S. Department of Commerce will conduct a Request for Proposal in which we will participate for a new contract. However, we believe that our position as the incumbent provider of these various services with what we believe to be a high level of performance gives us an advantage in competing for contract renewals or for new contracts to continue to provide these services.

While we do not face direct competition for the registry of .us and .biz Internet domain names, other than as noted above, we compete with other companies that maintain the registries for different domain names, including VeriSign, Inc., which manages the .com and .net registries, Afiliis Limited, which manages the .org and .info registries, and a number of managers of country-specific domain name registries, such as .uk for domain names in the United Kingdom.

We compete against a range of providers of carrier, enterprise and information services, as well as the in-house network management and information technology organizations of our customers. Our competitors, other than in-house network systems, generally fall into these categories:

- systems integrators such as Accenture plc, Hewlett-Packard Company, IBM, Oracle Corporation and Perot Systems Corporation, which develop customized solutions for carriers and in some cases operate and manage certain back-office systems for carriers on an outsourced basis;
- with respect to our Order Management Services, companies such as Synchronoss Technologies, Inc., Telcordia Technologies, Inc., a wholly-owned subsidiary of LM Ericsson Telephone Company, and Syniverse Technologies, Inc., which offer communication services, including inter-carrier order processing and workflow management on an outsourced basis;
- with respect to our Internet Infrastructure Services, companies such as Akamai Technologies, Inc., Afiliis Limited, F5 Networks, Inc., Keynote Systems, Inc., Compuware Corporation, and VeriSign, Inc., which compete with us in one or more of our DNS Services, including internal and external managed DNS services, network monitoring and load testing; and
- with respect to our Information Services, companies such as TNS, Inc., eBureau, LLC, Acxiom, Nielsen Holdings N.V., DataLogix International Inc. and infoGROUP Inc., which compete with us in Caller ID, lead verification and scoring and market analytics with respect to relevant online advertising solutions and local search business listings.

Competitive factors in the market for our services include breadth and quality of services offered, reliability, security, cost-efficiency, and customer support. Our ability to compete successfully depends on numerous factors, both within and outside our control, including:

- our responsiveness to customers' needs;
- our ability to support existing and new industry standards and protocols;
- our ability to continue development of technical innovations; and
- the quality, reliability, security and price-competitiveness of our services.

We may not be able to compete successfully against current or future competitors and competitive pressures that we face may materially and adversely affect our business. See "Risk Factor — Risks Related to Our Business — The market for our carrier, enterprise and information services is competitive, and if we do not adapt to rapid technological change, we could lose customers or market share." in Item 1A of this report.

Employees

As of December 31, 2012, we had 1,543 employees. None of our employees are currently represented by a labor union. We have not experienced any work stoppages and consider our relationship with our employees to be good.

Contracts

We provide many of our services pursuant to private commercial and government contracts. Specifically, in the United States, we provide wireline and wireless number portability, implement the allocation of pooled blocks of telephone numbers and provide network management services pursuant to seven regional contracts with NAPM. Although the Federal Communications Commission, or FCC, has plenary authority over the administration of telephone number portability, it is not a party to our contracts with NAPM. The North American Numbering Council, a federal advisory committee to which the FCC has delegated limited oversight responsibilities, reviews and oversees NAPM's management of these contracts. See "— Regulatory Environment — Telephone Numbering." We recognized revenue under our contracts with NAPM primarily on a per-transaction basis through December 31, 2008, and the aggregate fees for transactions processed under these contracts were determined by the total number of transactions.

In January 2009, we amended our seven regional contracts with NAPM to provide for an annual fixed-fee pricing model under which the annual fixed fee, or Base Fee, was set at \$340.0 million, \$362.1 million, \$385.6 million and \$410.7 million in 2009, 2010, 2011 and 2012, respectively, and is subject to an annual price escalator of 6.5% in subsequent years. In the event that the volume of transactions in a given year is above or below the contractually established volume range for that year, the Base Fee may be adjusted up or down, respectively, with any such adjustment being applied in the following year. The amendments also provide for a fixed credit of \$40.0 million in 2009, \$25.0 million in 2010 and \$5.0 million 2011, which were applied to reduce the Base Fee for the applicable year. Additional credits of up to \$15.0 million annually in 2009, 2010 and 2011 could have been triggered if the customers reached certain levels of aggregate telephone number inventories and adopted and implemented certain IP fields and functionality.

During 2009, our customers adopted and implemented these IP fields and functionality, and earned \$7.5 million of the additional credits as a result, but did not reach the levels of aggregate telephone number inventories required to earn additional credits. During 2010 and 2011, our customers earned all of the available additional credits of \$15.0 million for the adoption and implementation of certain IP fields and functionality and the attainment of specific levels of aggregate telephone number inventories.

Under the fixed-fee model, our fees are billed to telecommunications service providers based on their allocable share of the total transaction charges. This allocable share is based on each respective

telecommunications service provider's share of the aggregate end-user services revenues of all U.S. telecommunications service providers as determined by the FCC. Under these contracts, we also bill a revenue recovery collections, or RRC, fee of a percentage of monthly billings to our customers, which is available to us if any telecommunications service provider fails to pay its allocable share of total transaction charges. If the RRC fee is insufficient for that purpose, these contracts also provide for the recovery of such differences from the remaining telecommunications service providers. Under these contracts, users of our directory services also pay fees to connect to our data center and additional fees for reports that we generate at the user's request. Our contracts with NAPM continue through June 2015. On February 5, 2013, the NAPM released a Request for Proposal for the selection of the next local number portability administrator under new contracts that will take effect upon expiration of the current contracts. We will compete for these contracts and to remain as the local number portability administrator.

We also provide wireline and wireless number portability and network management services in Canada pursuant to a contract with the Canadian LNP Consortium Inc., a private corporation composed of telecommunications service providers who participate in number portability in Canada. The Canadian Radio-television and Telecommunications Commission oversees the Canadian LNP Consortium's management of this contract. We bill each telecommunications service provider for our services under this contract primarily on a per-transaction basis. In July 2010, this contract was amended to continue through December 2016. The services we provide under the contracts with NAPM and the Canadian LNP Consortium are subject to rigorous performance standards, and we are subject to corresponding penalties for failure to meet those standards.

We serve as the North American Numbering Plan Administrator and the National Pooling Administrator pursuant to two separate contracts with the FCC. Under these contracts, we administer the assignment and implementation of new area codes in North America, the allocation of central office codes (which are the prefixes following the area codes) to telecommunications service providers in the United States, and the assignment and allocation of pooled blocks of telephone numbers in the United States in a manner designed to conserve telephone number resources. The North American Numbering Plan Administration contract is a fixed-fee government contract that was originally awarded by the FCC to us in 2003. In July 2012, we were awarded a new contract to serve as the North American Numbering Plan Administrator for a term not to exceed 5 years. The National Pooling Administration contract was originally awarded to us by the FCC in 2001. Under this contract, we perform the administrative functions associated with the allocation of pooled blocks of telephone numbers in the United States. The terms of this contract provide for a fixed fee associated with the administration of the pooling system. In August 2007, the FCC awarded us a new contract to continue as the National Pooling Administrator. The initial contract term was two years, commencing in August 2007, and the contract had three one-year extension options, each of which was exercised by the FCC. In February 2013, the FCC extended the Pooling Administration contract until June 14, 2013.

We are the operator of the .biz Internet top-level domain by contract with the Internet Corporation for Assigned Names and Numbers, or ICANN. The .biz contract was originally granted to us in May 2001. In December 2006, ICANN extended our .biz contract through June 30, 2013. Similarly, pursuant to a contract with the U.S. Department of Commerce, we operate the .us Internet top-level domain. This contract was originally awarded in October 2001. In October 2007, the government renewed our .us contract for a period of three years. This term may be extended by the government for two additional one-year periods. In response to a bid protest filed by one of our competitors, the Department of Commerce evaluated the procedures it followed in awarding to us the .us contract. Pending resolution of this evaluation, performance under our new .us contract was stayed, and the terms of our previous .us contract remained in effect. The evaluation was completed in August 2008 and the terms of the new .us contract were amended. In August 2012, the Department of Commerce exercised the second of its two one-year extension options to extend the contract through August 31, 2013. The Department of Commerce has issued a Notice of Inquiry seeking public comment on what terms should be incorporated in the .us contract after the expiration of the current contract. We expect the Department of Commerce to issue a Request for Proposal for a new .us contract to take effect upon expiration of the current contract. We intend to compete for the new .us contract to remain as the registry for that top-level domain. The .biz and .us contracts allow us to provide domain name registration services to domain name registrars, who pay us on a per-name basis.

We have an exclusive contract with the CTIA — The Wireless Association® to serve as the registry operator for the administration of U.S. Common Short Codes. U.S. Common Short Codes are short strings of numbers to which text messages can be addressed — a common addressing scheme that works across all participating wireless networks. We were awarded this contract in October 2003 through an open procurement process by the major wireless carriers. In June 2008, the contract was amended to include a term through December 2015. We provide U.S. Common Short Code registration services to wireless content providers, who pay us subscription fees per U.S. Common Short Code registered.

Regulatory Environment

Telephone Numbering

Overview. Congress enacted the Telecommunications Act of 1996 to remove barriers to entry in the communications market. Among other things, the Telecommunications Act of 1996 mandates portability of telephone numbers and requires traditional telephone companies to provide non-discriminatory access and interconnection to potential competitors. The FCC has plenary jurisdiction over issues relating to telephone numbers, including telephone number portability and the administration of telephone number resources. Under this authority, the FCC promulgated regulations governing the administration of telephone numbers and telephone number portability. In 1995, the FCC established the North American Numbering Council, a federal advisory committee, to advise and make recommendations to the FCC on telephone numbering issues, including telephone number resources administration and telephone number portability. The members of the North American Numbering Council include representatives from local exchange carriers, interexchange carriers, wireless providers, VoIP providers, manufacturers, state regulators, consumer groups, and telecommunications associations.

Telephone Number Portability. The Telecommunications Act of 1996 requires telephone number portability, which is the ability of users of telecommunications services to retain existing telephone numbers without impairment of quality, reliability, or convenience when switching from one telecommunications service provider to another. Through a series of competitive procurements, a consortium of service providers representing the communications industry selected us to develop, build and operate a solution to enable telephone number portability in the United States. We ultimately entered into seven regional contracts to administer the system that we developed, after which the North American Numbering Council recommended to the FCC, and the FCC approved, our selection to serve as a neutral administrator of telephone number portability. The FCC also directed the seven original regional entities, each comprising a consortium of service providers operating in the respective regions, to manage and oversee the administration of telephone number portability in their respective regions, subject to North American Numbering Council oversight. Under the rules and policies adopted by the FCC, NAPM, as successor in interest to the seven regional consortiums, has the power and authority to manage and negotiate changes to the current master agreements.

On November 3, 2005, BellSouth Corporation, or BellSouth, filed a petition with the FCC seeking changes in the way our customers are billed for services provided by us under our contracts with NAPM. In response to the BellSouth petition, the FCC requested comments from interested parties. As of February 21, 2013, the FCC had not initiated a formal rulemaking process, and the BellSouth petition remains pending. Similarly, on May 20, 2011, Verizon Communications Inc. and Verizon Wireless Inc. filed a joint petition, the Verizon Petition, with the FCC seeking a ruling that certain carrier initiated modifications of NPAC records be excluded from the costs of the shared NPAC database and be paid for instead by the provider that caused such costs to be incurred. In response to the Verizon Petition, the FCC requested comments from interested parties. As of February 21, 2013, the FCC had not initiated a formal rulemaking process and the Verizon Petition remains pending.

After the amendment of our contracts with NAPM in September 2006, Telcordia Technologies, Inc. filed a petition with the FCC requesting an order that would require NAPM to conduct a new bidding process to appoint a provider of telephone number portability services in the United States. In response to our amendment of these contracts in January 2009, Telcordia filed another petition asking that the FCC abrogate these contracts and

initiate a government-managed procurement in their place. As of February 21, 2013, the FCC had not initiated a formal rulemaking process on either of these petitions, and the Telcordia petitions are still pending. Although these Telcordia petitions remain pending, we believe that they have been superseded by the initiation of a selection process to award a new contract for the administration of NPAC services at the expiration of the existing contracts. (See “Risk Factors — Risks Related to Our Business — Our seven contracts with North American Portability Management LLC represent in the aggregate a substantial portion of our revenue, are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and we may not win a competitive procurement.” in Item 1A of this report).

North American Numbering Plan Administrator and National Pooling Administrator. We have contracts with the FCC to act as the North American Numbering Plan Administrator and the National Pooling Administrator, and we must comply with the rules and regulations of the FCC that govern our operations in each capacity. We are charged with administering numbering resources in an efficient and non-discriminatory manner, in accordance with FCC rules and industry guidelines developed primarily by the Industry Numbering Committee. These guidelines provide governing principles and procedures to be followed in the performance of our duties under these contracts. The communications industry regularly reviews and revises these guidelines to adapt to changed circumstances or as a result of the experience of industry participants in applying the guidelines. A committee of the North American Numbering Council evaluates our performance against these rules and guidelines each year and provides an annual review to the North American Numbering Council and the FCC. If we violate these rules and guidelines, or if we fail to perform at required levels, the FCC may reevaluate our fitness to serve as the North American Numbering Plan Administrator and the National Pooling Administrator and may terminate our contracts or impose fines on us. The division of the North American Numbering Council responsible for reviewing our performance as the North American Numbering Plan Administrator and the National Pooling Administrator has determined that, with respect to our performance in 2011, we “more than met” our performance guidelines under each such respective review. Similar reviews of our performance in 2012 have not yet been completed.

Neutrality. Under FCC rules and orders establishing the qualifications and obligations of the North American Numbering Plan Administrator and National Pooling Administrator, and under our contracts with NAPM to provide telephone number portability services, we are required to comply with neutrality regulations and policies. Under these neutrality requirements, we are required to operate our numbering plan, pooling administration and number portability functions in a neutral and impartial manner, which means that we cannot favor any particular telecommunications service provider, telecommunications industry segment or technology or group of telecommunications consumers over any other telecommunications service provider, industry segment, technology or group of consumers in the conduct of those businesses. We are examined periodically on our compliance with these requirements by independent third parties. The combined effect of our contracts and the FCC’s regulations and orders requires that we:

- not be a telecommunications service provider, which is generally defined by the FCC as an entity that offers telecommunications services to the public at large, and is, therefore, providing telecommunications services on a common carrier basis, or an interconnected VoIP provider;
- not be an affiliate of a telecommunications service provider or VoIP provider, which means, among other things, that we:
 - must restrict the beneficial ownership of our capital stock by telecommunications service providers, VoIP providers or affiliates of a telecommunications service provider or VoIP provider; and
 - may not otherwise, directly or indirectly, control, be controlled by, or be under common control with, a telecommunications service provider or VoIP provider;
- not derive a majority of our revenue from any single telecommunications service provider; and
- not be subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities. Notwithstanding our satisfaction of the other neutrality criteria above, the

North American Numbering Council or the FCC could determine that we are subject to such undue influence. The North American Numbering Council may conduct an evaluation to determine whether we meet this “undue influence” criterion.

We are required to maintain confidentiality of competitive customer information obtained during the conduct of our business. In addition, as part of our neutrality framework, we are required to comply with a code of conduct that is designed to ensure our continued neutrality. Among other things, our code of conduct, which was approved by the FCC, requires that:

- we never, directly or indirectly, show any preference or provide any special consideration to any telecommunications service provider;
- we prohibit access by our stockholders to user data and proprietary information of telecommunications service providers served by us (other than access of employee stockholders that is incident to the performance of our numbering administration duties);
- our stockholders take steps to ensure that they do not disclose to us any user data or proprietary information of any telecommunications service provider in which they hold an interest, other than the sharing of information in connection with the performance of our numbering administration duties;
- we not share confidential information about our business services and operations with employees of any telecommunications service provider;
- we refrain from simultaneously employing, whether on a full-time or part-time basis, any individual who is an employee of a telecommunications service provider and that none of our employees hold any interest, financial or otherwise, in any company that would violate these neutrality standards;
- we prohibit any individual who serves in the management of any of our stockholders from being involved directly in our day-to-day operations;
- we implement certain requirements regarding the composition of our Board of Directors;
- no member of our Board of Directors simultaneously serves on the Board of Directors of a telecommunications service provider; and
- we hire an independent party to conduct a quarterly neutrality audit to ensure that we and our stockholders comply with all the provisions of our code of conduct.

In connection with the neutrality requirements imposed by our code of conduct and under our contracts, we are subject to a number of neutrality audits that are performed on a quarterly and annual basis. In connection with these audits, all of our employees, directors and officers must sign a neutrality certification that states that they are familiar with our neutrality requirements and have not violated them. Failure to comply with applicable neutrality requirements could result in government fines, corrective measures, curtailment of contracts or even the revocation of contracts. See “Risk Factors — Risks Related to Our Business — Failure to comply with neutrality requirements could result in loss of significant contracts” in Item 1A of this report.

In contemplation of the initial public offering of our securities, we sought and obtained FCC approval for a “safe harbor” from previous orders of the FCC that allowed us to consummate the initial public offering for our securities but required us to seek prior approval from the FCC for any change in our overall ownership structure, corporate structure, bylaws, or distribution of equity interests, as well as certain types of transactions, including the issuance of indebtedness by us. Under the safe harbor order, we are required to maintain provisions in our organizational and other corporate documents that require us to comply with all applicable neutrality rules and orders. We are no longer required to seek prior approval from the FCC for many of these changes and transactions, although we are required to provide notice of such changes or transactions. In addition, we are subject to the following requirements:

- we may not issue more than 50% of our aggregate outstanding indebtedness to any telecommunications service provider;

- we may not acquire any equity interest in a telecommunications service provider or an affiliate of a telecommunications service provider without prior approval of the FCC;
- we must restrict any telecommunications service provider or affiliate of a telecommunications service provider from acquiring or beneficially owning 5% or more of our outstanding capital stock;
- we must report to the FCC the names of any telecommunications service providers or telecommunications service provider affiliates that own a 5% or greater interest in our company;
- we must make beneficial ownership records available to our auditors, and must certify upon request that we have no actual knowledge of any ownership of our outstanding capital stock by a telecommunications service provider or telecommunications service provider affiliate other than as previously disclosed; and
- we must make our debt records available to our auditors and certify that no telecommunications service provider holds more than 50% of our aggregate outstanding indebtedness.

Internet Domain Name Registrations

We are also subject to government and industry regulation under our Internet registry contracts with the U.S. government and ICANN, the industry organization responsible for regulation of Internet top-level domains. We are the operator of the .biz Internet domain under a contract with ICANN, as described above under “Contracts.” Similarly, pursuant to a contract with the U.S. Department of Commerce, we operate the .us Internet domain registry. This contract is also described above under “Contracts.” Under each of these registry service contracts, we are required to:

- provide equal access to all registrars of domain names;
- comply with Internet standards established by the industry;
- implement additional policies as they are adopted by the U.S. government or ICANN; and
- with respect to the .us registry, establish, operate and ensure appropriate content on a kids.us domain to serve as a haven for material that promotes positive experiences for children and families using the Internet.

Intellectual Property

Our success depends in part upon our proprietary technology. We rely principally upon trade secret and copyright law to protect our technology, including our software, network design, and subject matter expertise. We enter into confidentiality or license agreements with our employees, distributors, customers, and potential customers and limit access to and distribution of our software, documentation, and other proprietary information. We believe, however, that because of the rapid pace of technological change, these legal protections for our services are less significant factors in our success than the knowledge, ability, and experience of our employees and the timeliness and quality of our services. In addition, where appropriate, we will seek patent protection for our proprietary technology used in our service offerings.

Available Information and Exchange Certifications

We maintain an Internet website at www.neustar.biz. Information contained on, or that may be accessed through, our website is not part of this report. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, on the Investor Relations section of our website under the heading “SEC Filings by NeuStar,” as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the Securities and Exchange Commission. Our Principles of Corporate Governance, Board of Directors committee charters (including the charters of the Audit

Committee, Compensation Committee, and Nominating and Corporate Governance Committee) and code of ethics entitled “Corporate Code of Business Conduct” also are available on the Investor Relations section of our website. Stockholders may request free copies of these documents, including a copy of our annual report on Form 10-K, by sending a written request to our Corporate Secretary at NeuStar, Inc., 21575 Ridgetop Circle, Sterling, VA 20166. In the event that we make any changes to, or provide any waivers from, the provisions of our Corporate Code of Business Conduct, we intend to disclose these events on our website or in a report on Form 8-K within four business days of such event.

We have filed, as exhibits to this Annual Report on Form 10-K, the certification of our principal executive officer and principal financial officer regarding the quality of our public disclosures, which is required to be filed with the Securities and Exchange Commission, or the SEC, under Section 302 of the Sarbanes Oxley Act of 2002.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. These risks and other factors include those listed under “Risk Factors” in Item 1A of this report and elsewhere in this report and include:

- termination, modification or non-renewal of our contracts to provide telephone number portability and other directory services;
- failures or interruptions of our systems and services;
- loss of, or damage to, a data center;
- security or privacy breaches;
- adverse changes in statutes or regulations affecting the communications industry;
- our failure to adapt to rapid technological change in the communications industry;
- competition from our customers’ in-house systems or from other providers of carrier, enterprise, or information services;
- our failure to achieve or sustain market acceptance at desired pricing levels;
- a decline in the volume of transactions we handle;
- inability to manage our growth;
- economic, political, regulatory and other risks associated with our further potential expansion into international markets;
- inability to obtain sufficient capital to fund our operations, capital expenditures and expansion; and
- loss of members of senior management, or inability to recruit and retain skilled employees.

ITEM 1A. RISK FACTORS

Risks related to our business

The loss of, or damage to, a data center or any other failure or interruption to our network infrastructure could materially harm our revenue and impair our ability to conduct our operations.

Because virtually all of the services we provide require our customers to query a copy of our continuously updated databases and directories to obtain necessary routing, operational and marketing data, the integrity of our data centers, including network elements managed by third parties throughout the world, and the systems through which we deliver our services are essential to our business. Notably, certain of our data centers and related systems are essential to the orderly operation of the U.S. telecommunications system because they enable carriers to ensure that telephone calls are routed to the appropriate destinations.

Our system architecture is integral to our ability to process a high volume of transactions in a timely and effective manner. Moreover, both we and our customers rely on hardware, software and other equipment developed, supported and maintained by third-party providers. We could experience failures or interruptions of our systems and services, or other problems in connection with our operations, as a result of, for example:

- damage to, or failure of, our computer software or hardware or our connections to, and outsourced service arrangements with, third parties;
- failure of, or defects in, the third-party systems, software or equipment on which we or our customers rely to access our data centers and other systems;
- errors in the processing of data by our systems;
- computer viruses, malware or software defects;
- physical or electronic break-ins, sabotage, distributed denial of service, or DDoS, penetration attacks, intentional acts of vandalism and similar events;
- increased capacity demands or changes in systems requirements of our customers;
- virtual hijacking of traffic destined to our systems;
- power loss, communications failures, pandemics, wars, acts of terrorism, political unrest or other man-made or natural disasters; and
- successful DDoS attacks.

We may not have sufficient redundant systems or back-up facilities to allow us to receive and process data if one of the foregoing events occurs. Further, increases in the scope of services that we provide increase the complexity of our network infrastructure. As the scope of services we provide expands or changes in the future, we may be required to make significant expenditures to establish new data centers and acquire additional network capacity from which we may provide services. Moreover, as we add customers, expand our service offerings and increase our visibility in the market we may become a more likely target of attacks similar to those listed in the bullets above. The number of electronic attacks and viruses grows significantly every year, as does the sophistication of these attacks. For example, undetected attackers may be able to monitor unencrypted Internet traffic anywhere in the world and modify it before it reaches our destination, and these attackers may harm our customers by stealing personal or proprietary information, Internet email or IP addresses. If we are not able to react to threats quickly and effectively and stop attackers from exploiting vulnerabilities or circumventing our security measures, the integrity of our systems and networks, and those of our customers and trading partners, may be adversely affected. If we cannot adequately secure and protect the ability of our data centers, offices, networks and related systems to perform consistently at a high level and without interruptions, or if we otherwise fail to meet our customers' expectations:

- our reputation may be damaged, which may adversely affect our ability to market our services and attract or retain customers;
- we may be subject to significant penalties or damages claims, under our contracts or otherwise;

- we may be required to make significant expenditures to repair or replace equipment, third-party systems or an entire data center, to establish new data centers and systems from which we may provide services or to take other required corrective action; or
- one or more of our significant contracts may be terminated early, or may not be renewed.

Any of these consequences would adversely affect our revenue, performance and business prospects.

If our security measures are breached and personally identifiable information is obtained by an unauthorized person, we may be subject to litigation and our services may also be perceived as not being secure and customers may curtail or stop using our services.

Many of our products and services, such as our registry, UltraViolet™, mobile and information service offerings may involve the storage and transmission of consumer information, such as names, addresses, email addresses and other personally identifiable information, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. If someone obtains unauthorized access to consumers' data, as a result of third-party action, technical malfunctions, employee error, malfeasance or otherwise, our reputation, brands and competitive position will be damaged, the adoption of our products and services could be severely limited, and we could incur costly litigation and significant liability, any of which may cause our business to suffer. Accordingly, we may need to expend significant resources to protect against security breaches, including encrypting personal information, or remedy breaches after they occur, including notifying each person whose personal data may have been compromised. The risk that these types of events could seriously harm our business is likely to increase as we expand the scale and scope of information services we offer and the number of Internet or DNS-based products and services we offer, and increase the number of countries in which we operate. Even a perceived breach of our security measures could damage the market perception of the effectiveness of our security measures and our reputation, and we could lose sales, existing and future business opportunities and customers, and potentially face costly litigation.

Our seven contracts with North American Portability Management LLC represent in the aggregate a substantial portion of our revenue, are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and we may not win a competitive procurement.

Our seven contracts with North American Portability Management LLC, or NAPM, an industry group that represents all carriers in the United States, to provide NPAC Services are not exclusive and could be terminated or modified in ways unfavorable to us. These seven separate contracts, each of which represented between 4.5% and 9.2% of our total revenue in 2012, represented in the aggregate approximately 49.4% of our total revenue in 2012. These contracts have finite terms and are currently scheduled to expire in June 2015.

NAPM has initiated a selection process for the administration of NPAC services at the expiration of the current contract. The FCC Wireline Competition Bureau has released a Request for Proposal, or RFP. The selection timeline published in the RFP anticipates that the NAPM will make a recommendation to the FCC in August 2013 with the FCC approval of the recommendation to be completed in September 2013. These dates are subject to change.

We expect that there will be significant competition as a result of this process. We may not win this competitive procurement if another provider offers to provide the same or similar services at a lower cost. The failure to win the competitive procurement would have a material adverse effect on our business, prospects, financial condition and results of operations. Even if we win the competitive procurement, the new contracts may have different pricing structures or performance requirements than are currently in effect, which could negatively affect our operating performance and may result in additional costs and expenses and possibly lower revenues.

In addition, under our current contracts, NAPM could, at any time, solicit or receive proposals from other providers to provide services that are the same as or similar to ours. These contracts can be terminated or modified in advance of their scheduled expiration date in limited circumstances, most notably if we are in default

of these agreements. Although these contracts do not contain cross-default provisions, conditions leading to a default by us under one of our contracts could lead to a default under others, or all seven. If these contracts are terminated or modified in a manner that is adverse to us, it would have a material adverse effect on our business, prospects, financial condition and results of operations.

A significant decline in the volume of transactions we handle could have a material adverse effect on our results of operations.

Under our contracts with NAPM, we earn revenue for NPAC Services on an annual, fixed-fee basis. However, in the event that the volume of transactions in a given year is above or below the contractually established volume range for that year, the fixed-fee may be adjusted up or down, respectively, with any such adjustment being applied to the following year's invoices. In addition, under our contract with the Canadian LNP Consortium Inc., we earn revenue on a per transaction basis. As a result, if industry participants in the United States reduce their usage of our services in a particular year to levels below the established volume range for that year or if industry participants in Canada reduce their usage of our services from their current levels, our revenue and results of operations may suffer. For example, consolidation in the industry could result in a decline in transactions if the remaining carriers decide to handle changes to their networks internally rather than use the services that we provide. Moreover, if customer turnover among carriers in the industry stabilizes or declines, or if carriers do not compete vigorously to lure customers away from their competitors, use of our telephone number portability and other services may decline. If carriers develop internal systems to address their infrastructure needs, or if the cost of such transactions makes it impractical for a given carrier to use our services for these purposes, we may experience a reduction in transaction volumes. Carriers might be able to charge consumers directly for our services, which could also have an adverse impact on transaction volumes. Finally, the trends that we believe will drive the future demand for our services, such as the emergence of IP services, growth of wireless services, consolidation in the industry, and pressure on carriers to reduce costs, may not actually result in increased demand for our existing services or for the ancillary directory services that we expect to offer, which would harm our future revenue and growth prospects.

Certain of our other contracts may be terminated or modified at any time prior to their completion, which could lead to an unexpected loss of revenue and damage our reputation.

In addition to our contracts with NAPM, we provide other services that generate revenue and bolster our reputation as a premier data services, infrastructure, and solutions provider to the communications sector, other major enterprises in a wide variety of sectors, trade associations, and government agencies. For example, we serve as the provider of NPAC Services in Canada; as operator of the .biz registry under contract with ICANN and the .us registry under contract with the Department of Commerce; as operator of the registry of U.S. Common Short Codes; as the provider of DNS services to a wide variety of major corporations, and as a provider of data services to major retailers and marketers. Each of these contracts provides for early termination in limited circumstances, most notably if we are in default. In addition, our contracts to serve as the North American Numbering Plan Administrator and as the National Pooling Administrator and to operate the .us registry, each of which is with the U.S. government, may be terminated by the government at will. If we fail to meet the expectations of the FCC, the U.S. Department of Commerce or any of our other major customers for any reason, including for performance-related or other reasons, the customers may unilaterally terminate or modify the contracts. A termination arising out of our default could expose us to liability, adversely affect our operating performance and lead to an unexpected loss of revenue. Further, the loss or significant modification of a major contract could cause us to suffer a loss of reputation that would make it more difficult for us to compete for contracts to provide similar services in the future.

Failure to comply with neutrality requirements could result in loss of significant contracts.

Pursuant to orders and regulations of the U.S. government and provisions contained in our material contracts, we must continue to comply with certain neutrality requirements, meaning generally that we cannot favor any particular telecommunications service provider, telecommunications industry segment or technology or

group of telecommunications consumers over any other telecommunications service provider, industry segment, technology or group of consumers in the conduct of our business. The FCC oversees our compliance with the neutrality requirements applicable to us in connection with some of the services we provide. We provide to the FCC and the North American Numbering Council, a federal advisory committee established by the FCC to advise and make recommendations on telephone numbering issues, regular certifications relating to our compliance with these requirements. Our ability to comply with the neutrality requirements to which we are subject may be affected by the activities of our stockholders or lenders. For example, if the ownership of our capital stock subjects us to undue influence by parties with a vested interest in the outcome of numbering administration, the FCC could determine that we are not in compliance with our neutrality obligations. Our failure to continue to comply with the neutrality requirements to which we are subject under applicable orders and regulations of the U.S. government and commercial contracts may result in fines, corrective measures, termination of our contracts, or exclusion from bidding on future contracts, any one of which could have a material adverse effect on our results of operations.

Regulatory and statutory changes that affect us or the communications industry in general may increase our costs or otherwise adversely affect our business.

Certain of our domestic operations and many of our customers' operations are subject to regulation by the FCC and other federal, state and local agencies. As communications technologies and the communications industry continue to evolve, the statutes governing the communications industry or the regulatory policies of the FCC may change. If this were to occur, the demand for many of our services could change in ways that we cannot predict and our revenue could decline. These risks include the ability of the federal government, most notably the FCC and the Department of Commerce, to:

- increase or change regulatory oversight over services we provide;
- adopt or modify statutes, regulations, policies, procedures or programs in ways that are disadvantageous to the services we provide, or that are inconsistent with our current or future plans, or that require modification of the terms of our existing contracts or contracts like the NPAC or .us registry that are subject to a competitive procurement process, including the manner in which we charge for certain of our services. For example,
 - in November 2005 and in 2010, major carriers filed petitions with the FCC seeking changes in the way our customers are billed for services provided by us under our contracts with North American Portability Management LLC; Verizon Corporation filed a similar petition with the FCC in May 2011, and
 - after the amendment of our contracts with North American Portability Management LLC in September 2006, Telcordia Technologies, Inc. filed a petition with the FCC requesting an order that would require North American Portability Management LLC to conduct a new bidding process to appoint a provider of telephone number portability services in the United States. In response to our amendment of these contracts in January 2009, Telcordia filed another petition asking that the FCC abrogate these contracts and initiate a government managed procurement in their place. If successful, either of these petitions could result in the loss of one or more of our contracts with North American Portability Management LLC or otherwise frustrate our strategic plans. Although the FCC has not initiated a formal rulemaking process on either of the Telcordia petitions, the FCC's Wireline Competition Bureau issued orders on March 8, 2011 and May 16, 2011 for NAPM to complete a selection process for the administration of NPAC Services at the expiration of the current contracts. See *"—Our seven contracts with North American Portability Management LLC represent in the aggregate a substantial portion of our revenue, are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and we may not win a competitive procurement"*;

- prohibit us from entering into new contracts or extending existing contracts to provide services to the communications industry based on actual or suspected violations of our neutrality requirements, business performance concerns, or other reasons;
- adopt or modify statutes, regulations, policies, procedures or programs in a way that could cause changes to our operations or costs or the operations of our customers (e.g., regulatory changes to support migration of public switched telephone network to IP Carrier Interconnect);
- appoint, or cause others to appoint, substitute or add additional parties to perform the services that we currently provide including abrogation of our contracts to provide NPAC Services; and
- prohibit or restrict the provision or export of new or expanded services under our contracts, or prevent the introduction of other services not under the contracts based upon restrictions within the contracts or in FCC policies.

In addition, we are subject to risks arising out of the delegation of the Department of Commerce's responsibilities for the domain name system to ICANN. Changes in the regulations or statutes to which our customers are subject could cause our customers to alter or decrease the services they purchase from us. We cannot predict when, or upon what terms and conditions, further regulation, deregulation or litigation designed to delay or prevent the introduction of new top-level domains might occur or the effect future regulation or deregulation may have on our business.

If we are unable to protect our intellectual property rights adequately, the value of our services and solutions could be diminished.

Our success is dependent in part on obtaining, maintaining and enforcing our proprietary rights and our ability to avoid infringing on the proprietary rights of others. While we take precautionary steps to protect our technological advantages and intellectual property and rely in part on patent, trademark, trade secret and copyright laws, we cannot assure that the precautionary steps we have taken will completely protect our intellectual property rights. Effectively policing our intellectual property is time consuming and costly, and the steps taken by us may not prevent infringement of our intellectual property or proprietary rights in our products, technology and trademarks, particularly in foreign countries where in many instances the local laws or legal systems do not offer the same level of protection as in the United States. Further, because patent applications in the United States are maintained in secrecy until either the patent application is published or a patent is issued, we may not be aware of third-party patents, patent applications and other intellectual property relevant to our services and solutions that may block our use of our intellectual property or may be used by third-parties who compete with our services and solutions. As we expand our business and introduce new services and solutions, there may be an increased risk of infringement and other intellectual property claims by third-parties. From time to time, we and our customers may receive claims alleging infringement of intellectual property rights, or may become aware of certain third-party patents that may relate to our services and solutions.

Additionally, some of our customer agreements require that we indemnify our customers for infringement claims resulting from their use of our intellectual property embedded in their products. Any litigation regarding patents or other intellectual property could be costly and time consuming and could divert our management and key personnel from our business operations. The complexity of the technology involved, and the number of parties holding intellectual property within the communications industry, increase the risks associated with intellectual property litigation. Moreover, the commercial success of our services and solutions may increase the risk that an infringement claim may be made against us. Royalty or licensing arrangements, if required, may not be available on terms acceptable to us, if at all. Any infringement claim successfully asserted against us or against a customer for which we have an obligation to defend could result in costly litigation, the payment of substantial damages, and an injunction that prohibits us from continuing to offer the service or solution in question, any of which could have a material adverse effect on our business, operating results and financial condition.

The market for our carrier, enterprise and information services is competitive, and if we do not adapt to rapid technological change, we could lose customers or market share.

We compete against well-funded providers of carrier, enterprise and information services, communications software companies and system integrators that provide systems and services used by carriers and enterprises to manage their networks and internal operations in connection with telephone number portability and other communications transactions. In addition, our industry is characterized by rapid technological change and frequent new service offerings. Significant technological changes could make our technology and services obsolete. We must adapt to our rapidly changing market by continually improving the features, functionality, reliability and responsiveness of our services, and by developing new features, services and applications to meet changing customer needs. Our ability to take advantage of opportunities in the market may require us to invest in development and incur other expenses well in advance of our ability to generate revenue from these services. We cannot guarantee that we will be able to adapt to these challenges or respond successfully or in a cost-effective way, particularly in the early stages of launching a new service. Further, we may experience delays in the development of one or more features of our solutions, which could materially reduce the potential benefits to us for providing these services. In addition, there can be no assurance that our solutions will be adopted by potential customers, or that we will be able to reach acceptable contract terms with customers to provide these services. Our failure to adapt to meet market demand in a cost-effective manner could adversely affect our ability to compete and retain customers or market share.

If we are not able to obtain the data required to provide our information services, or we obtain inaccurate data, our operating results could be adversely affected.

Much of the data that we use in connection with our Information Services segment is purchased or licensed from third parties, obtained from public record sources or provided to us as part of a broader business relationship with a customer. If we are not able to obtain this data on favorable economic terms or otherwise, or if the data we obtain is inaccurate, our ability to provide information services to our clients could be materially adversely impacted, which could result in decreased revenues, net income and earnings per share.

Regulatory and statutory requirements, changes in requirements regarding privacy and data protection or public perceptions of data usage may increase our costs or otherwise adversely affect our business.

Our business operations are subject to a variety of complex privacy and data protection laws and regulations in the United States and in other jurisdictions. These statutory and regulatory requirements are evolving and may change significantly. Judicial and regulatory application and interpretation of these statutory and regulatory requirements are often uncertain. In addition, data usage both by governments and corporations is currently a matter of keen public concern and press attention. We may need to incur significant costs or modify our business practices and/ or our services in order to comply with existing or revised laws and regulations, or to adapt to changing public attitudes about data usage. Any such costs or changes could have a material adverse effect on our results of operations or prospects. If we are not able to comply with applicable laws, we may be subject to significant monetary penalties and/or orders demanding that we cease alleged noncompliant activities. These or other remedies could have a material adverse effect on our results of operation or financial condition. Our failure or alleged failure to comply with privacy and data protection laws, or with public attitudes about data usage, could harm our reputation, result in legal actions against us by governmental authorities or private claimants or cause us to lose customers, any of which could have a material adverse effect on our results of operations or prospects.

In addition, new legislation may be passed or judicial interpretations may be issued that restrict our use of data to provide information services to our clients. Any restrictions on our ability to provide these services to our clients could have a material adverse effect on our business, results of operation, financial condition and prospects.

If we are unable to manage our costs, our profits could be adversely affected.

Historically, sustaining our growth has placed significant demands on our management as well as on our administrative, operational and financial resources. For us to continue to manage our expanded operations, as well as any future growth, we must continue to improve our operational, financial and management information systems and expand, motivate and manage our workforce. If our quality of service is compromised because we are unable to successfully manage our costs, or if new systems that we implement to assist in managing our operations do not produce the expected benefits, we may experience higher turnover in our customer base and our revenue and profits could be adversely affected.

Changes in our tax rates or exposure to additional income tax liabilities could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.

We are subject to income taxes in the U.S. and in various non-U.S. jurisdictions. Our effective tax rate can be affected by changes in our mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, establishment of accruals related to contingent tax liabilities and period-to-period changes in such accruals, the expiration of statutes of limitations, the implementation of tax planning strategies and changes in tax laws. The impact of these factors may be substantially different from period to period. Due to the ambiguity of tax laws and the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. In addition, our income tax returns are subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in payments or assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities, which may negatively affect our results of operations.

Our operating results and margins could fluctuate due to factors relating to stock-based compensation.

Similar to many other companies, we use stock awards as a form of compensation for certain employees and non-employee directors. We must recognize the fair value of all stock-based awards, including grants of employee stock options, in our financial statements. The valuation model we use to estimate the fair value of our stock-based awards requires us to make several estimates and assumptions, such as the expected holding period of the awards and expected price volatility of our common stock. The amount we recognize for stock-based compensation expense could vary materially depending on changes in these estimates and assumptions. Other factors that could impact the amount of stock-based compensation expense we recognize include changes in the mix and type of stock-based awards we grant, changes in our compensation plans or tax rate, changes in the award forfeiture rate and differences in our company's actual operating results compared to management's estimates for performance-based awards.

Changes in accounting principles and guidance, or their interpretation, could result in unfavorable accounting charges or effects, including changes to previously filed financial statements.

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles, or GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant effect on our reported results and may retroactively affect previously reported results.

We must recruit and retain skilled employees to succeed in our business, and our failure to recruit and retain qualified employees could harm our ability to maintain and grow our business.

We believe that an integral part of our success is our ability to recruit and retain employees who have advanced skills in the services and solutions that we provide and who work well with our customers. In particular, we must hire and retain employees with the technical expertise and industry knowledge necessary to

maintain and continue to develop our operations and must effectively manage our growing sales and marketing organization to ensure the growth of our operations. Our future success depends on the ability of our sales and marketing organization to establish direct sales channels and to develop multiple distribution channels. The employees with the skills we require are in great demand and are likely to remain a limited resource in the foreseeable future. If we are unable to recruit and retain a sufficient number of these employees at all levels, our ability to maintain and grow our business could be negatively impacted.

Our failure to achieve or sustain market acceptance of our services at desired pricing levels could impact our ability to maintain profitability or positive cash flow.

Our competitors and customers may cause us to reduce the prices we charge for our services and solutions. The primary sources of pricing pressure include:

- competitors offering our customers services at reduced prices, or bundling and pricing services in a manner that makes it difficult for us to compete. For example, a competing provider of Internet infrastructure services might offer its services at lower rates than we do, or a competing domain name registry provider may reduce its prices for domain name registration;
- customers with a significant volume of transactions may have enhanced leverage in pricing negotiations with us; and
- if our prices are too high, potential customers may find it economically advantageous to handle certain functions internally instead of using our services.

We may not be able to offset the effects of any price reductions by increasing the number of transactions we handle or the number of customers we serve, by generating higher revenue from enhanced services or by reducing our costs.

Our expansion into international markets may be subject to uncertainties that could increase our costs to comply with regulatory requirements in foreign jurisdictions, disrupt our operations, and require increased focus from our management.

We currently provide services to customers located in various international locations such as Brazil, Taiwan and China. We intend to pursue additional international business opportunities. International operations and business expansion plans are subject to numerous additional risks, including:

- economic and political risks in foreign jurisdictions in which we operate or seek to operate;
- difficulties in enforcing contracts and collecting receivables through foreign legal systems;
- differences in foreign laws and regulations, including foreign tax, intellectual property, privacy, labor and contract law, as well as unexpected changes in legal and regulatory requirements;
- differing technology standards and pace of adoption;
- export restrictions on encryption and other technologies;
- fluctuations in currency exchange rates and any imposition of currency exchange controls;
- increased competition by local, regional, or global companies; and
- difficulties associated with managing a large organization spread throughout various countries.

If we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

If we are not successful in growing our new Information Services business at the rate that we anticipate, our operating results could be negatively impacted.

The operations of Targus Information Corporation (“TARGUSinfo”), which we acquired in November 2011, comprise our new Information Services segment. We are shifting our business to focus increasingly on sales of information services in addition to our carrier and enterprise services. Our ability to successfully grow our information services business depends on a number of different factors, including market acceptance of our information services, the expansion of our information services capabilities and geographic coverage, and continued public and regulatory acceptance of data usage for the provision of our information services, among others. If we are not successful in growing our information services business at the rate that we anticipate, we may not meet expected growth and gross margin projections or expectations, and our operating results, prospects and the market price of our securities could be adversely affected.

We may be unable to complete acquisitions, or we may undertake acquisitions that increase our costs or liabilities or are disruptive to our business.

We have made a number of acquisitions in the past, and one of our strategies is to pursue acquisitions selectively in the future. We may not be able to locate acquisition candidates at prices that we consider appropriate or on terms that are satisfactory to us. If we do identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of the acquisition or, if the acquisition occurs, integrate the acquired business into our existing business. Acquisitions of businesses or other material operations may require additional debt or equity financing, resulting in additional leverage or dilution to our stockholders.

Integration of acquired business operations could disrupt our business by diverting management away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. It is also possible that the integration process could result in the loss of key employees, the disruption of each company’s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, suppliers, distributors, creditors, or lessors, or to achieve the anticipated benefits of the acquisition.

We may not realize cost efficiencies or synergies or other benefits that we anticipated when selecting our acquisition candidates, and we may be required to invest significant capital and resources after acquisition to maintain or grow the businesses that we acquire. In addition, we may need to record write-downs from impairments of goodwill, intangible assets, or long-lived assets, or record adjustments to the purchase price that occur after the closing of the transaction, which could reduce our future reported earnings. If we fail to successfully integrate and support the operations of the businesses we acquire, or if anticipated revenue enhancements and cost savings are not realized from these acquired businesses, our business, results of operations and financial condition would be materially adversely affected. Further, acquired businesses may have liabilities, neutrality-related risks or adverse operating issues that we fail to discover through due diligence prior to the acquisition. The failure to discover such issues prior to such acquisition could have a material adverse effect on our business and results of operations.

Risks related to financial market conditions

We may be unable to raise additional capital, if needed, or to raise capital on favorable terms.

The general economic and capital market conditions in the United States and other parts of the world have deteriorated significantly since 2008 and have adversely affected access to capital and increased the cost of capital. If funds generated by our operations or available under our 2013 Credit Facilities are insufficient to fund our future activities, including acquisitions, organic business ventures, or capital expenditures, we may need to raise additional funds through public or private equity or debt financing. If unfavorable capital market conditions

exist when we seek additional financing, we may not be able to raise sufficient capital on favorable terms or at all. Failure to obtain capital on a timely basis could have a material adverse effect on our results of operations and we may not be able to fund further organic and inorganic growth of our business.

Risks related to the notes and our other indebtedness

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

As of January 22, 2013, borrowings under our 2013 Credit Facilities and Notes was approximately \$632.8 million, and we had unused revolving commitments of \$192.2 million (after giving effect to \$7.8 million of outstanding letters of credit). In addition, the 2013 Term Facility allows us to request one or more increases to the available term commitments under such facility. We are entitled to request such increases in an amount such that, after giving effect to such increases, either (a) the aggregate amount of increases does not exceed \$400 million or (b) our consolidated secured leverage ratio on a pro forma basis after giving effect to any such increase is below 2.50 to 1.00. As of January 22, 2013, the total amount of such potential incremental increases we could request was approximately \$659.5 million.

Subject to the limits contained in the credit agreement that governs our 2013 Term Facility, the indenture that governs the Notes and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance investments or acquisitions, or for other general corporate purposes. If we do so, the risks related to our level of debt could intensify. Specifically, our level of debt could have important consequences to the holders of our securities, including the following:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt;
- limiting our ability to obtain additional financing to fund future acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our 2013 Term Facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the indenture that governs the Notes and the credit agreement that governs our 2013 Term Facility contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreement that governs our 2013 Term Facility and the indenture that governs the Notes restricts our ability to dispose of assets and use the proceeds from those dispositions and also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations would materially and adversely affect our financial position and results of operations and our ability to satisfy our debt obligations.

If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under our 2013 Term Facility could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our 2013 Term Facility will be at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming all loans are fully drawn, each quarter point change in interest rates would result in a \$1.3 million change in annual interest expense on our indebtedness under our 2013 Term Facility. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Risks Related to Our Common Stock

Our common stock price may be volatile.

The market price of our Class A common stock may fluctuate widely. Fluctuations in the market price of our Class A common stock could be caused by many things, including:

- our perceived prospects and the prospects of the telephone, Internet and data analytics industries in general;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general valuations for communications companies;
- adoption or modification of regulations, policies, procedures or programs applicable to our business;
- sales of our Class A common stock by our officers, directors or principal stockholders;
- sales of significant amounts of our Class A common stock in the public market, or the perception that such sales may occur;

- sales of our Class A common stock due to a required divestiture under the terms of our certificate of incorporation; and
- changes in general economic or market conditions and broad market fluctuations.

Each of these factors, among others, could have a material adverse effect on the market price of our Class A common stock. Recently, the stock market in general has experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of the specific companies. Some companies that have had volatile market prices for their securities have had securities class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial costs and a diversion of our management's attention and resources. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, and the market price of our Class A common stock may be lower as a result.

We are a Delaware corporation, and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our certificate of incorporation and bylaws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our certificate of incorporation and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- prohibit cumulative voting in the election of directors, which would otherwise enable holders of less than a majority of our voting securities to elect some of our directors;
- establish a classified Board of Directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election;
- require that directors only be removed from office for cause;
- provide that vacancies on the Board of Directors, including newly-created directorships, may be filled only by a majority vote of directors then in office;
- disqualify any individual from serving on our board if such individual's service as a director would cause us to violate our neutrality requirements;
- limit who may call special meetings of stockholders;
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominating candidates for election to the Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In order to comply with our neutrality requirements, our certificate of incorporation contains ownership and transfer restrictions relating to telecommunications service providers and their affiliates, which may inhibit potential acquisition bids that our stockholders may consider favorable, and the market price of our Class A common stock may be lower as a result.

In order to comply with neutrality requirements imposed by the FCC in its orders and rules, no entity that qualifies as a "telecommunications service provider" or affiliate of a telecommunications service provider, as

defined under the Communications Act of 1934 and FCC rules and orders, may beneficially own 5% or more of our capital stock. In general, a telecommunications service provider is an entity that offers telecommunications services to the public at large, and is, therefore, providing telecommunications services on a common carrier basis. Moreover, a party will be deemed to be an affiliate of a telecommunications service provider if that party controls, is controlled by, or is under common control with, a telecommunications service provider. A party is deemed to control another if that party, directly or indirectly:

- owns 10% or more of the total outstanding equity of the other party;
- has the power to vote 10% or more of the securities having ordinary voting power for the election of the directors or management of the other party; or
- has the power to direct or cause the direction of the management and policies of the other party.

As a result of this regulation, subject to limited exceptions, our certificate of incorporation (a) prohibits any telecommunications service provider or affiliate of a telecommunications service provider from beneficially owning, directly or indirectly, 5% or more of our outstanding capital stock and (b) empowers our Board of Directors to determine whether any particular holder of our capital stock is a telecommunications service provider or an affiliate of a telecommunications service provider. Among other things, our certificate of incorporation provides that:

- if one of our stockholders experiences a change in status or other event that results in the stockholder violating this restriction, or if any transfer of our stock occurs that, if effective, would violate the 5% restriction, we may elect to purchase the excess shares (i.e., the shares that cause the violation of the restriction) or require that the excess shares be sold to a third-party whose ownership will not violate the restriction;
- pending a required divestiture of these excess shares, the holder whose beneficial ownership violates the 5% restriction may not vote the shares in excess of the 5% threshold; and
- if our Board of Directors, or its permitted designee, determines that a transfer, attempted transfer or other event violating this restriction has taken place, we must take whatever action we deem advisable to prevent or refuse to give effect to the transfer, including refusal to register the transfer, disregard of any vote of the shares by the prohibited owner, or the institution of proceedings to enjoin the transfer.

Any person who acquires, or attempts or intends to acquire, beneficial ownership of our stock that will or may violate this restriction must notify us as provided in our certificate of incorporation. In addition, any person who becomes the beneficial owner of 5% or more of our stock must notify us and certify that such person is not a telecommunications service provider or an affiliate of a telecommunications service provider. If a 5% stockholder fails to supply the required certification, we are authorized to treat that stockholder as a prohibited owner — meaning, among other things, that we may elect to require that the excess shares be sold. We may request additional information from our stockholders to ensure compliance with this restriction. Our board will treat any “group,” as that term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as a single person for purposes of applying the ownership and transfer restrictions in our certificate of incorporation.

Nothing in our certificate of incorporation restricts our ability to purchase shares of our capital stock. If a purchase by us of shares of our capital stock results in a stockholder’s percentage interest in our outstanding capital stock increasing to over the 5% threshold, such stockholder must deliver the required certification regarding such stockholder’s status as a telecommunications service provider or affiliate of a telecommunications service provider. In addition, to the extent that a repurchase by us of shares of our capital stock causes any stockholder to violate the restrictions on ownership and transfer contained in our certificate of incorporation, that stockholder will be subject to all of the provisions applicable to prohibited owners, including required divestiture and loss of voting rights.

These restrictions and requirements may:

- discourage industry participants that might have otherwise been interested in acquiring us from making a tender offer or proposing some other form of transaction that could involve a premium price for our shares or otherwise be in the best interests of our stockholders; and
- discourage investment in us by other investors who are telecommunications service providers or who may be deemed to be affiliates of a telecommunications service provider, which may decrease the demand for our Class A common stock and cause the market price of our Class A common stock to be lower.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located at 21575 Ridgeway Circle, Sterling, Virginia, 20166, and our telephone number at that address is (571) 434-5400. As of December 31, 2012, we leased approximately 490,000 square feet of space, primarily in the United States, and to a lesser extent in Europe and Costa Rica, in support of general office and sales operations. We do not own any real property. As of February 21, 2013, we believe that our leased facilities have sufficient capacity to meet the current and projected needs of our business. The following table lists our major locations and primary use, by operating segment, where applicable, for continuing operations:

Leased Property Locations	Approximate Square Footage	General Usage
Sterling, VA, United States	192,000	Corporate headquarters
McLean, VA, United States	44,000	Information Services
California, United States	89,000	Carrier, Enterprise and Information Services
Colorado, United States	13,000	Carrier Services
Kentucky, United States	36,000	Carrier and Enterprise Services customer support
Utah, United States	8,000	Information Services
District of Columbia, United States	13,000	General office and sales
Staines, United Kingdom	3,000	Carrier and Enterprise Services
Heredia, Costa Rica	13,000	Information Services

Upon expiration of the property leases, we expect to obtain renewals or to lease alternative space. Lease expiration dates range from 2013 through 2022.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES

Market for Our Common Stock

Since June 29, 2005, our Class A common stock has traded on the New York Stock Exchange under the symbol "NSR." As of February 21, 2013, our Class A common stock was held by 276 stockholders of record. The following table sets forth the per-share range of the high and low sales prices of our Class A common stock as reported on the New York Stock Exchange for the periods indicated:

	<u>High</u>	<u>Low</u>
Fiscal year ended December 31, 2011		
First quarter	\$27.89	\$24.60
Second quarter	\$27.22	\$25.18
Third quarter	\$27.09	\$22.24
Fourth quarter	\$34.73	\$24.79
Fiscal year ended December 31, 2012		
First quarter	\$37.29	\$33.84
Second quarter	\$37.26	\$30.40
Third quarter	\$40.25	\$32.49
Fourth quarter	\$43.20	\$36.59

There is no established public trading market for our Class B common stock. As of February 21, 2013, our Class B common stock was held by 5 stockholders of record.

Dividends

We did not pay any cash dividends on our Class A or Class B common stock in 2011 or 2012 and we do not expect to pay any cash dividends on our common stock for the foreseeable future. Our 2013 Term Facility limits our ability to declare or pay dividends to an amount up to \$100 million per year. We currently intend to retain any future earnings to finance our operations and growth. We are limited by Delaware law in the amount of dividends we can pay. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend on earnings, financial condition, operating results, capital requirements, any contractual restrictions and other factors that our Board of Directors deems relevant.

Purchases of Equity Securities

The following table is a summary of our repurchases of common stock during each of the three months in the quarter ended December 31, 2012:

Month	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)(4)
October 1 through October 31, 2012	248,069	\$39.82	246,400	\$101,683,283
November 1 through November 30, 2012	106,158	39.56	103,800	97,571,878
December 1 through December 31, 2012	263,307	41.74	246,980	87,258,996
Total	<u>617,534</u>	<u>\$40.59</u>	<u>597,180</u>	<u>\$ 87,258,996</u>

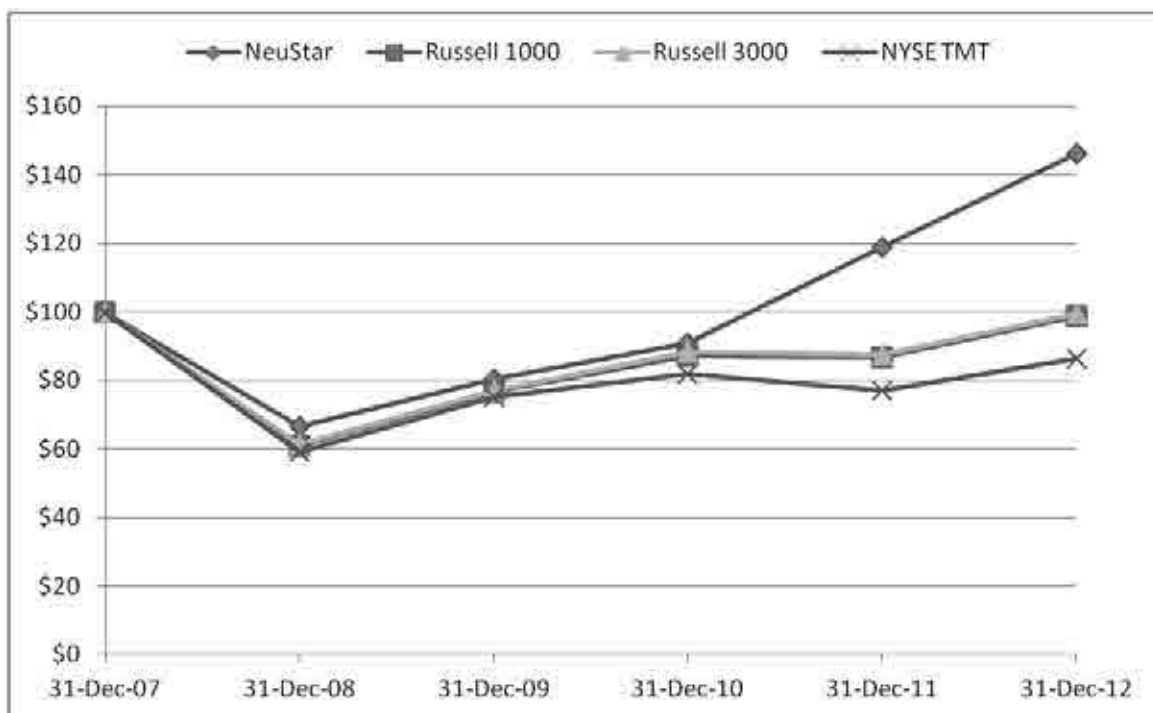
- (1) The number of shares purchased includes shares of common stock tendered by employees to us to satisfy the employees' tax withholding obligations arising as a result of vesting of restricted stock grants under our stock incentive plan. We purchased these shares for their fair market value on the vesting date.
- (2) The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 20,354 shares, all of which relate to shares surrendered to us by employees to satisfy the employees' tax withholding obligations arising as a result of vesting of restricted stock grants under our incentive stock plans.
- (3) On July 28, 2010, we announced the adoption of a share repurchase program. The program authorizes the repurchase of up to \$300 million of Class A common shares through Rule 10b5-1 programs, open market purchases, privately negotiated transactions or otherwise as market conditions warrant, at prices we deem appropriate. The program will expire in July 2013.
- (4) Does not include amounts paid for commissions.

Performance Graph

The following chart compares Neustar's cumulative stockholder return on its common stock over the last five fiscal years compared with \$100 invested in the: (a) Russell 1000 Index, (b) Russell 3000 index and (c) NYSE TMT Index, an Index of Technology, Media and Telecommunications companies, each over that same period. We have moved from the Russell 3000 Index, the index used in previous years, to the Russell 1000. For comparative purposes, both the Russell 1000 and Russell 3000 Indices are reflected in the following chart. We will not include the Russell 3000 Index in next year's performance graph.

The comparison assumes reinvestment of dividends. The stock performance in the graph is included to satisfy our SEC disclosure requirements, and is not intended to forecast or to be indicative of future performance.

This Performance Graph shall not be deemed to be incorporated by reference into our SEC filings and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.



ITEM 6. SELECTED FINANCIAL DATA

The tables below present selected consolidated statements of operations data and selected consolidated balance sheet data for each year in the five year period ended December 31, 2012. The selected consolidated statements of operations data for each of the three years ended December 31, 2010, 2011 and 2012, and the selected consolidated balance sheet data as of December 31, 2011 and 2012, have been derived from, and should be read together with, our audited consolidated financial statements and related notes appearing in this report. The selected consolidated statements of operations data for each of the two years ended December 31, 2008 and 2009, and the selected consolidated balance sheet data as of December 31, 2008, 2009 and 2010, have been derived from our audited consolidated financial statements and related notes not included in this report.

The following information should be read together with, and is qualified in its entirety by reference to, the more detailed information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this report and our consolidated financial statements and related notes in Item 8 of this report.

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Total revenue	\$474,141	\$467,253	\$520,866	\$620,455	\$831,388
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	89,543	99,436	111,282	137,992	185,965
Sales and marketing	62,769	80,676	86,363	109,855	163,729
Research and development	17,325	14,094	13,780	17,509	29,794
General and administrative	50,809	52,491	65,496	96,317	81,797
Depreciation and amortization	29,978	29,852	32,861	46,209	92,955
Restructuring charges	—	974	5,361	3,549	489
	<u>250,424</u>	<u>277,523</u>	<u>315,143</u>	<u>411,431</u>	<u>554,729</u>
Income from operations	223,717	189,730	205,723	209,024	276,659
Other (expense) income:					
Interest and other expense	(15,489)	(5,213)	(6,995)	(6,279)	(34,155)
Interest and other income	13,109	7,491	7,582	1,966	596
	<u>221,337</u>	<u>192,008</u>	<u>206,310</u>	<u>204,711</u>	<u>243,100</u>
Income from continuing operations before income taxes	221,337	192,008	206,310	204,711	243,100
Provision for income taxes, continuing operations	86,943	76,498	82,282	81,137	87,013
	<u>134,394</u>	<u>115,510</u>	<u>124,028</u>	<u>123,574</u>	<u>156,087</u>
Income from continuing operations	134,394	115,510	124,028	123,574	156,087
(Loss) income from discontinued operations, net of tax	(130,100)	(14,369)	(17,819)	37,249	—
	<u>\$ 4,294</u>	<u>\$101,141</u>	<u>\$106,209</u>	<u>\$160,823</u>	<u>\$156,087</u>
Net income					
Basic net income (loss) per common share:					
Continuing operations	\$ 1.81	\$ 1.55	\$ 1.66	\$ 1.69	\$ 2.34
Discontinued operations	(1.75)	(0.19)	(0.24)	0.51	—
	<u>\$ 0.06</u>	<u>\$ 1.36</u>	<u>\$ 1.42</u>	<u>\$ 2.20</u>	<u>\$ 2.34</u>
Basic net income per common share					
Diluted net income (loss) per common share:					
Continuing operations	\$ 1.77	\$ 1.53	\$ 1.63	\$ 1.66	\$ 2.30
Discontinued operations	(1.71)	(0.19)	(0.23)	0.50	—
	<u>\$ 0.06</u>	<u>\$ 1.34</u>	<u>\$ 1.40</u>	<u>\$ 2.16</u>	<u>\$ 2.30</u>
Diluted net income per common share					
Weighted average common shares outstanding:					
Basic	74,350	74,301	74,555	72,974	66,737
Diluted	76,107	75,465	76,065	74,496	67,956

	As of December 31,				
	2008	2009	2010	2011	2012
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	\$161,653	\$342,191	\$345,372	\$ 132,782	\$ 343,921
Working capital	164,636	316,263	345,221	196,442	368,326
Goodwill and intangible assets	134,661	127,206	143,625	910,946	860,665
Total assets	519,166	647,804	733,874	1,382,610	1,526,724
Deferred revenue and customer credits, excluding current portion	11,657	8,923	10,578	10,363	9,922
Long-term note payable and capital lease obligations, excluding current portion	11,933	10,766	4,076	586,727	577,505
Total stockholders' equity	386,653	504,437	596,112	502,634	646,608

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with the information set forth under “Selected Financial Data” in Item 6 of this report and our consolidated financial statements and related notes in Item 8 of this report. The statements in this discussion related to our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements in this discussion, are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in “Risk Factors” in Item 1A of this report and “Business — Cautionary Note Regarding Forward-Looking Statements” in Item 1 of this report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

Revenue growth continued to be strong in 2012. Total revenue for the year increased 34% to \$831.4 million as compared to \$620.5 million in 2011. Of this 34% increase in revenue, our newly formed Information Services segment contributed 22%, while Carrier Services contributed 9% and Enterprise Services contributed 3%. For the first year in our history, less than 50% of our revenue came from our fixed fee contracts to provide number portability services, demonstrating greater diversity in our revenue sources.

During 2012, we integrated TARGUSinfo’s administrative functions with our existing systems and processes. We also made significant progress in the integration of our product development and sales, and sales operations teams across the company. In addition, we began developing a single sales operations platform which we believe will strengthen our ability to cross-sell and up-sell our services to both new and existing customers. Our combined sales force began creating integrated account plans for our top customers, which enabled us to offer a broader suite of services to these customers.

We continued to position ourselves successfully to renew our contracts with NAPM. We believe that the high quality of our services provides us the best opportunity to remain the NPAC administrator of local number portability for the communications industry. During the year, we complied with over 2,200 service level metrics. In addition, we received a record high customer satisfaction score. A final Request for Proposal was published in the first quarter of 2013. We will respond to this final proposal on or before the submission due date, currently in April 2013. In the meantime, we will continue to provide outstanding service in a trusted and neutral manner.

Further, we continued to execute on our capital allocation strategy of returning cash to shareholders through share repurchases. During the year ended December 31, 2012, we repurchased approximately 2.7 million shares of our common stock at an average price of \$36.56 per share for a total of \$98.0 million. As of December 31, 2012, cash, cash equivalents and investments totaled \$343.9 million, an increase of \$208.6 million from December 31, 2011.

Our Company

We are a trusted provider of real-time information and analysis using proprietary and hard to replicate data sets. Our customers use our services for commercial insights that help them promote and protect their businesses.

We were founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. We provide the authoritative solution that the communications industry relies upon to meet this mandate. Since then, we have grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short-codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

We operate in three segments:

- *Carrier Services.* Our carrier services include numbering services, order management services and IP services. Through our set of unique databases and system infrastructure in geographically dispersed data centers, we manage the increasing complexity in the communications industry and ensure the seamless connection of our carrier customers' numerous networks, while also enhancing the capabilities and performance of their infrastructure. We operate the authoritative databases that manage virtually all telephone area codes and numbers, and enable the dynamic routing of calls and text messages among numerous competing carriers in the United States and Canada. All carriers that offer telecommunications services to the public at large in the United States and Canada must access a copy of our unique database to properly route their customers' calls and text messages. We also facilitate order management and work-flow processing among carriers, and allow operators to manage and optimize the addressing and routing of IP communications.
- *Enterprise Services.* Our enterprise services include Internet infrastructure services and registry services. Through our global directory platform, we provide a suite of DNS services to our enterprise customers. We manage a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. We are the authoritative provider of essential registry services and manage directories of similar resources, or addresses, that our customers use for reliable, fair and secure access and connectivity. In addition, enterprise customers rely on our services to monitor and load-test websites to help identify issues and optimize performance. We also provide fixed IP geolocation services that help enterprises identify the location of their online consumers for a variety of purposes, including fraud prevention and marketing. Additionally, we provide directory services for the 5 and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry. We also operate the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers can use to access their entertainment content.
- *Information Services.* Our information services include on-demand solutions that help carriers and enterprises identify, verify, score and locate customers and prospective customers. Our authoritative databases and solutions enable our clients to return the caller name associated with the calling phone number and to make informed decisions in real time about consumer-initiated interactions on the Internet, over the telephone and at the point of sale, by correlating consumer identifier information with attributes such as demographics, buying behaviors and location. This allows our customers to offer consumers more relevant services and products, and leads to higher client conversion rates. Using our proprietary databases, our online display advertising solution allows marketers to display, in real time, advertisements that will be most relevant to online consumers without the need for online behavioral tracking.

Our costs and expenses consist of cost of revenue, sales and marketing, research and development, general and administrative, depreciation and amortization, and restructuring charges.

Cost of revenue includes all direct materials costs, direct labor costs, and indirect costs related to the generation of revenue such as indirect labor, outsourced services, materials and supplies, payment processing fees, and general facilities cost. Our primary cost of revenue is personnel costs associated with service implementation, product maintenance, customer deployment and customer care, including salaries, stock-based compensation and other personnel-related expense. In addition, cost of revenue includes costs relating to developing modifications and enhancements of our existing technology and services, as well as royalties paid related to our U.S. Common Short Code services and registry gateway services. Cost of revenue also includes costs relating to our information technology and systems department, including network costs, data center maintenance, database management, data processing costs and general facilities costs.

Sales and marketing expense consists of personnel costs, such as salaries, sales commissions, travel, stock-based compensation, and other personnel-related expense; costs associated with attending and sponsoring trade

shows; facilities costs; professional fees; costs of marketing programs, such as Internet and print marketing programs, as well as costs for product branding, market analysis and forecasting; and customer relationship management.

Research and development expense consists primarily of personnel costs, including salaries, stock-based compensation and other personnel-related expense; contractor costs; and the costs of facilities, computer and support services used in service and technology development.

General and administrative expense consists primarily of personnel costs, including salaries, stock-based compensation, and other personnel-related expense, for our executive, administrative, legal, finance and human resources functions. General and administrative expense also includes facilities, support services and professional services fees.

Depreciation and amortization relates to amortization of identifiable intangibles, and the depreciation of our property and equipment, including our network infrastructure and facilities related to our services.

Restructuring charges relate to the termination of certain employees and reduction in or closure of leased facilities in some of our international locations.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue and expense during a fiscal period. The SEC considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the audit committee of our Board of Directors, and the audit committee has reviewed our related disclosures in this report.

Although we believe that our judgments and estimates are appropriate and reasonable, actual results may differ from those estimates. In addition, while we have used our best estimates based on the facts and circumstances available to us at the time, we reasonably could have used different estimates in the current period. Changes in the accounting estimates we use are reasonably likely to occur from period to period, which may have a material impact on the presentation of our financial condition and results of operations. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations could be materially affected. See the information in our filings with the SEC from time to time and Item 1A of this report, "Risk Factors," for certain matters that may bear on our results of operations.

Revenue Recognition

As part of our carrier services, we provide wireline and wireless number portability, implement the allocation of pooled blocks of telephone numbers and provide network management services pursuant to seven contracts with NAPM. The aggregate fees for transactions processed under the contracts are determined by an annual fixed-fee pricing model under which the annual fixed fee is subject to an annual price escalator of 6.5%. In the event that the volume of transactions in a given year is above or below the contractually established volume range for that year, the annual fixed fee may be adjusted up or down, respectively. At each reporting period, we assess the volume of transactions in comparison to the contractually established volume range for that year and determine the probability of an adjustment, either up or down, to the annual fixed fee. If we determine

an adjustment is probable and measurable, we record the adjustment to revenue in the reporting period in which our assessment is made. We have not recorded any adjustments to the annual fixed fee since the inception of these contract terms in January 2009.

For more information regarding our revenue recognition policy, please see Note 2 to our Consolidated Financial Statements in Item 8 of Part II of this report.

Service Level Standards

Some of our private commercial contracts require us to meet service level standards and impose corresponding penalties for failure to meet those standards. We record a provision for these performance-related penalties when we become aware that we have failed to meet required service levels, which results in a corresponding reduction of our revenue.

Goodwill

Goodwill represents the excess purchase price paid over the fair value of tangible or identifiable intangible assets acquired and liabilities assumed in our acquisitions. In accordance with the Intangibles-Goodwill and Other Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, we test our goodwill for impairment on an annual basis, or on an interim basis if an event occurs or circumstances change that indicate an impairment may have occurred.

Our 2012 annual goodwill impairment analysis, which we performed for each of our three reporting units as of October 1, 2012, did not result in an impairment charge. We determined the estimated fair value of our reporting units using a discounted cash flow method and the market approach, consistent with the approach we utilized in our analysis performed in 2011. We also considered the estimated fair values of our reporting units relative to our overall market capitalization. To assist in the process of determining fair value, we performed internal valuation analyses, considered other publicly available market information and obtained appraisals from external advisors. Significant assumptions used in the determination of fair value under the discounted cash flow method included assumptions regarding market penetration, estimated future cash flows, risk-adjusted discount rates and long-term growth rates. Significant assumptions used in the determination of fair value under the market approach included the selection of comparable companies.

The key assumptions used in our 2012 annual goodwill impairment test to determine the fair value of our reporting units included: (a) cash flow projections through 2017, which include growth and allocation assumptions for forecasted revenue and expenses; (b) cash flow projections beyond 2017, which assume a long-term growth rate of 3.0%, (c) a discount rate of 12.5% to 14.5% applied to the cash flow projections, which rate was based upon each respective reporting unit's weighted-average cost of capital adjusted for the risks associated with the operations at the time of the assessment; (d) selection of comparable companies used in the market approach; and (e) assumptions in weighting the results of the discounted cash flow method and the market approach valuation techniques.

As of the date of our 2012 annual impairment test, our estimated fair values for each of our Carrier Services, Enterprise Services and Information Services exceeded their respective carrying value. We believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable; however, these estimates are inherently subjective, and there are a number of factors, including factors outside of our control that could cause actual results to differ from our estimates. Changes in estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge.

Any changes to our key assumptions about our businesses and our prospects, or changes in market conditions, could cause the fair value of one of our reporting units to fall below its carrying value, resulting in a

potential impairment charge. In addition, changes in our organizational structure or how our management allocates resources and assesses performance could result in a change of our operating segments or reporting units, requiring a reallocation and impairment analysis of our goodwill. A goodwill impairment charge could have a material effect on our consolidated financial statements because of the significance of goodwill to our consolidated balance sheet. As of December 31, 2012, we had \$128.8 million, \$16.2 million, and \$427.2 million in goodwill for our Carrier Services, Enterprise Services, and Information Services operating segments, respectively.

Accounts Receivable, Revenue Recovery Collections, and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. In accordance with our contracts with NAPM, we bill a Revenue Recovery Collections, or RRC, fee of a percentage of monthly billings to our customers. The aggregate RRC fees collected may be used to offset uncollectible receivables from an individual customer. Beginning July 1, 2005, the RRC fee was 1% of monthly billings. On July 1, 2008, the RRC fee was reduced to 0.75% and further reduced to 0.65% on July 1, 2010. Any accrued RRC fees in excess of uncollectible receivables are paid back to the customers annually on a pro rata basis. All other receivables related to services not covered by the RRC fees are evaluated and, if deemed not collectible, are appropriately reserved.

Income Taxes

We recognize deferred tax assets and liabilities based on temporary differences between the financial reporting bases and the tax bases of assets and liabilities. These deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when such amounts are expected to reverse or be utilized. The realization of deferred tax assets is contingent upon the generation of future taxable income. When appropriate, we recognize a valuation allowance to reduce such deferred tax assets to amounts that are more likely than not to be ultimately realized. The calculation of deferred tax assets, including valuation allowances, and liabilities requires us to apply significant judgment related to such factors as the application of complex tax laws, changes in tax laws and our future operations. We review our deferred tax assets on a quarterly basis to determine if a valuation allowance is required based upon these factors. Changes in our assessment of the need for a valuation allowance could give rise to a change in such allowance, potentially resulting in additional expense or benefit in the period of change.

Our income tax provision includes U.S. federal, state, local and foreign income taxes and is based on pre-tax income or loss. In determining the annual effective income tax rate, we analyzed various factors, including our annual earnings and taxing jurisdictions in which the earnings were generated, the impact of state and local income taxes and our ability to use tax credits and net operating loss carryforwards.

We assess uncertain tax positions and recognize income tax benefits when, based on the technical merits of a tax position, we believe that if a dispute arose with the taxing authority and was taken to a court of last resort, it is more likely than not (i.e., a probability of greater than 50 percent) that the tax position would be sustained as filed. If a position is determined to be more likely than not of being sustained, the reporting enterprise should recognize the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority. Our practice is to recognize interest and penalties related to income tax matters in income tax expense.

We file income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. The tax years 2007 through 2011 remain open to examination by the major taxing jurisdictions to which we are subject. The Internal Revenue Service has initiated an examination of our 2009 federal income tax return. While the ultimate outcome of the audit is uncertain, management does not currently believe that the outcome will have a material adverse effect on our financial position, results of operations or cash flows.

American Taxpayer Relief Act of 2012

On January 2, 2013, President Barack Obama signed into law the “American Taxpayer Relief Act of 2012”, or the Act. While Congress approved a retroactive extension of certain business tax provisions that expired at the end of 2011 and 2012, under U.S. GAAP, the financial accounting effects of the Act are to be reported in the first quarter of calendar year 2013, the quarter in which the legislation was signed into law by the President. We do not believe the Act will have a material effect on our financial position, results of operations or cash flows.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the Compensation — Stock Compensation Topic of the FASB ASC which requires the measurement and recognition of compensation expense for stock-based awards granted to employees based on estimated fair values on the date of grant.

See Note 14 to our Consolidated Financial Statements in Item 8 of Part II of this report for information regarding our assumptions related to stock-based compensation and the amount of stock-based compensation expense we incurred for the years covered in this report.

We estimate the fair value of our restricted stock unit awards based on the fair value of our common stock on the date of grant. Our outstanding restricted stock unit awards are subject to service-based vesting conditions and performance-based vesting conditions. We recognize the estimated fair value of service-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period on a straight-line basis. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee’s continued employment over the vesting period. We recognize the estimated fair value of performance-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period, which considers each performance period or tranche separately, based upon our determination of whether it is probable that the performance targets will be achieved. At each reporting period, we reassess the probability of achieving the performance targets within the related performance period. Determining whether the performance targets will be achieved involves judgment, and the estimate of stock-based compensation expense may be revised periodically based on changes in the probability of achieving the performance targets. If any performance goals are not met, no compensation cost is ultimately recognized against that goal, and to the extent previously recognized, compensation cost is reversed.

During 2012, we revised our estimate of achievement of the performance target related to the PVRsUs granted during 2012 from 100% of target to 130% of target and further revised our estimate of achievement in the fourth quarter of 2012 to 129% of target. These changes in estimates did not have a material impact on our income from continuing operations and the earnings per diluted share from continuing operations, respectively, for the year ended December 31, 2012.

Consolidated Results of Operations

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2012

The following table presents an overview of our results of operations for the years ended December 31, 2011 and 2012.

	Years Ended December 31,			
	2011	2012	2011 vs. 2012	
	\$	\$	\$ Change	% Change
	(in thousands, except per share data)			
Revenue:				
Carrier Services	\$447,894	\$502,085	\$ 54,191	12.1%
Enterprise Services	151,390	170,440	19,050	12.6%
Information Services	21,171	158,863	137,692	650.4%
Total revenue	620,455	831,388	210,933	34.0%
Operating expense:				
Cost of revenue (excluding depreciation and amortization shown separately below)	137,992	185,965	47,973	34.8%
Sales and marketing	109,855	163,729	53,874	49.0%
Research and development	17,509	29,794	12,285	70.2%
General and administrative	96,317	81,797	(14,520)	(15.1)%
Depreciation and amortization	46,209	92,955	46,746	101.2%
Restructuring charges	3,549	489	(3,060)	(86.2)%
	411,431	554,729	143,298	34.8%
Income from operations	209,024	276,659	67,635	32.4%
Other (expense) income:				
Interest and other expense	(6,279)	(34,155)	(27,876)	444.0%
Interest and other income	1,966	596	(1,370)	(69.7)%
Income from continuing operations before income taxes	204,711	243,100	38,389	18.8%
Provision for income taxes, continuing operations	81,137	87,013	5,876	7.2%
Income from continuing operations	123,574	156,087	32,513	26.3%
Income from discontinued operations, net of tax	37,249	—	(37,249)	(100.0)%
Net income	\$160,823	\$156,087	\$ (4,736)	(2.9)%
Basic net income per common share:				
Continuing operations	\$ 1.69	\$ 2.34		
Discontinued operations	0.51	—		
Basic net income per common share	\$ 2.20	\$ 2.34		
Diluted net income per common share:				
Continuing operations	\$ 1.66	\$ 2.30		
Discontinued operations	0.50	—		
Diluted net income per common share	\$ 2.16	\$ 2.30		
Weighted average common shares outstanding:				
Basic	72,974	66,737		
Diluted	74,496	67,956		

Revenue

Total revenue. Total revenue increased \$210.9 million due to a \$54.2 million increase in revenue from our Carrier Services operating segment, a \$19.0 million increase in revenue from our Enterprise Services operating segment, and a \$137.7 million increase in revenue from our Information Services operating segment.

Carrier Services. Revenue from our Carrier Services operating segment increased \$54.2 million due to an increase of \$46.6 million in revenue from Numbering Services. The \$46.6 million increase in revenue from Numbering Services was primarily the result of a \$45.1 million increase in the fixed fee established under our contracts to provide NPAC Services. In addition, Order Management Services, or OMS, revenue increased \$5.7 million primarily due to our acquisition of numbering assets completed in the third quarter of 2011.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$19.0 million due to an increase of \$11.3 million in revenue from Registry Services. This increase was due to continued growth in the number of common short codes and domain names under management and revenue from system enhancements. In addition, revenue from Internet Infrastructure Services, or IIS, increased \$7.8 million primarily due to increased demand for our DNS solutions to direct and manage Internet traffic.

Information Services. On November 8, 2011, we completed the acquisition of TARGUSinfo and established Information Services as a new operating segment. Revenue from our Information Services operating segment from the acquisition date through December 31, 2011 was \$21.2 million, comprised of \$13.9 million in Identification Services, \$4.5 million in Verification & Analytics Services, and \$2.8 million in Local Search & Licensed Data Services. During the year ended December 31, 2012, revenue from our Information Services operating segment was \$158.9 million, comprised of \$93.2 million in Identification Services, \$45.5 million in Verification and Analytics Services, and \$20.2 million in Local Search & Licensed Data Services.

Expense

Cost of revenue. Cost of revenue increased \$48.0 million, including \$26.5 million of operating costs related to acquisitions completed in 2011. The overall increase of \$48.0 million was due in part to a \$17.9 million increase in personnel and personnel-related expense. This increase in personnel and personnel-related expense was due to increased headcount in our technology teams to support system enhancements for new and existing service offerings. In addition, costs relating to our information technology and systems, including data processing costs, telecommunications, and maintenance costs, increased \$19.2 million due to growth in our revenue. Furthermore, royalty expense increased \$7.3 million due to revenue growth and contractor costs increased \$3.6 million as a result of increased costs incurred to augment our technology teams in connection with new product enhancements.

Sales and marketing. Sales and marketing expense increased \$53.9 million, including \$40.3 million of operating costs related to acquisitions completed in 2011. The overall increase of \$53.9 million in sales and marketing expense was due to a \$42.9 million increase in personnel and personnel-related expense related to the expansion of our sales and marketing teams to support our new and expanded service offerings. In addition, advertising and external marketing costs increased \$6.2 million to fund efforts to increase brand awareness and costs related to general facilities increased \$4.7 million in support of our expanded sales and marketing teams.

Research and development. Research and development expense increased \$12.3 million, including \$9.9 million of operating costs related to acquisitions completed in 2011. The overall increase of \$12.3 million in research and development expense was due to an increase of \$9.6 million in personnel and personnel-related to support service and technology development. In addition, general facilities costs increased \$1.9 million.

General and administrative. General and administrative expense decreased \$14.5 million, including \$6.2 million in operating costs related to acquisitions completed in 2011. The overall decrease of \$14.5 million was due to \$16.3 million in contractor and professional fees primarily due to a decrease of \$11.6 million in

acquisition and acquisition related costs incurred in 2011 and \$2.4 million in direct costs incurred in connection with the modified Dutch auction tender offer we announced and completed in the fourth quarter of 2011. In addition, personnel and personnel related costs decreased \$1.1 million, comprised of a \$5.5 million decrease in stock-based compensation expense, partially offset by an increase of \$4.4 million related to headcount additions to support business operations. Of this \$5.5 million decrease in stock-based compensation expense, \$5.4 million resulted from higher expense recorded during 2011 for the departure of certain senior executives for which there was no corresponding expense in 2012. These decreases were partially offset by an increase of \$2.9 million in general facilities costs.

Depreciation and amortization. Depreciation and amortization expense increased \$46.7 million, including \$47.7 million in expense related to acquisitions completed in 2011. The overall increase of \$46.7 million in expense was due to an increase in amortization expense of \$38.2 million as a result of the amortization of intangible assets acquired in connection with acquisitions. In addition, depreciation expense increased \$8.6 million due to acquisitions of new property and equipment, including furniture and fixtures and leasehold improvements.

Restructuring charges. Restructuring charges decreased \$3.1 million due to a decrease in severance and severance-related expense of \$2.6 million attributable to our 2011 domestic work-force reduction initiated in the fourth quarter of 2011 and \$0.4 million attributable to our 2010 management transition plan.

Interest and other expense. Interest and other expense increased \$27.9 million due to a \$29.4 million increase in interest expense attributable to our 2011 Credit Facilities, including amortization of related deferred financing costs. This increase was partially offset by a net decrease of \$1.0 million in loss on asset disposals and a net decrease of \$0.5 million in foreign currency losses.

Interest and other income. Interest and other income decreased \$1.4 million due to a decrease of \$0.7 million in realized gains for our available-for-sale securities sold during 2011 and a decrease of \$0.7 million in interest income resulting from a lower yield related to our investments and lower amount of cash invested.

Provision for income taxes, continuing operations. Our effective tax rate for the year ended December 31, 2012 decreased to 35.8% from 39.6% for the year ended December 31, 2011. This decrease includes \$6.8 million of discrete items recorded during 2012 primarily due to a net tax benefit related to our domestic production activities deduction and utilization of foreign tax credits against federal income taxes. During 2012, we completed our analysis of our domestic production activities deduction which resulted in a net tax benefit of \$6.1 million for years 2008 through 2011, and a tax benefit of \$2.6 million for the year ended December 31, 2012. The decrease in our effective tax rate was partially offset by a current period change in estimate attributed to a worthless stock loss deduction of Neustar NGM Services, Inc., or NGM Services. Decreases in our effective tax rate were also partially offset by benefits recorded in 2011 related to the realizability of net operating losses associated with the acquisition of Quova, Inc. and federal research tax credits. Excluding discrete tax benefits primarily associated with the domestic production activities deduction, our effective tax rate was approximately 38.6% for the year ended December 31, 2012.

Income from discontinued operations, net of tax. During the second quarter of 2011, we completed our plan to wind down and cease operations of our former Converged Messaging Services business, following the sale in February 2011 of certain assets and liabilities of NGM Services and its subsidiaries. The financial results for the years ended December 31, 2011 and 2012 reflect the results of operations, net of tax, of the Converged Messaging Services business as discontinued operations. We treated the common stock of NGM Services as worthless for U.S. income tax purposes in our 2011 U.S. federal and state income tax returns. We recorded a discrete income tax benefit of \$42.7 million in the year ended December 31, 2011. See Note 3 to our accompanying consolidated financial statements for more information regarding these discontinued operations.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to consolidated income from continuing operations for the years ended December 31, 2011 and 2012.

	Year Ended December 31,			
	2011	2012	2011 vs. 2012	
	\$	\$	\$ Change	% Change
	(dollars in thousands)			
Revenue:				
Carrier Services	\$447,894	\$502,085	\$ 54,191	12.1%
Enterprise Services	151,390	170,440	19,050	12.6%
Information Services	21,171	158,863	137,692	650.4%
Total revenue	<u>\$620,455</u>	<u>\$831,388</u>	<u>\$210,933</u>	34.0%
Segment contribution:				
Carrier Services	\$391,000	\$438,213	\$ 47,213	12.1%
Enterprise Services	65,080	73,466	8,386	12.9%
Information Services	12,583	77,291	64,708	514.2%
Total segment contribution	<u>468,663</u>	<u>588,970</u>	<u>120,307</u>	25.7%
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	83,990	98,777	14,787	17.6%
Sales and marketing	17,340	23,632	6,292	36.3%
Research and development	16,234	16,644	410	2.5%
General and administrative	92,317	79,814	(12,503)	(13.5)%
Depreciation and amortization	46,209	92,955	46,746	101.2%
Restructuring charges	3,549	489	(3,060)	(86.2)%
Consolidated income from operations	<u>\$209,024</u>	<u>\$276,659</u>	<u>\$ 67,635</u>	32.4%

Segment contribution is determined based on internal performance measures used by the chief operating decision maker, or CODM, to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the years ended December 31, 2011 and 2012:

Carrier Services. Revenue from our Carrier Services operating segment increased \$54.2 million due to an increase of \$46.6 million in revenue from Numbering Services. The \$46.6 million increase in revenue from Numbering Services was primarily the result of a \$45.1 million increase in the fixed fee established under our contracts to provide NPAC Services. In addition, OMS revenue increased \$5.7 million primarily due to our acquisition of numbering assets completed in the third quarter of 2011. Segment operating costs for Carrier Services totaled \$63.9 million, an increase of \$7.0 million. This increase in segment operating costs was to support the increased OMS revenue. In particular, personnel and personnel-related expense increased \$6.5 million due to increased headcount attributable to the acquisition of numbering assets completed in the third quarter of 2011 and to support revenue growth. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$438.2 million, an increase of \$47.2 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$19.0 million due to an increase of \$11.3 million in revenue from Registry Services. This increase was due to continued growth in the number of common short codes and domain names under management and revenue from system enhancements. In addition, revenue from IIS increased \$7.8 million primarily due to increased demand for our DNS solutions to direct and manage Internet traffic. Segment operating costs for Enterprise Services totaled \$97.0 million, an increase of \$10.7 million. This increase in segment operating costs was due to an increase of \$3.6 million in personnel and personnel-related expense, an increase of \$3.3 million in royalty expense driven by increased revenue from managing a larger number of common short codes, and an increase of \$2.1 million in marketing expense to support brand awareness. Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$73.5 million, an increase of \$8.4 million.

Information Services. On November 8, 2011, we completed the acquisition of TARGUSinfo and established Information Services as a new operating segment. Revenue from our Information Services operating segment from acquisition date through December 31, 2011 was \$21.2 million, comprised of \$13.9 million in Identification Services, \$4.5 million in Verification & Analytics Services, and \$2.8 million in Local Search & Licensed Data Services. During the year ended December 31, 2012, revenue from our Information Services operating segment was \$158.9 million, comprised of \$93.2 million in Identification Services, \$45.5 million in Verification and Analytics Services, and \$20.2 million in Local Search & Licensed Data Services. Segment operating costs for Information Services totaled \$8.6 million from the acquisition date of November 8, 2011 through December 31, 2011, compared to \$81.6 million for the year ended December 31, 2012. This increase in segment operating costs was due to a full year of operations as compared to the period of time from the acquisition date through December 31, 2011. In particular, personnel and personnel related expense increased \$52.9 million, costs related to our information technology and systems increased \$12.2 million, general facilities costs increased \$7.0 million and advertising and external marketing costs increased \$1.0 million. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$77.3 million, an increase of \$64.7 million.

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2011

The following table presents an overview of our results of operations for the years ended December 31, 2010 and 2011.

	Years Ended December 31,			
	2010	2011	2010 vs. 2011	
	\$	\$	\$ Change	% Change
	(in thousands, except per share data)			
Revenue:				
Carrier Services	\$391,762	\$447,894	\$56,132	14.3%
Enterprise Services	129,104	151,390	22,286	17.3%
Information Services	—	21,171	21,171	100.0%
Total revenue	520,866	620,455	99,589	19.1%
Operating expense:				
Cost of revenue (excluding depreciation and amortization shown separately below)	111,282	137,992	26,710	24.0%
Sales and marketing	86,363	109,855	23,492	27.2%
Research and development	13,780	17,509	3,729	27.1%
General and administrative	65,496	96,317	30,821	47.1%
Depreciation and amortization	32,861	46,209	13,348	40.6%
Restructuring charges	5,361	3,549	(1,812)	(33.8)%
	315,143	411,431	96,288	30.6%
Income from operations	205,723	209,024	3,301	1.6%
Other (expense) income:				
Interest and other expense	(6,995)	(6,279)	716	(10.2)%
Interest and other income	7,582	1,966	(5,616)	(74.1)%
Income from continuing operations before income taxes	206,310	204,711	(1,599)	(0.8)%
Provision for income taxes, continuing operations	82,282	81,137	(1,145)	(1.4)%
Income from continuing operations	124,028	123,574	(454)	(0.4)%
(Loss) income from discontinued operations, net of tax	(17,819)	37,249	55,068	(309.0)%
Net income	\$106,209	\$160,823	\$54,614	51.4%
Basic net income (loss) per common share:				
Continuing operations	\$ 1.66	\$ 1.69		
Discontinued operations	(0.24)	0.51		
Basic net income per common share	\$ 1.42	\$ 2.20		
Diluted net income (loss) per common share:				
Continuing operations	\$ 1.63	\$ 1.66		
Discontinued operations	(0.23)	0.50		
Diluted net income per common share	\$ 1.40	\$ 2.16		
Weighted average common shares outstanding:				
Basic	74,555	72,974		
Diluted	76,065	74,496		

Revenue

Total revenue. Total revenue increased \$99.6 million due to a \$56.1 million increase in revenue from our Carrier Services operating segment, a \$22.3 million increase in revenue from our Enterprise Services operating segment, and revenue of \$21.2 million from our Information Services operating segment.

Carrier Services. Revenue from our Carrier Services operating segment increased \$56.1 million due to an increase of \$36.1 million in revenue from our Numbering Services, an increase of \$16.0 million in OMS revenue, and an increase of \$4.0 million from our IP Services. The \$36.1 million increase in revenue from our Numbering Services was primarily the result of a \$43.5 million increase in the fixed fee established under our contracts to provide NPAC services, partially offset by a decrease of \$6.2 million in system enhancements and functionality requested by our Numbering Services customers and a decrease of \$2.0 million in revenue from our international LNP solutions. The increase in our OMS revenue was due to greater usage from existing customers and the acquisition of numbering assets completed in the third quarter of 2011. The increase in IP Services revenue was primarily due to an increase of \$2.0 million in revenue from our GSMA PathFinder services, and transition services revenue of \$0.8 million pursuant to the sale of certain assets and liabilities of our Converged Messaging Services business. These transition services were completed as of June 30, 2011. There was no corresponding transition services revenue in 2010.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$22.3 million due to an increase of \$13.9 million in revenue from our IIS. This was primarily driven by increased demand from existing and new customers for our expanded service offerings, such as fixed IP geolocation database services. In addition, Registry Services revenue increased \$8.4 million due to an increase in the number of common short codes and domain names under management.

Information Services. On November 8, 2011, we completed the acquisition of TARGUSinfo and established Information Services as a new operating segment. Revenue from our Information Services operating segment from acquisition date through December 31, 2011 was \$21.2 million, comprised of \$13.9 million in Identification Services, \$4.5 million in Verification & Analytics Services, and \$2.8 million in Local Search & Licensed Data Services.

Expense

Cost of revenue. Cost of revenue increased \$26.7 million primarily due to an increase in personnel and personnel-related expense of \$12.5 million due to headcount additions related to our licensed order management services, fixed IP geolocation services and Information Services. In addition, cost of revenue increased \$5.8 million in general facility costs primarily due to additional telecommunications and maintenance costs resulting from the addition of our fixed IP geolocation services, as well as increased costs for our customer support operations. Contractor costs increased \$5.2 million primarily due to increased costs incurred for customer deployment and customer support. Royalty expense increased \$4.2 million for our Registry Services related to the increase in revenue from managing a larger number of common short codes. These increases were partially offset by a decrease of \$1.1 million in other direct costs related to setup and implementation services.

Sales and marketing. Sales and marketing expense increased \$23.5 million primarily due to an increase of \$21.9 million in personnel and personnel-related expense for our expanded sales and marketing teams for our Information Services, fixed IP geolocation services, and other new services. In addition, contractor costs increased \$2.7 million to support our growth as we increased our brand awareness and increased our portfolio of services, such as the addition of our fixed IP geolocation services. These increases were partially offset by a decrease of \$1.2 million in general facility costs.

Research and development. Research and development expense increased \$3.7 million due to an increase of \$4.6 million in personnel and personnel-related expense related to the expansion and development of new network services and our new Information Services operating segment, partially offset by a decrease of \$0.7 million in contractor costs.

General and administrative. General and administrative expense increased \$30.8 million primarily due to an increase of \$15.3 million in contractor and professional fees attributable to an increase of \$6.4 million in acquisition and acquisition related costs and \$2.4 million in direct costs incurred in connection with the modified Dutch auction tender offer we announced and completed in the fourth quarter of 2011. In addition, personnel and personnel-related expense increased \$12.2 million, primarily as a result of headcount additions to our teams from acquisitions and to support business operations and an increase of \$6.0 million in stock-based compensation expense resulting from the fair value measurement of stock-based awards attributable to the change in employment status of former executives. Furthermore, general facility costs increased \$3.3 million primarily due to office expansions related to the relocation of our corporate headquarters and the acquisition of fixed IP geolocation assets and our Information Services business.

Depreciation and amortization. Depreciation and amortization expense increased \$13.3 million due to an increase in amortization expense of \$7.4 million as a result of the amortization of intangible assets acquired in connection with the acquisitions of our Information Service business, licensed order management assets and fixed IP geolocation assets. In addition, depreciation expense increased \$6.0 million due to the acquisition of new property and equipment, including furniture and fixtures and leasehold improvements related to the relocation of our corporate headquarters and acquisitions.

Restructuring charges. Restructuring charges decreased \$1.8 million due to a decrease of \$3.3 million in severance and severance-related expense attributed to our 2010 management transition plan and a decrease of \$1.6 million in severance and severance-related expense attributed to our 2009 restructuring plan to relocate certain operations and support functions to Kentucky. These decreases in restructuring charges were partially offset by severance and severance-related expense of \$3.1 million attributed to our domestic work-force reduction initiated in the fourth quarter of 2011.

Interest and other expense. Interest and other expense decreased \$0.7 million primarily due to a decrease in trading losses of \$6.9 million recorded in connection with our auction rate securities rights in 2010. As a result of the settlement of our auction rate securities and associated rights in 2010, there were no associated trading losses recorded in 2011. The decrease in interest and other expense was partially offset by an increase of \$4.4 million in interest expense attributed to our 2011 Credit Facilities, including amortization of related deferred financing costs. In addition, losses recorded in connection with asset disposals increased \$1.1 million and foreign currency losses increased \$0.6 million.

Interest and other income. Interest and other income decreased \$5.6 million primarily due to a decrease in trading gains of \$7.0 million recorded in connection with our auction rate securities settled in 2010, partially offset by an increase of \$0.7 million in interest income and \$0.7 million in realized gains for our available-for-sale securities sold during 2011.

Provision for income taxes, continuing operations. Our annual effective tax rate from continuing operations decreased to 39.6% for the year ended December 31, 2011 from 39.9% for the year ended December 31, 2010 primarily due to a benefit resulting from federal research tax credits and a change in estimate of the realizability of acquired Quova, Inc. net operating losses, partially offset by settlement of our IRS examination and TARGUSinfo acquisition-related costs and stock repurchase costs that are nondeductible for tax purposes.

(Loss) income from discontinued operations, net of tax. During the second quarter of 2011, we completed our plan to wind down and cease operations of our Converged Messaging Services business, following the sale in February 2011 of certain assets and liabilities of NGM Services and its subsidiaries. The financial results for the years ended December 31, 2010 and 2011 reflect the results of operations, net of tax, of the Converged Messaging Services business as discontinued operations. We treated the common stock of NGM Services as worthless for U.S. income tax purposes in our 2011 U.S. federal and state income tax returns. We recorded a discrete income tax benefit of \$42.7 million in the year ended December 31, 2011. In addition, our loss from discontinued operations before taxes significantly declined from prior year due to the wind down of operations during 2011. See Note 3 to our accompanying consolidated financial statements for more information regarding these discontinued operations.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to consolidated income from continuing operations for the years ended December 31, 2010 and 2011.

	Year Ended December 31,			
	2010	2011	2010 vs. 2011	
	\$	\$	\$ Change	% Change
	(dollars in thousands)			
Revenue:				
Carrier Services	\$391,762	\$447,894	\$56,132	14.3%
Enterprise Services	129,104	151,390	22,286	17.3%
Information Services	—	21,171	21,171	100.0%
Total revenue	<u>\$520,866</u>	<u>\$620,455</u>	<u>\$99,589</u>	19.1%
Segment contribution:				
Carrier Services	\$352,317	\$391,000	\$38,683	11.0%
Enterprise Services	59,284	65,080	5,796	9.8%
Information Services	—	12,583	12,583	100.0%
Total segment contribution	<u>411,601</u>	<u>468,663</u>	<u>57,062</u>	13.9%
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	75,690	83,990	8,300	11.0%
Sales and marketing	16,345	17,340	995	6.1%
Research and development	11,871	16,234	4,363	36.8%
General and administrative	63,750	92,317	28,567	44.8%
Depreciation and amortization	32,861	46,209	13,348	40.6%
Restructuring charges	5,361	3,549	(1,812)	(33.8)%
Consolidated income from operations	<u>\$205,723</u>	<u>\$209,024</u>	<u>\$ 3,301</u>	1.6%

Segment contribution is determined based on internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the years ended December 31, 2010 and 2011:

Carrier Services. Revenue from our Carrier Services operating segment increased \$56.1 million due to an increase of \$36.1 million in revenue from our Numbering Services, an increase of \$16.0 million in OMS revenue, and an increase of \$4.0 million from our IP Services. The \$36.1 million increase in revenue from our Numbering Services was primarily the result of a \$43.5 million increase in the fixed fee established under our contracts to provide NPAC Services, partially offset by a decrease of \$6.2 million in system enhancements and functionality requested by our Numbering Services customers and a decrease of \$2.0 million in revenue from our international LNP solutions. The increase in our OMS revenue was due to greater usage from existing customers and the acquisition of numbering assets completed in the third quarter of 2011. The increase in IP Services revenue was primarily due to an increase of \$2.0 million in revenue from our GSMA PathFinder services, and transition services revenue of \$0.8 million pursuant to the sale of certain assets and liabilities of our Converged Messaging Services business. Segment operating costs for Carrier Services totaled \$56.9 million, an increase of

\$17.4 million driven by an increase of \$13.5 million in personnel and personnel-related expense due to headcount additions related to the acquisition of numbering assets completed in 2011 and expanded sales and marketing teams. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$391.0 million, an increase of \$38.7 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$22.3 million primarily due to an increase of \$13.9 million in revenue from our IIS. This was primarily driven by increased demand from existing and new customers for our expanded service offerings, such as fixed IP geolocation database services. In addition, Registry Services revenue increased \$8.4 million due to an increase in the number of common short codes and domain names under management. Segment operating costs for Enterprise Services totaled \$86.3 million, an increase of \$16.5 million. This increase in segment operating costs was to support the increased revenue and the acquisition of fixed IP geolocation assets. In particular, personnel and personnel-related expense increased \$10.1 million, general facilities costs increased \$3.4 million, and royalty expense increased \$2.9 million driven by increased revenue from managing a larger number of common short codes. Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$65.1 million, an increase of \$5.8 million.

Information Services. In the fourth quarter of 2011, we completed the acquisition of TARGUSinfo. Revenue from this acquisition is included in Information Services, a new operating segment, since the date of acquisition. Revenue from our Information Services operating segment included \$13.9 million in Identification Services, \$4.5 million in Verification & Analytics Services, and \$2.8 million in Local Search & Licensed Data Services. Segment operating costs for Information Services totaled \$8.6 million and included \$5.9 million in personnel and personnel-related expense and \$2.4 million in costs related to our information technology and systems. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$12.6 million.

Consolidated Results of Operations

We operate in three operating segments — Carrier Services, Enterprise Services and Information Services. We have provided consolidated results of operations for our Carrier Services operating segment, our Enterprise Services operating segment and our Information Services operating segment. For further discussion of the operating results of our operating segments, including revenue, segment contribution, consolidated income from continuing operations, and enterprise-wide related disclosures, see Note 17 to our Consolidated Financial Statements in Item 8 of Part II of this report.

Liquidity and Capital Resources

Our principal source of liquidity is cash provided by operating activities. Our principal uses of cash have been to fund share repurchases, capital expenditures and debt service requirements. We anticipate that our principal uses of cash in the future will be for share repurchases, capital expenditures, debt service requirements and acquisitions.

Total cash, cash equivalents and investments were \$343.9 million at December 31, 2012, an increase of \$208.6 million from \$135.3 million at December 31, 2011. This increase in cash, cash equivalents and investments was primarily due to cash provided by operations.

We believe that our existing cash and cash equivalents, short-term investments, and cash from operations will be sufficient to fund our operations for the next twelve months.

2011 Credit Facilities

On November 8, 2011, we entered into a credit agreement establishing a credit facility that included: (1) a \$600 million senior secured term loan facility, or 2011 Term Facility; and (2) a \$100 million senior secured revolving credit facility, or 2011 Revolving Facility, and together with the 2011 Term Facility, the 2011 Credit Facilities. The maturity date of the 2011 Revolving Facility was November 8, 2016, and the maturity date of the 2011 Term Facility was November 8, 2018. The entire \$600 million 2011 Term Facility was borrowed on November 8, 2011, and used to fund a portion of the acquisition of TARGUSinfo and to pay costs, fees and expenses incurred in connection with the acquisition. We did not borrow any amounts under the 2011 Revolving Facility in the years ended December 31, 2011 and 2012. As of December 31, 2012, available borrowings under the 2011 Revolving Facility were reduced by outstanding letters of credit totaling \$7.8 million. On January 22, 2013, we refinanced this credit facility. See Subsequent Event — Debt Refinancing below.

Principal payments under the 2011 Term Facility of \$1.5 million were due on the last day of the quarter starting on December 31, 2011 and ending on September 30, 2018. The remaining 2011 Term Facility principal balance of \$558.0 million was due in full on November 8, 2018, subject to early mandatory prepayments. The loans outstanding under the credit facility bore interest, at our option, either: (1) at the base rate, which was defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal as the “U.S. Prime Rate” and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; *provided* that the base rate for loans under the 2011 Term Facility was deemed to be not less than 2.25% per annum or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin was (1) in respect of the 2011 Term Facility, 2.75% per annum for borrowings based on the base rate and 3.75% per annum for borrowings based on the LIBOR rate, and (2) in respect of the 2011 Revolving Facility, 2.50% per annum for borrowings based on the base rate and 3.50% per annum borrowings based on the LIBOR rate. The accrued interest under the 2011 Term Facility was payable quarterly beginning on February 8, 2012. As of December 31, 2012, the annual interest rate on the 2011 Term Facility was 5%. The accrued interest under the 2011 Revolving Facility was due on the last day of the quarter starting on December 31, 2011.

The 2011 Term Facility had a 1% prepayment fee in the event it was refinanced within the first year of issuance. The 2011 Credit Facilities provided for mandatory prepayments with the net cash proceeds of certain debt issuances, equity issuances, insurance receipts, dispositions and excess cash flows. Mandatory prepayments attributable to excess cash flows were based on our leverage ratio and determined at the end of each fiscal year, beginning with the year ended December 31, 2012. A leverage ratio of 1.5x or higher would have triggered mandatory prepayments of 25% or 50% of excess cash flow.

As of December 31, 2012, our outstanding principal balance under the 2011 Term Facility was \$592.5 million and accrued interest was zero. See Subsequent Event — Debt Refinancing below.

Subsequent Event — Debt Refinancing

On January 22, 2013, we entered into a credit facility that provided for a \$325 million senior secured term loan facility, or 2013 Term Facility, and a \$200 million senior secured revolving credit facility, or the 2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities. In addition, we closed an offering of \$300 million aggregate principal amount of senior notes, or Notes. We used the proceeds received from the 2013 Term Facility and Notes to repay our outstanding principal borrowings of \$592.5 million under the 2011 Term Facility. Our 2011 Credit Facilities were terminated in connection with this refinancing event.

For further discussion of this debt refinancing, see Note 9 to our Consolidated Financial Statements in Item 8 of Part II of this report.

Discussion of Cash Flows

2012 compared to 2011

Cash flows from operations

Net cash provided by operating activities for the year ended December 31, 2012 was \$303.6 million, as compared to \$226.4 million for the year ended December 31, 2011. This \$77.2 million increase in net cash provided by operating activities was the result of a decrease in net income of \$4.7 million, an increase in non-cash adjustments of \$21.7 million, and an increase in net changes in operating assets and liabilities of \$60.2 million.

Net income decreased \$4.7 million due in part to a decrease of \$37.2 million in income from discontinued operations, net of tax, recorded in 2011 and for which there was no corresponding amount in 2012. The income from discontinued operations, net of tax, recorded in 2011 included a \$42.7 million worthless stock deduction for the common stock of Neustar NGM Services, Inc. This decrease of \$37.2 million was partially offset by an increase of \$27.9 million in interest and other expense related to our 2011 Credit Facilities.

Non-cash adjustments increased \$21.7 million due in part to an increase of \$46.1 million in depreciation and amortization expense, an increase of \$3.3 million in the amortization of our deferred financing costs and original debt discount from our 2011 Credit Facilities, and an increase of \$1.5 million in our provision for doubtful account. This increase in non-cash adjustments was partially offset by a decrease of \$21.0 million in deferred income taxes, a decrease of \$4.5 million in excess tax benefits from stock option exercises, a decrease of \$2.4 million in the net amortization of investment premium and a \$1.9 million in loss on sale recorded in the first quarter of 2011 attributable to the sale of certain assets liabilities of our Converged Messaging Services business.

Net changes in operating assets and liabilities increased \$60.2 million primarily due to a decrease of \$59.1 million in income taxes receivable, primarily the result of the tax benefit we recorded in the first quarter of 2011 in connection with a worthless stock loss deduction, a decrease of \$20.4 million in prepaid expenses and other current assets, a net decrease of \$7.7 million in notes receivable, and an increase of \$6.6 million in deferred revenue. These increases in net changes in operating assets and liabilities were partially offset by a net change of \$30.2 million attributable to net increases in accounts and unbilled receivables, a net change of \$9.1 million attributable to increases in accounts payable and accrued expenses, and a net change of \$3.3 million attributable to a decrease in accrued restructuring reserve.

Cash flows from investing

Net cash used in investing activities for the year ended December 31, 2012 was \$43.6 million, as compared to \$706.4 million for the year ended December 31, 2011. This \$662.8 million decrease in net cash used in investing activities was primarily due to a decrease of \$696.3 million in cash used for acquisitions and a decrease of \$79.7 million in investment purchases. These decreases in net cash used in investing activities were partially offset by a decrease of \$105.8 million in cash received from the sale and maturities of investments and an increase of \$7.3 million in cash used to purchase property and equipment.

Cash flows from financing

Net cash used in financing activities was \$41.9 million for the year ended December 31, 2012, as compared to cash provided by financing activities of \$270.9 million for year ended December 31, 2011. This \$312.8 million increase in net cash used in financing activities was primarily due to a decrease of \$591.0 million in cash received under our 2011 Credit Facilities, an increase of \$8.6 million in cash used for the repurchase of restricted stock awards attributable to participants' electing to use stock to satisfy their tax withholdings, and an increase of \$4.5 million in cash used for principal repayments on our 2011 Credit Facilities. These increases in cash used in financing activities were partially offset by a decrease of \$226.3 million in cash used to repurchase shares of our Class A common stock under our share repurchase programs, a decrease of \$20.4 million in debt issuance costs

attributed to our 2011 Credit Facilities, an increase of \$19.8 million in proceeds from the exercise of stock options, a net change of \$16.6 million attributable to a decrease in restricted cash, an increase of \$4.5 million in excess tax benefits from stock-based compensation, and a reduction of \$3.7 million in cash used in principal repayments on capital lease obligations.

2011 compared to 2010

Cash flows from operations

Net cash provided by operating activities for the year ended December 31, 2011 was \$226.4 million, as compared to \$144.8 million for the year ended December 31, 2010. This \$81.6 million increase in net cash provided by operating activities was the result of an increase in net income of \$54.6 million, an increase in non-cash adjustments of \$29.4 million, and a decrease in net changes in operating assets and liabilities of \$2.4 million.

Net income increased \$54.6 million primarily due to a change of \$55.1 million in the income tax benefit from discontinued operations. In the first quarter of 2011, we recorded a tax benefit of \$42.7 million related to a worthless stock loss deduction for the common stock of NGM Services.

Non-cash adjustments increased \$29.4 million due to an increase of \$19.5 million in deferred income taxes, an increase of \$9.8 million in stock-based compensation, an increase of \$6.7 million in depreciation and amortization expense, an increase of \$3.0 million in amortization of investment premiums, and a \$1.9 million loss-on-sale attributable to the sale of certain assets and liabilities of our Converged Messaging Services business in the first quarter of 2011. These increases in non-cash adjustments were partially offset by a decrease of \$8.5 million attributed to an impairment of long-lived assets of our Converged Messaging Services business recorded in 2010, and a decrease of \$2.9 million in excess tax benefits from stock option exercises.

Net changes in operating assets and liabilities decreased \$2.4 million primarily due to an increase of \$18.8 million in income taxes receivable, primarily the result of the tax benefit we recorded in the first quarter of 2011 in connection with a deduction for the loss on worthless stock, a decrease of \$10.0 million in other liabilities, and an increase of \$7.7 million in prepaid expenses and other current assets. In addition, deferred costs increased \$3.7 million and notes receivable increased \$3.4 million. These decreases in net changes in operating assets and liabilities were partially offset by a net change of \$25.2 million attributable to net increases in accounts payable and accrued expenses during 2011 as compared to decreases in 2010, and a net change of \$20.2 million attributable to net decreases in accounts and unbilled receivables during 2011 as compared to increases in 2010.

Cash flows from investing

Net cash used in investing activities for the year ended December 31, 2011 was \$706.4 million, as compared to \$72.8 million for the year ended December 31, 2010. This \$633.6 million increase in net cash used in investing activities was primarily due to an increase of \$673.9 million in cash used for acquisitions, an increase of \$30.5 million in investment purchases, and an increase \$7.7 million in cash used for purchases of property and equipment. These increases in net cash used in investing activities were partially offset by the increase of \$78.4 million in cash received from the sales of investments.

Cash flows from financing

Net cash provided by financing activities was \$270.9 million for the year ended December 31, 2011, as compared to net cash used in financing activities of \$45.0 million for the year ended December 31, 2010. This \$315.9 million increase in net cash provided by financing activities was primarily the result of net proceeds of \$591.0 million from our 2011 Credit Facilities, and an increase of \$31.5 million in proceeds from the exercise of

stock options and a reduction of \$5.0 million in cash used in principal repayments on capital lease obligations. These increases in cash provided by financing activities were partially offset by an increase of \$283.9 million in cash used to repurchase shares of our Class A common stock under our share repurchase programs, an increase of \$20.4 million in debt issuance costs, and a net increase of \$8.8 million in restricted cash primarily used to collateralize our outstanding letters of credit.

Contractual Obligations

Our principal commitments consist of obligations under our 2013 Notes, 2013 Credit Facilities, leases for office space, computer equipment and furniture and fixtures, and deferred tax liabilities. The following table summarizes our long-term contractual obligations as December 31, 2012 for our capital lease obligations, operating lease obligations, and deferred tax liabilities, and as of January 22, 2013 for our 2013 Term Facility and Notes:

	Payments Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years
	(in thousands)				
Capital lease obligations	\$ 2,639	\$ 1,794	\$ 845	\$ —	\$ —
Operating lease obligations	83,620	13,074	23,234	19,367	27,945
2013 Term Facility ⁽¹⁾	352,866	13,659	27,556	26,978	284,673
Notes ⁽¹⁾	435,000	12,750	27,000	27,000	368,250
Deferred tax liabilities	114,130	25,102	49,337	36,756	2,935
Total	<u>\$988,255</u>	<u>\$66,379</u>	<u>\$127,972</u>	<u>\$110,101</u>	<u>\$683,803</u>

- (1) On January 22, 2013, we refinanced our 2011 Term Facility with the Notes and the 2013 Term Facility under the 2013 Credit Facilities. Interest expense related to the Notes has been calculated using a fixed 4.5% interest rate. Interest expense related to the 2013 Term Facility has been calculated using a rate of 1.80% as of January 22, 2013.

Some of our commercial commitments are secured by standby letters of credit. The following is a summary of our commercial commitments secured by standby letters of credit by commitment date as of December 31, 2012:

	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
	(in thousands)				
Standby letters of credit	<u>\$9,910</u>	<u>\$1,800</u>	<u>\$7,780</u>	<u>\$—</u>	<u>\$330</u>

The amounts presented in the tables above may not necessarily reflect our actual future cash funding requirements because the actual timing of the future payments made may vary from the stated contractual obligation. Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at December 31, 2012, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority. Therefore, we have not included \$4.4 million of unrecognized tax benefits and interest thereon, in the contractual obligations table above. See Note 13 to the consolidated financial statements in Item 8 of Part II of this report for a discussion on income taxes.

Effect of Inflation

Inflation generally affects us by increasing our cost of labor and equipment. We do not believe that inflation had any material effect on our results of operations during the years ended December 31, 2010, 2011 and 2012.

Recent Accounting Pronouncements

See Note 2 to our Consolidated Financial Statements in Item 8 of Part II of this report for a discussion of the effects of recent accounting pronouncements.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2011 and 2012.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including changes in interest rates affecting the return on our 2011 Term Facility, investments, and foreign currency fluctuations.

Borrowings outstanding under our 2011 Term Facility bore interest, at our option, either: (1) at the base rate, which was defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal as the “U.S. Prime Rate” and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; provided that the base rate for loans under the 2011 Term Facility was deemed to be not less than 2.25% per annum or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin was (1) in respect of the 2011 Term Facility, 2.75% per annum for borrowings based on the base rate and 3.75% per annum for borrowings based on the LIBOR rate, and (2) in respect of the 2011 Revolving Facility, 2.50% per annum for borrowings based on the base rate and 3.50% per annum borrowings based on the LIBOR rate. As of December 31, 2012, the LIBOR rate on our 2011 Term Facility was below the applicable margin, or floor, and a hypothetical increase or decrease of 10% in the LIBOR rate would not have impacted our interest rate.

Exposure to market rate risk for changes in interest rates affects the value of our investment portfolio. We have not used derivative financial instruments to hedge against such risk in our investment portfolio. We invest in securities of highly-rated issuers and follow investment policies limiting, among other things, the amount of credit exposure to any one issuer. We seek to limit default risk by purchasing only investment-grade securities. We do not actively manage the risk of interest rate fluctuations on our short-term investments; however, our exposure to this risk is mitigated by the relatively short-term nature of these investments. Based on a hypothetical 10% adverse movement in interest rates, the impact on our interest income for our short-term investments for the year ended December 31, 2012 would have been insignificant.

We have accounts on our foreign subsidiaries’ ledgers which are maintained in the respective subsidiary’s local foreign currency and remeasured into the United States dollar. As a result, we are exposed to movements in the exchange rates of various currencies against the United States dollar and against the currencies of other countries in which we sell services. As of December 31, 2012, our assets and liabilities related to non-dollar denominated currencies were primarily related to intercompany payables and receivables. An increase or decrease of 10% in foreign exchange rate would not have a material impact on our financial position.

Because our sales and expense are primarily denominated in local currency, the impact of foreign currency fluctuations on sales and expenses has not been material, and we do not employ measures intended to manage foreign exchange rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
NeuStar, Inc.

We have audited the accompanying consolidated balance sheets of NeuStar, Inc. as of December 31, 2011 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NeuStar, Inc. at December 31, 2011 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NeuStar, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
February 28, 2013

NEUSTAR, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,	
	2011	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 122,237	\$ 340,255
Restricted cash	10,251	2,543
Short-term investments	10,545	3,666
Accounts receivable, net of allowance for doubtful accounts of \$1,942 and \$2,161, respectively	106,274	131,805
Unbilled receivables	5,551	6,372
Notes receivable	2,786	2,740
Prepaid expenses and other current assets	30,420	17,707
Deferred costs	8,174	7,379
Income taxes receivable	37,874	6,596
Deferred tax assets	7,728	6,693
Total current assets	341,840	525,756
Long-term investments	2,506	—
Property and equipment, net	100,102	118,513
Goodwill	572,178	572,178
Intangible assets, net	338,768	288,487
Notes receivable, long-term	3,748	1,008
Deferred costs, long-term	701	702
Other assets, long-term	22,767	20,080
Total assets	<u>\$1,382,610</u>	<u>\$1,526,724</u>

See accompanying notes.

NEUSTAR, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,	
	2011	2012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,385	\$ 9,269
Accrued expenses	79,334	85,424
Deferred revenue	41,080	49,070
Note payable	4,856	8,125
Capital lease obligations	3,065	1,686
Accrued restructuring reserve	4,361	372
Other liabilities	5,317	3,484
Total current liabilities	145,398	157,430
Deferred revenue, long-term	10,363	9,922
Note payable, long-term	584,809	576,688
Capital lease obligations, long-term	1,918	817
Deferred tax liability, long-term	120,948	114,130
Other liabilities, long-term	16,540	21,129
Total liabilities	879,976	880,116
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value; 100,000,000 shares authorized; no shares issued and outstanding as of December 31, 2011 and 2012	—	—
Class A common stock, par value \$0.001; 200,000,000 shares authorized; 82,959,411 and 85,958,791 shares issued; and 66,151,479 and 66,171,702 outstanding at December 31, 2011 and 2012, respectively	83	86
Class B common stock, par value \$0.001; 100,000,000 shares authorized; 3,082 and 3,082 shares issued and outstanding at December 31, 2011 and 2012, respectively	—	—
Additional paid-in capital	436,598	532,743
Treasury stock, 16,807,932 and 19,787,089 shares at December 31, 2011 and 2012, respectively, at cost	(495,790)	(604,042)
Accumulated other comprehensive loss	(758)	(767)
Retained earnings	562,501	718,588
Total stockholders' equity	502,634	646,608
Total liabilities and stockholders' equity	<u>\$1,382,610</u>	<u>\$1,526,724</u>

See accompanying notes.

NEUSTAR, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2010	2011	2012
Revenue:			
Carrier Services	\$391,762	\$447,894	\$502,085
Enterprise Services	129,104	151,390	170,440
Information Services	—	21,171	158,863
Total revenue	520,866	620,455	831,388
Operating expense:			
Cost of revenue (excluding depreciation and amortization shown separately below)	111,282	137,992	185,965
Sales and marketing	86,363	109,855	163,729
Research and development	13,780	17,509	29,794
General and administrative	65,496	96,317	81,797
Depreciation and amortization	32,861	46,209	92,955
Restructuring charges	5,361	3,549	489
	315,143	411,431	554,729
Income from operations	205,723	209,024	276,659
Other (expense) income:			
Interest and other expense	(6,995)	(6,279)	(34,155)
Interest and other income	7,582	1,966	596
Income from continuing operations before income taxes	206,310	204,711	243,100
Provision for income taxes, continuing operations	82,282	81,137	87,013
Income from continuing operations	124,028	123,574	156,087
(Loss) income from discontinued operations, net of tax	(17,819)	37,249	—
Net income	\$106,209	\$160,823	\$156,087
Basic net income (loss) per common share:			
Continuing operations	\$ 1.66	\$ 1.69	\$ 2.34
Discontinued operations	(0.24)	0.51	—
Basic net income per common share	\$ 1.42	\$ 2.20	\$ 2.34
Diluted net income (loss) per common share:			
Continuing operations	\$ 1.63	\$ 1.66	\$ 2.30
Discontinued operations	(0.23)	0.50	—
Diluted net income per common share	\$ 1.40	\$ 2.16	\$ 2.30
Weighted average common shares outstanding:			
Basic	74,555	72,974	66,737
Diluted	76,065	74,496	67,956

See accompanying notes.

NEUSTAR, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2010	2011	2012
Net income	\$106,209	\$160,823	\$156,087
Other comprehensive income (loss), net of tax:			
Available for sale investments, net of tax:			
Change in net unrealized gains, net of tax of \$140, \$(3) and \$86, respectively	277	(119)	192
Reclassification for gains included in net income, net of tax of \$0, \$217 and \$0, respectively	—	(332)	—
Net change in unrealized gains on investments, net of tax	277	(451)	192
Foreign currency translation adjustment, net of tax:			
Change in foreign currency translation adjustment, net of tax of \$109, \$(261) and \$85, respectively	42	305	(201)
Reclassification adjustment included in net income, net of tax of \$0, \$307 and \$0, respectively	—	(468)	—
Foreign currency translation adjustment, net of tax	42	(163)	(201)
Other comprehensive income (loss), net of tax	319	(614)	(9)
Comprehensive income	<u>\$106,528</u>	<u>\$160,209</u>	<u>\$156,078</u>

See accompanying notes.

NEUSTAR, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2009	79,425	\$ 79	3	\$—	\$338,109	\$(128,757)	\$(463)	\$295,469	\$ 504,437
Common stock options exercised	596	1	—	—	7,765	—	—	—	7,766
Stock-based compensation expense	—	—	—	—	18,252	—	—	—	18,252
Restricted stock granted, net	274	—	—	—	—	—	—	—	—
Common stock repurchase	—	—	—	—	—	(40,400)	—	—	(40,400)
Common stock received for tax withholding	—	—	—	—	—	(691)	—	—	(691)
Net excess tax benefit from stock option exercises	—	—	—	—	220	—	—	—	220
Net income	—	—	—	—	—	—	—	106,209	106,209
Other comprehensive income	—	—	—	—	—	—	319	—	319
Balance at December 31, 2010	80,295	80	3	—	364,346	(169,848)	(144)	401,678	596,112
Common stock options exercised	2,340	3	—	—	39,275	—	—	—	39,278
Stock-based compensation expense	—	—	—	—	28,088	—	—	—	28,088
Equity awards assumed in TARGUSinfo acquisition	—	—	—	—	677	—	—	—	677
Restricted stock granted, net	324	—	—	—	—	—	—	—	—
Common stock repurchase	—	—	—	—	—	(324,301)	—	—	(324,301)
Common stock received for tax withholding	—	—	—	—	—	(1,641)	—	—	(1,641)
Net excess tax benefit from stock option exercises	—	—	—	—	4,212	—	—	—	4,212
Net income	—	—	—	—	—	—	—	160,823	160,823
Other comprehensive income	—	—	—	—	—	—	(614)	—	(614)
Balance at December 31, 2011	82,959	83	3	—	436,598	(495,790)	(758)	562,501	502,634
Common stock options exercised	2,500	3	—	—	59,053	—	—	—	59,056
Stock-based compensation expense	—	—	—	—	28,058	—	—	—	28,058
Restricted stock granted, net	500	—	—	—	—	—	—	—	—
Common stock repurchase	—	—	—	—	—	(98,040)	—	—	(98,040)
Common stock received for tax withholding	—	—	—	—	—	(10,212)	—	—	(10,212)
Net excess tax benefit from stock option exercises	—	—	—	—	9,034	—	—	—	9,034
Net income	—	—	—	—	—	—	—	156,087	156,087
Other comprehensive income	—	—	—	—	—	—	(9)	—	(9)
Balance at December 31, 2012	85,959	\$ 86	3	\$—	\$532,743	\$(604,042)	\$(767)	\$718,588	\$ 646,608

See accompanying notes.

NEUSTAR, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2010	2011	2012
Operating activities:			
Net income	\$106,209	\$ 160,823	\$156,087
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	40,167	46,837	92,955
Stock-based compensation	18,252	28,088	28,058
Amortization of deferred financing costs and original issue discount on debt	170	764	4,062
Excess tax benefits from stock option exercises	(1,613)	(4,541)	(9,041)
Deferred income taxes	(4,430)	15,025	(5,958)
Impairment of long-lived assets	8,495	—	—
Provision for doubtful accounts	2,600	2,596	4,086
Gains on available-for-sale investments and trading securities	(7,007)	(701)	—
Loss on auction rate securities rights	6,892	—	—
Amortization of bond premium	12	2,975	546
Loss on asset sale	—	1,933	—
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(17,515)	(3,624)	(30,874)
Unbilled receivables	(4,202)	2,111	(821)
Notes receivable	(1,590)	(4,944)	2,786
Prepaid expenses and other current assets	(640)	(8,329)	12,089
Deferred costs	1,746	(1,974)	794
Income taxes receivable	—	(18,795)	40,319
Other assets	(520)	—	(8)
Other liabilities	6,774	(3,180)	1,455
Accounts payable and accrued expenses	(12,615)	12,602	3,472
Income taxes payable	439	(1,590)	—
Accrued restructuring reserve	1,448	(657)	(3,989)
Deferred revenue	1,705	994	7,549
Net cash provided by operating activities	144,777	226,413	303,567
Investing activities:			
Purchases of property and equipment	(38,077)	(45,785)	(53,094)
Sales and maturities of investments	37,725	116,128	10,316
Purchases of investments	(50,762)	(81,239)	(1,494)
Businesses acquired, net of cash acquired	(21,658)	(695,547)	706
Net cash used in investing activities	(72,772)	(706,443)	(43,566)
Financing activities:			
Increase in restricted cash	(44)	(8,852)	7,708
Proceeds from note payable	—	591,000	—
Principal repayments on notes payable	(987)	(1,500)	(6,000)
Principal repayments on capital lease obligations	(12,208)	(7,171)	(3,494)
Debt issuance costs	—	(20,418)	—
Proceeds from exercise of common stock options	7,766	39,278	59,056
Excess tax benefits from stock-based compensation	1,613	4,541	9,041
Repurchase of restricted stock awards	(691)	(1,641)	(10,212)
Repurchase of common stock	(40,400)	(324,301)	(98,040)
Net cash (used in) provided by financing activities	(44,951)	270,936	(41,941)
Effect of foreign exchange rates on cash and cash equivalents	(65)	(239)	(42)
Net increase (decrease) in cash and cash equivalents	26,989	(209,333)	218,018
Cash and cash equivalents at beginning of year	304,581	331,570	122,237
Cash and cash equivalents at end of year	<u>\$331,570</u>	<u>\$ 122,237</u>	<u>\$340,255</u>
Supplemental cash flow information:			
Cash paid for interest	<u>\$ 1,247</u>	<u>\$ 762</u>	<u>\$ 31,209</u>
Cash paid for income taxes	<u>\$ 72,726</u>	<u>\$ 40,715</u>	<u>\$ 50,229</u>
Non-cash investing activities:			
Property and equipment acquired under capital leases	<u>\$ 1,414</u>	<u>\$ 1,141</u>	<u>\$ 1,057</u>
Accounts payable incurred to purchase property and equipment	<u>\$ 1,104</u>	<u>\$ 2,733</u>	<u>\$ 5,759</u>
Equity awards assumed in TARGUSinfo acquisition	<u>\$ —</u>	<u>\$ 677</u>	<u>\$ —</u>

See accompanying notes.

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

NeuStar, Inc. (the Company or Neustar) is a trusted provider of real-time information and analysis using proprietary and hard to replicate data sets. The Company's customers use its services for commercial insights that help them promote and protect their businesses. The Company combines proprietary, third party and customer data sets to develop unique algorithms, models, point solutions and complete work flow solutions. Among other things, chief marketing, security, information and operating officers use these real-time insights to identify who or what is at the other end of a transaction, the geographic-context of a transaction and the most appropriate response. The Company provides its services in a trusted and neutral manner. The Company's customers access its databases through standard connections, which the Company believes is the most efficient and cost effective way to exchange operationally essential data in a secured environment that does not favor any particular customer or technology. Today the Company primarily serves customers in the Internet, communications, information services, financial services, retail, and media and advertising verticals.

The Company was founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. The Company provides the authoritative solution that the communications industry relies upon to meet this mandate. Since then, the Company has grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short-codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

The Company provides the North American communications industry with real-time information that enables the dynamic routing of virtually all telephone calls and text messages among competing carriers in the United States and Canada. The Company's internet and eCommerce customers use its broad array of domain name systems (DNS) solutions to resolve internet queries in a timely manner and to protect their businesses from malicious attacks. The Company also provides a broad suite of solutions that allows its customers to generate marketing leads, offer more relevant services and improve client conversion rates.

The Company categorizes its services into three reportable segments:

- *Carrier Services.* The Company's carrier services include numbering services, order management services and IP services. Through its set of unique databases and system infrastructure in geographically dispersed data centers, the Company manages the increasing complexity in the communications industry and ensures the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their infrastructure. The Company operates the authoritative databases that manage virtually all telephone area codes and numbers, and enables the dynamic routing of calls and text messages among numerous competing carriers in the United States and Canada. All carriers that offer telecommunications services to the public at large in the United States and Canada must access a copy of the Company's unique database to properly route their customers' calls and text messages. The Company also facilitates order management and work-flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.
- *Enterprise Services.* The Company's enterprise services include Internet infrastructure services (IIS) and registry services. Through the Company's global directory platform, the Company provides a suite of DNS services to its enterprise customers. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. In addition, enterprise customers rely on the Company's

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

services to monitor and load-test websites to help identify issues and optimize performance. The Company also provides fixed IP geolocation services that help enterprises identify the location of their online consumers for a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry. The Company also operates the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers can use to access to their entertainment content.

- *Information Services.* The Company's information services include on-demand solutions that help carriers and enterprises identify, verify, evaluate and locate customers and prospective customers. The Company's authoritative databases and solutions enable its clients to return the caller name associated with the calling phone number and to make informed decisions in real time about consumer-initiated interactions on the Internet, over the telephone and at the point of sale, by correlating consumer identifier information with attributes such as demographics, buying behavior surveys and location. This allows the Company's customers to offer consumers more relevant services and products, and leads to higher client conversion rates. Using the Company's proprietary databases, the Company's online display advertising solution allows marketers to display, in real time, advertisements that will be most relevant to online consumers without the need for online behavioral tracking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and accounts have been eliminated in consolidation. The Company consolidates investments where it has a controlling financial interest. The usual condition for controlling financial interest is ownership of a majority of the voting interest and, therefore, as a general rule, ownership, directly or indirectly, of more than 50% of the outstanding voting shares is a condition indicating consolidation. The Company does not have any variable interest entities or investments accounted for under the equity method of accounting.

Discontinued Operations

A business is classified as discontinued operations when (1) the operations and cash flows of the business can be clearly distinguished and have been or will be eliminated from the Company's ongoing operations; (2) the business has either been disposed of or is classified as held for sale; and (3) the Company will not have any significant continuing involvement in the operations of the business after the disposal transaction. The results of discontinued operations (as well as the gain or loss on the disposal) are aggregated and separately presented in the Company's consolidated statement of operations, net of income taxes.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Significant estimates and assumptions are inherent in the analysis and the measurement of deferred tax assets; the identification and quantification of income tax liabilities due to uncertain tax positions; restructuring liabilities; valuation of investments; recoverability of intangible assets, other long-lived assets and goodwill; the determination of the allowance for

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

doubtful accounts; and the classification of note payable. The Company bases its estimates on historical experience and assumptions that it believes are reasonable. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Financial Instruments requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the accompanying consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those matrix prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (i.e., coupon rate, maturity, credit rating) (see Note 5). The Company believes the carrying value of its notes receivable approximates fair value as the interest rate approximates a market rate. The Company believes the carrying value of its long-term debt approximates the fair value of the debt as the terms and interest rates approximate market rates.

The estimated fair values of the Company's financial instruments are as follows (in thousands):

	December 31,			
	2011		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$122,237	\$122,237	\$340,255	\$340,255
Restricted cash (current assets)	\$ 10,251	\$ 10,251	\$ 2,543	\$ 2,543
Short-term investments	\$ 10,545	\$ 10,545	\$ 3,666	\$ 3,666
Notes receivable (including current portion)	\$ 6,534	\$ 6,534	\$ 3,748	\$ 3,748
Marketable securities (other assets, long-term)	\$ 4,008	\$ 4,008	\$ 4,458	\$ 4,458
Long-term investments	\$ 2,506	\$ 2,506	\$ —	\$ —
Deferred compensation (other liabilities long-term)	\$ 4,028	\$ 4,028	\$ 3,874	\$ 3,874
Note payable (including current portion)	\$589,665	\$589,665	\$584,813	\$584,813

Cash and Cash Equivalents

The Company considers all highly liquid investments, which are investments that are readily convertible into cash and have original maturities of three months or less at the time of purchase, to be cash equivalents.

Restricted Cash

As of December 31, 2011 and 2012, restricted cash was \$10.3 million and \$2.5 million, respectively. As of December 31, 2011, cash of \$9.2 million was restricted as collateral for the Company's outstanding letters of credit. As of December 31, 2011 and December 31, 2012, cash of \$1.1 million and \$2.5 million, respectively, was restricted for deposits on leased facilities.

Concentrations of Credit Risk

Financial instruments that are potentially subject to a concentration of credit risk consist principally of cash, cash equivalents, investments, and accounts receivable. The Company's cash management and investment policies are in place to restrict placement of these instruments with only financial institutions evaluated as highly creditworthy.

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

With respect to accounts receivable, the Company performs ongoing evaluations of its customers, generally granting uncollateralized credit terms to its customers, and maintains an allowance for doubtful accounts based on historical experience and management's expectations of future losses. Customers under the Company's contracts with North American Portability Management LLC (NAPM) are charged a Revenue Recovery Collection (RRC) fee (see "Accounts Receivable, Revenue Recovery Collections and Allowance for Doubtful Accounts" below).

Investments

The Company's investments classified as available-for-sale are carried at estimated fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive loss. Realized gains and losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are included in other (expense) income. The cost at time of sale of available-for-sale investments is based upon the specific identification method. Interest and dividends on these securities is included in interest and other income.

The Company periodically evaluates whether any declines in the fair value of its investments are other-than-temporary. This evaluation consists of a review of several factors, including but not limited to: the length of time and extent that a security has been in an unrealized loss position; the existence of an event that would impair the issuer's future earnings potential; the near-term prospects for recovery of the market value of a security; the Company's intent to sell an impaired security; and the probability that the Company will be required to sell the security before the market value recovers. If an investment which the Company does not intend to sell prior to recovery declines in value below its amortized cost basis and it is not more likely than not that the Company will be required to sell the related security before the recovery of its amortized cost basis, the Company recognizes the difference between the present value of the cash flows expected to be collected and the amortized cost basis, or credit loss, as an other-than-temporary charge in interest and other expense. The difference between the estimated fair value and the security's amortized cost basis at the measurement date related to all other factors is reported as a separate component of accumulated other comprehensive loss.

The Company's investments classified as trading are carried at estimated fair value with unrealized gains and losses reported in other (expense) income. During 2010, the Company classified its auction rate securities as trading pursuant to the Investments – Debt and Equity Securities Topic of the FASB ASC, with changes in the fair value of these securities recorded in earnings (see Note 4). Interest and dividends on these securities are included in interest and other income.

Accounts Receivable, Revenue Recovery Collections and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. In accordance with the Company's contracts with NAPM, the Company bills a RRC fee to offset uncollectible receivables from any individual customer. The RRC fee is based on a percentage of monthly billings. During 2009, the RRC fee was 0.75%. On July 1, 2010, the RRC fee was reduced to 0.65% and remained at that level through December 31, 2012. The RRC fees are recorded as an accrued expense when collected. If the RRC fee is insufficient, the amounts can be recovered from the customers. Any accrued RRC fees in excess of uncollectible receivables are paid back to the customers annually on a pro rata basis. RRC fees of \$2.4 million and \$2.6 million are included in accrued expenses as of December 31, 2011 and 2012, respectively. All other receivables related to services not covered by the RRC fees are evaluated and, if deemed not collectible, are reserved. The Company recorded an allowance for doubtful accounts of \$1.9 million and \$2.2 million as of December 31, 2011 and 2012, respectively. Bad debt expense amounted to \$2.6 million, \$2.6 million and \$4.1 million for the years ended December 31, 2010, 2011 and 2012, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred Financing Costs

The Company amortizes deferred financing costs using the effective-interest method and records such amortization as interest expense. Amortization of debt discount and annual commitment fees for unused portions of available borrowings are also recorded as interest expense. Direct and incremental costs related to the issuance of debt are capitalized as deferred financing costs and are reported in other assets on the Company's consolidated balance sheets.

Property and Equipment

Property and equipment, including leasehold improvements and assets acquired through capital leases, are recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization of property and equipment are determined using the straight-line method over the estimated useful lives of the assets, as follows:

Computer hardware	3 – 5 years
Equipment	5 years
Furniture and fixtures	5 – 7 years
Leasehold improvements	Lesser of related lease term or useful life

Amortization expense of assets acquired through capital leases is included in depreciation and amortization expense in the consolidated statements of operations. Replacements and major improvements are capitalized; maintenance and repairs are charged to expense as incurred. Impairments of long-lived assets are determined in accordance with the Property, Plant and Equipment Topic of the FASB ASC. In the fourth quarter of 2010, the Company recorded an impairment charge of \$7.9 million related to property and equipment, including capitalized technology, used by its Converged Messaging asset group (see "Impairment of Long-Lived Assets" below).

The Company capitalizes software development and acquisition costs in accordance with the Intangibles — Goodwill and Other, Internal-Use Software Topic of the FASB ASC, which requires the capitalization of costs incurred in connection with developing or obtaining software for internal use. Costs incurred to develop the internal-use software are capitalized, while costs incurred for planning the project and for post-implementation training and maintenance are expensed as incurred. The capitalized costs of purchased technology and software development are amortized using the straight-line method over an estimated useful life of three to five years. During the years ended December 31, 2011 and 2012, the Company capitalized costs related to internal use software of \$28.6 million and \$30.3 million, respectively. Amortization expense related to internal use software for the years ended December 31, 2010, 2011 and 2012 was \$15.2 million, \$17.3 million and \$24.1 million, respectively, and is included in depreciation and amortization expense in the consolidated statements of operations.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired, as well as other identifiable intangible assets. In accordance with the Intangibles — Goodwill and Other Topic of the FASB ASC, goodwill and indefinite-lived intangible assets are not amortized, but are reviewed for impairment at least annually and upon the occurrence of events or changes in circumstances that would reduce the fair value of such assets below their carrying amount. For purposes of the Company's annual impairment test completed on October 1, 2010, the Company identified and assigned goodwill to three reporting units, Carrier Services, Internet Infrastructure Services and Registry Services. For purposes of the Company's annual impairment test

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

completed on October 1, 2011, the Company identified and assigned goodwill to two reporting units, Carrier Services and Enterprise Services. The Company's third reporting unit, Information Services, was established as a result of the acquisition of Targus Information Corporation (TARGUSinfo) on November 8, 2011, and was not included in the Company's annual impairment test completed on October 1, 2011. For purposes of the Company's annual impairment test completed on October 1, 2012, the Company identified and assigned goodwill to three reporting units, Carrier Services, Enterprise Services and Information Services.

Goodwill is tested for impairment at the reporting unit level using a two-step approach. The first step is to compare the fair value of a reporting unit's net assets, including assigned goodwill, to the book value of its net assets, including assigned goodwill. Fair value of the reporting unit is determined using both a discounted cash flow method and a market approach. To assist in the process of determining if a goodwill impairment exists, the Company performs internal valuation analyses and considers other market information that is publicly available, and the Company may obtain valuations from external advisors. If the fair value of the reporting unit is greater than its net book value, the assigned goodwill is not considered impaired. If the fair value is less than the reporting unit's net book value, the Company performs a second step to measure the amount of the impairment, if any. The second step is to compare the book value of the reporting unit's assigned goodwill to the implied fair value of the reporting unit's goodwill, using a theoretical purchase price allocation. If the carrying value of goodwill exceeds the implied fair value, an impairment has occurred and the Company is required to record a write-down of the carrying value and charge the impairment as an operating expense in the period the determination is made. There were no goodwill impairment charges recognized during the years ended December 31, 2010, 2011 and 2012.

Segment Reporting

Operating segments are components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. As of December 31, 2012, the Company's CODM evaluates performance and allocates resources based on multiple factors, including segment contribution for the following service categories: Carrier Services, Enterprise Services and Information Services. The Company's operating segments are the same as its reportable segments.

Identifiable Intangible Assets

Identifiable intangible assets are amortized over their respective estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise used and are periodically reviewed for impairment. In the fourth quarter of 2010, the Company recorded an intangible asset impairment charge of \$0.6 million related to its Converged Messaging asset group (see "Impairment of Long-Lived Assets" below). There were no intangible asset impairment charges recognized during the years ended December 31, 2011 and 2012.

The Company's identifiable intangible assets are amortized as follows:

	<u>Years</u>	<u>Method</u>
Acquired technologies	3 – 5	Straight-line
Customer lists and relationships	3 – 10	Various
Trade names and trademarks	3	Straight-line

Amortization expense related to identifiable intangible assets is included in depreciation and amortization expense in the consolidated statements of operations.

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Long-Lived Assets

In accordance with Property, Plant and Equipment Topic of the FASB ASC, the Company reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company measures recoverability of assets to be held and used by comparing the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. Recoverability measurement and estimating undiscounted cash flows is performed at the lowest possible level for which there are identifiable cash flows. If the carrying amount of the assets exceeds the future undiscounted cash flows expected to be generated by those assets, such assets fail the recoverability test and an impairment charge would be recognized, measured as the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are recorded at the lower of the carrying amount or fair value less costs to sell.

In the first quarter of 2010, the Company realigned its organizational structure, and its NGM business was included with other IP-related services in the Company's Carrier Services operating segment. The services, technology and customer base of the NGM business was renamed Converged Messaging Services while the sales and marketing functions were transitioned to the broader Carrier Services operating segment. In the fourth quarter of 2010, the Company decided to exit the Converged Messaging Services business. The Company believes that its decision to exit this business was an indicator of impairment for long-lived assets in its Converged Messaging Services asset group. As a result, in the fourth quarter of 2010, the Company performed a recoverability test and determined that the future undiscounted cash flows of the asset group was less than the carrying value. The Company recorded an \$8.5 million charge for impairment of long-lived assets, the largest component of which was capitalized technology. In determining fair value, the Company utilized estimates from external advisors and valuation models that involved assumptions about replacement cost, obsolescence factors, future cash flows, discount rates and, as appropriate, review of market comparables. During the second quarter of 2011, the Company ceased operations of its Converged Messaging Services business and all corresponding prior period results of this business presented in the Company's consolidated statements of operations have been reclassified to reflect the operations of the Converged Messaging Services business as discontinued operations (see Note 3).

Revenue Recognition

The Company provides essential technology and directory services to customers pursuant to various private commercial and government contracts. The Company's revenue recognition policies are in accordance with the Revenue Recognition Topic of the FASB ASC.

Significant Contracts

As part of its carrier services, the Company provides number portability administration center services (NPAC Services), which include wireline and wireless number portability, implementation of the allocation of pooled blocks of telephone numbers and network management services in the United States pursuant to seven contracts with NAPM, an industry group that represents all telecommunications service providers in the United States. The aggregate fees for transactions processed under these contracts are determined by an annual fixed-fee pricing model under which the annual fixed fee (Base Fee) was set at \$362.1 million, \$385.6 million and \$410.7 million in 2010, 2011 and 2012, respectively, and is subject to an annual price escalator of 6.5% in subsequent years. These contracts also provide for fixed credits to customers of \$25.0 million in 2010 and \$5.0 million in 2011, which were applied to reduce the Base Fee for the applicable year. Customers under these contracts could have earned additional credits of up to \$15.0 million annually in each of 2010 and 2011 if the customers reached specific levels of aggregate telephone number inventories and adopted and implemented

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

certain IP fields and functionality. In the event that the volume of transactions in a given year is above or below the contractually established volume range for that year, the Base Fee may be adjusted up or down, respectively, with any such adjustment being applied against invoices in the following year. To the extent any available additional credits expire unused at the end of a year, they will be recognized in revenue at that time. The Company determines the fixed and determinable fee under these contracts on an annual basis at the beginning of each year and recognizes this fee in its Carrier Services operating segment on a straight-line basis over twelve months.

For 2010, the Company concluded that the fixed and determinable fee equaled \$322.1 million, which represented the Base Fee of \$362.1 million, reduced by the \$25.0 million fixed credit and \$15.0 million of additional credits. For 2011, the Company concluded that the fixed and determinable fee equaled \$365.6 million, which represents the Base Fee of \$385.6 million, reduced by the \$5.0 million fixed credit and \$15.0 million of additional credits. During 2010 and 2011, the Company determined that its carrier customers have earned all of the additional credits of \$15.0 million attributable to the adoption and implementation of the requisite IP fields and functionality and the achievement of specific levels of aggregate telephone number inventories. For 2012, the Company concluded that the fixed and determinable fee equaled \$410.7 million, which represents the Base Fee.

The total amount of revenue derived under the Company's contracts with NAPM, comprised of NPAC Services, connection service fees related to the Company's NPAC Services and system enhancements, was approximately \$337.1 million, \$374.4 million and \$418.2 million for the years ended December 31, 2010, 2011 and 2012, respectively.

Fees under the Company's contracts with NAPM are billed to telecommunications service providers based on their allocable share of the total transaction charges. This allocable share is based on each respective telecommunications service provider's share of the aggregate end-user services revenues of all U.S. telecommunications service providers, as determined by the Federal Communications Commission. The Company also bills an RRC fee equal to a percentage of monthly billings to its customers, which is available to the Company if any customer under the contracts to provide NPAC services fails to pay its allocable share of total transactions charges.

Carrier Services

Under its seven contracts with NAPM, the Company provides NPAC Services. As discussed above under the heading "Revenue Recognition — Significant Contracts," the Company determines the fixed and determinable fee on an annual basis and recognizes such fee on a straight-line basis over twelve months.

The Company provides NPAC Services in Canada under its long-term contract with the Canadian LNP Consortium Inc. The Company recognizes revenue on a per-transaction fee basis as the services are performed.

The Company generates revenue from its telephone number administration services under two government contracts: North American Numbering Plan Administrator (NANPA) and National Pooling Administrator (NPA). Under its NANPA contract, the Company earns a fixed annual fee and recognizes this fee as revenue on a straight-line basis as services are provided. Under its NPA contract, the Company earns a fixed fee associated with administration of the pooling system. The Company recognizes revenue for this contract on a straight-line basis over the term of the contract. In the event the Company estimates losses on these fixed price contracts, the Company recognizes these losses in the period in which a loss becomes apparent.

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The Company generates revenue from connection fees and system enhancements provided under its contracts with NAPM. The Company recognizes connection fee revenue as the service is performed. System enhancements are provided under contracts in which the Company is reimbursed for costs incurred plus a fixed fee, and revenue is recognized based on costs incurred plus a pro rata amount of the fee.

The Company provides hosted Order Management Services, consisting of customer set-up and implementation followed by transaction processing, under contracts with terms ranging from one to three years. Customer set-up and implementation is not considered a separate deliverable; accordingly, the fees for these services are deferred and recognized as revenue on a straight-line basis over the term of the contract. Per-transaction fees are recognized as the transactions are processed.

The Company generates revenue from its licensed Order Management Services under contracts with terms ranging from three months to two years. The Company generates revenue under these contracts for software licenses, implementation and customization services and post-contract support services (PCS). Under these contracts, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, collectability is probable and, if applicable, when vendor-specific objective evidence (VSOE) of fair value exists to allocate the arrangement fee to the undelivered elements of a multiple element arrangement. Revenue is allocated to delivered elements of an arrangement using the residual method. Under the residual method, revenue is allocated to the undelivered elements using VSOE of fair value with the remaining contract fee allocated to the delivered elements and recognized as revenue when all other revenue recognition criteria have been met. For software contracts that include customization services that are essential to the functionality of the delivered software, the software license and implementation and customization revenue is recognized under the contract method of accounting using the percentage-of-completion method. The Company estimates the percentage-of-completion for each contract based on the ratio of direct labor hours incurred to total estimated direct labor hours required under such contract and recognizes an amount of revenue equal to the percentage-of-completion multiplied by the contract amount allocated to the software license and implementation and customization services fees. The contract amount allocated to these delivered elements is determined under the residual method approach. The Company determined the VSOE of PCS under the bell-shape curve approach and determined that a substantial majority of its actual PCS renewals are within a narrow range of the median pricing. For arrangements with bundled PCS where there is no stated contractual PCS rate or where the rate is less than the established range of VSOE, the Company utilizes the low end of the range for VSOE as the fair value of PCS. PCS revenue is recognized on a straight-line basis over the service term of the contract.

Enterprise Services

The Company generates revenue from the management of internal and external DNS services. The Company's revenue from these services consists of customer set-up fees, monthly recurring fees and per-transaction fees for transactions in excess of pre-established monthly minimums under contracts with terms ranging from one to three years. Customer set-up fees are not considered a separate deliverable and are deferred and recognized on a straight-line basis over the term of the contract. Under the Company's contracts to provide DNS services, customers have contractually established monthly transaction volumes for which they are charged a recurring monthly fee. Transactions processed in excess of the pre-established monthly volume are billed at a contractual per-transaction rate. Each month, the Company recognizes the recurring monthly fee and usage in excess of the established monthly volume on a per-transaction basis as services are provided.

The Company generates revenue related to its Internet domain name registry services under contracts with terms generally between one and ten years. The Company recognizes revenue on a straight-line basis over the term of the related customer contracts.

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The Company generates revenue from its U.S. Common Short Code services under short-term contracts ranging from three to twelve months, and the Company recognizes revenue on a straight-line basis over the term of the related customer contracts.

Information Services

The Company generates revenue from a broad portfolio of real-time information and analytics services. The Company recognizes revenue when persuasive evidence of an agreement exists, the terms are fixed or determinable, services are performed, and collection is reasonably assured. Certain contracts provide for a guaranteed monthly minimum fee supplemented by fees for transactions above specified minimum amounts. The minimum fee is recognized monthly, and the transaction fees in excess of the monthly minimums are recognized as the services are performed. The Company also receives annual technology fees from certain customers in exchange for access to intellectual property, standard technical support, emergency 24-hour support, and system upgrades on a when-and-if-available basis. These services are not considered a separate deliverable. As a result, technology fees are deferred and recognized on a straight-line basis over the service period, which is usually twelve months.

Revenue derived from the online delivery of data for direct marketing purposes is recorded upon delivery of such data to the customer. Revenue associated with engagements requiring periodic updates of data over the course of the service period, where cash is received or collectible in advance, are recorded as deferred revenues, and recognized on a straight-line basis over the service period, which is usually twelve months.

Service Level Standards

Some of the Company's private commercial contracts require the Company to meet service level standards and impose corresponding penalties on the Company if the Company fails to meet those standards. The Company records a provision for these performance-related penalties in the period in which it becomes aware that it has failed to meet required service levels, triggering the requirement to pay a penalty, which results in a corresponding reduction to revenue.

Cost of Revenue and Deferred Costs

Cost of revenue includes all direct materials costs, direct labor costs, and indirect costs related to the generation of revenue such as indirect labor, outsourced services, materials and supplies, payment processing fees, and general facilities cost. The Company's primary cost of revenue is personnel costs associated with service implementation, product maintenance, customer deployment and customer care, including salaries, stock-based compensation and other personnel-related expense. In addition, cost of revenue includes costs relating to developing modifications and enhancements of the Company's existing technology and services, as well as royalties paid related to U.S. Common Short Code services and registry gateway services. Cost of revenue also includes costs relating to the Company's information technology and systems department, including network costs, data center maintenance, database management, data processing costs and general facilities costs.

Deferred costs represent direct labor related to professional services incurred for the setup and implementation of contracts. These costs are recognized in cost of revenue on a straight-line basis over the contract term. Deferred costs also include royalties paid related to the Company's U.S. Common Short Code services, which are recognized in cost of revenue on a straight-line basis over the contract term. Deferred costs are classified as such on the consolidated balance sheets.

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Research and Development

The Company expenses its research and development costs as they are incurred. Research and development expense consists primarily of personnel costs, including salaries, stock-based compensation and other personnel-related expense, consulting fees, and the costs of facilities, computer and support services used in service and technology development.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was approximately \$6.7 million, \$6.6 million and \$12.7 million for the years ended December 31, 2010, 2011 and 2012, respectively.

Stock-Based Compensation

The Company accounts for its stock-based compensation plans under the recognition and measurement provisions of the Compensation — Stock Compensation Topic of the FASB ASC. The Company estimates the value of stock-based awards on the date of grant using the Black-Scholes option-pricing model. For stock-based awards subject to graded vesting, the Company has utilized the “straight-line” method for allocating compensation cost by period.

The Company presents benefits of tax deductions in excess of the compensation cost recognized (excess tax benefits) as a financing cash inflow with a corresponding operating cash outflow. For the years ended December 31, 2010, 2011 and 2012, the Company included \$1.6 million, \$4.5 million and \$9.0 million, respectively, of excess tax benefits as a financing cash inflow with a corresponding operating cash outflow.

Basic and Diluted Net Income per Common Share

In accordance with the Earnings Per Share Topic of the FASB ASC, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities that should be included in the computation of earnings per share under the two-class method. The Company’s restricted stock awards are considered to be participating securities because they contain non-forfeitable rights to cash dividends, if declared and paid. In lieu of presenting earnings per share pursuant to the two-class method, the Company has included shares of unvested restricted stock awards in the computation of basic net income per common share as the resulting earnings per share would be the same under both methods.

Basic net income per common share is computed by dividing net income by the weighted-average number of common shares and participating securities outstanding during the period. Unvested restricted stock units and performance vested restricted stock units (PVRSU) are excluded from the computation of basic net income per common share because the underlying shares have not yet been earned by the stockholder and are not participating securities. Shares underlying stock options are also excluded because they are not considered outstanding shares. Diluted net income per common share assumes dilution and is computed based on the weighted-average number of common shares outstanding after consideration of the dilutive effect of stock options, unvested restricted stock units and PVRSU. The effect of dilutive securities is computed using the treasury stock method and average market prices during the period. Dilutive securities with performance conditions are excluded from the computation until the performance conditions are met.

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Income Taxes

The Company accounts for income taxes in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting bases and the tax bases of assets and liabilities. Deferred tax assets are also recognized for tax net operating loss carryforwards. These deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when such amounts are expected to be reversed or utilized. Valuation allowances are provided to reduce such deferred tax assets to amounts more likely than not to be ultimately realized.

The income tax provision includes U.S. federal, state, local and foreign income taxes and is based on pre-tax income or loss. In determining the annual effective income tax rate, the Company analyzes various factors, including the Company's annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes and the ability of the Company to use tax credits and net operating loss carryforwards.

The Company assesses uncertain tax positions in accordance with income tax accounting standards. Under these standards, income tax benefits should be recognized when, based on the technical merits of a tax position, the Company believes that if a dispute arose with the taxing authority and were taken to a court of last resort, it is more likely than not (*i.e.*, a probability of greater than 50 percent) that the tax position would be sustained as filed. If a position is determined to be more likely than not of being sustained, the reporting enterprise should recognize the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority. The Company's practice is to recognize interest and penalties related to income tax matters in income tax expense.

American Taxpayer Relief Act of 2012

On January 2, 2013, President Barack Obama signed into law the "American Taxpayer Relief Act of 2012" (the Act). While Congress approved a retroactive extension of certain business tax provisions that expired at the end of 2011 and 2012, under U.S. GAAP, the financial accounting effects of the Act are to be reported in the first quarter of calendar year 2013, the quarter in which the legislation was signed into law by the President. The Company does not believe the Act will have a material effect on the Company's financial position, results of operations or cash flows.

Foreign Currency

Assets and liabilities of consolidated foreign subsidiaries, whose functional currency is the local currency, are translated to U.S. dollars at fiscal year-end exchange rates. Revenue and expense items are translated to U.S. dollars at the average rates of exchange prevailing during the fiscal year. The adjustment resulting from translating the financial statements of such foreign subsidiaries to U.S. dollars is reflected as a foreign currency translation adjustment and reported as a component of accumulated other comprehensive loss.

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains or losses, which are reflected within interest and other expense in the consolidated statements of operations.

Comprehensive Income

Comprehensive income is comprised of net earnings and other comprehensive income (loss), which includes certain changes in equity that are excluded from income. The Company includes unrealized holding gains and

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losses on available-for-sale securities, if any, and foreign currency translation adjustments in other comprehensive income (loss) in the consolidated statements of comprehensive income. Comprehensive income was approximately \$106.5 million, \$160.2 million and \$156.1 million for the years ended December 31, 2010, 2011 and 2012, respectively.

Recent Accounting Pronouncements

In June 2011, the FASB issued Auditing Standard Update 2011-05, Presentation of Comprehensive Income (ASU 2011-05), to improve the comparability, consistency, and transparency of financial reporting and increase the prominence of items reported in other comprehensive income. The amendments to this standard require that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued Auditing Standard Update 2011-12, Comprehensive Income (Topic 220) — Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in ASU 2011-05, which defers the effective date of only those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. The adoption of the amended accounting guidance in the first quarter of 2012 impacted the Company's presentation of other comprehensive income and did not have an impact on the Company's consolidated results of operations.

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220) — Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This update requires the presentation, either in a single note or parenthetically on the face of the financial statements, of the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. This ASU is effective prospectively for the Company for annual and interim periods beginning January 1, 2013. The adoption of the amended accounting guidance in the first quarter of 2013 will impact the Company's presentation of other comprehensive income and will not have an impact on the Company's consolidated results of operations.

3. ACQUISITIONS AND DISCONTINUED OPERATIONS

The application of the acquisition method of accounting for business combinations requires management to make significant estimates and assumptions in the determination of the fair value of the assets acquired and liabilities assumed in order to properly allocate purchase price consideration. These assumptions and estimates include a market participant's expected use of the asset and the appropriate discount rates from a market participant perspective. The Company's estimates are based on historical experience and information obtained from the management of the acquired company and are determined with assistance from an independent third-party appraisal firm. The Company's significant assumptions and estimates include the cash flows that an acquired asset is expected to generate in the future, the weighted-average cost of capital, long-term projected revenue and growth rates, and the estimated royalty rate in the application of the relief from royalty method.

BrowserMob LLC Acquisition

On July 7, 2010, the Company acquired BrowserMob LLC (BrowserMob) for cash consideration of \$2.2 million. The acquisition of BrowserMob, a provider of on-demand load testing and website monitoring services, expanded the Company's Internet Infrastructure Services. The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations of BrowserMob have been included within the Enterprise Services segment in the Company's consolidated statement of operations since the date of acquisition. Of the total purchase price, the Company recorded \$1.1 million of goodwill and \$1.0 million of definite-lived intangible assets. Definite-lived

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intangible assets consist of customer relationships and acquired technology. The Company is amortizing customer relationships and acquired technology on a straight-line basis over an estimated useful life of 3 years and 5 years, respectively.

Quova, Inc. Acquisition

On October 27, 2010, the Company acquired Quova, Inc. (Quova) for cash consideration of \$21.7 million, which price was subject to certain purchase price adjustments. Quova expanded the Company's Internet Infrastructure Services by providing internet geography data services that enable online businesses to detect and prevent fraud, ensure regulatory compliance, manage digital content rights distribution and localize ads and web content. The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations of Quova have been included within the Enterprise Services segment in the Company's consolidated statement of operations since the date of acquisition. Of the total purchase price, the Company recorded \$5.1 million of goodwill and \$15.0 million of definite-lived intangible assets. Definite-lived intangible assets consist of customer relationships, acquired technology and trade name and trademarks. The Company is amortizing customer relationships on a straight-line basis over an estimated useful life of 7 years. Acquired technology and trade names and trademarks are being amortized on a straight-line basis over an estimated useful life of 3 years.

Evolving System Inc. Number Solutions Acquisition

On July 1, 2011, the Company acquired the assets and certain liabilities of the Numbering Solutions business of Evolving Systems, Inc. for cash consideration of \$39.0 million. The acquisition of Evolving Systems' Numbering Solutions business expanded the Company's Order Management Services portfolio and furthered the Company's long-term initiative to simplify operators' Operations Support Systems architectures by mitigating cost and complexity, while making the evolution to next-generation networks more efficient, manageable, and flexible to meet the increasingly complex needs of end-users.

The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations have been included within the Carrier Services segment in the Company's consolidated statement of operations since the date of acquisition. Of the total purchase price, the Company recorded \$20.3 million of goodwill, \$21.7 million of definite-lived intangible assets, and \$3.0 million of net liabilities. The definite-lived intangible assets consist of \$18.9 million of customer relationships and \$2.8 million of acquired technology. The Company is amortizing customer relationships and acquired technology on a straight-line basis over an estimated useful life of 10 years and 5 years, respectively. The total amount of goodwill that is expected to be deductible for tax purposes is \$19.7 million. During 2011, the Company recorded \$0.6 million of acquisition costs in general and administrative expense related to this transaction.

TARGUSinfo Acquisition

On November 8, 2011, the Company completed its acquisition of TARGUSinfo, a leading, independent provider of real-time, on-demand information and analytics services including Caller ID.

The acquisition of TARGUSinfo significantly extends the Company's portfolio of services in the real-time information and analytics market and combines TARGUSinfo's leadership in Caller ID and online information services, such as lead verification and scoring, with the Company's strengths in network information services, including address inventory management and network security. These services are delivered through a secure, robust technology platform, and rely on unique, extensive and privacy-protected databases.

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The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations of TARGUSinfo have been included within the Information Services segment in the Company's consolidated statement of operations since the date of acquisition.

The total purchase price was approximately \$657.3 million, consisting of cash consideration of \$656.6 million and non-cash consideration of \$0.7 million attributable to the assumption of TARGUSinfo options. Of the total cash consideration, approximately \$43.5 million was deposited in an escrow account, of which \$40.0 million was available to satisfy indemnification claims for breaches of the agreement and plan of merger. An additional \$3.0 million and \$0.5 million of the merger consideration payable to the stockholders of TARGUSinfo was deposited into separate escrow accounts and was available to fund purchase price adjustments required under the merger agreement and to reimburse certain costs and expenses of the stockholder representative, respectively. The purchase price escrow of \$0.5 million will remain in escrow through the second quarter of 2013 to reimburse certain costs and expenses of the stockholder representative. During the year ended December 31, 2012, the purchase price escrow of \$3.0 million was distributed to the former TARGUSinfo stockholders and such distribution did not result in an adjustment to the purchase price or goodwill. In addition, \$15.8 million of the escrow for indemnification claims was distributed, of which \$15.0 million was distributed to the former TARGUSinfo stockholders and \$0.8 million was distributed to the Company to satisfy indemnification claims. The Company's original purchase price was reduced by \$0.7 million as a result of this distribution. As of December 31, 2012, the amounts remaining in escrow to satisfy pending tax indemnification claims was \$24.2 million. The funds in the indemnity escrow account will remain in escrow until such pending tax indemnification claims are resolved. During the year ended December 31, 2011, the Company recorded \$10.5 million of acquisition costs in general and administrative expense related to this acquisition.

Under the acquisition method of accounting, the total estimated purchase price was allocated to TARGUSinfo's net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of November 8, 2011. Of the total purchase price, the Company initially recorded acquisition date fair values of approximately \$429.7 million of goodwill, \$310.2 million of definite-lived intangible assets, and \$81.9 million of net liabilities. During the year ended December 31, 2012, the Company adjusted its preliminary valuation of the acquired assets and liabilities assumed based upon new information pertaining to acquisition date fair values. The adjustments related to finalizing the assessment of federal research and development tax credits, deferred tax assets attributable to TARGUSinfo options, and the resolution of certain state and local tax liabilities, each pertaining to pre-acquisition tax periods. The consolidated balance sheet as of December 31, 2011 has been retrospectively adjusted to include the effect of the measurement period adjustments (see Note 6). The allocation of the purchase price is now final.

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The following table summarizes the purchase price allocation based on the estimated fair value of the acquired assets and assumed liabilities as of the acquisition date and the effects of the measurement period adjustments recorded in 2012, as discussed above (in thousands):

Cash and cash equivalents	\$ 1,601
Accounts receivable	23,844
Income tax receivable	14,537
Other assets	15,870
Accounts payable and accrued expenses	(9,689)
Deferred tax liability	(118,723)
Deferred revenue	(3,604)
Other liabilities	(3,987)
Net tangible liabilities assumed	(80,151)
Customer relationships	256,700
Acquired identified technology	46,500
Trade names and trademarks	7,000
Goodwill	427,227
Total purchase price allocation	<u>\$ 657,276</u>

The Company utilized a third-party valuation in determining the fair value of the definite-lived intangible assets. The income approach, which includes the application of the relief from royalty valuation method or the discounted cash flow method, was the primary technique utilized in valuing the identifiable intangible assets. The relief from royalty valuation method estimates the benefit of ownership of the intangible asset as the “relief” from the royalty expense that would need to be incurred in absence of ownership. The discounted cash flow method estimates the present value of the intangible asset’s future economic benefit, utilizing the estimated available cash flow that the intangible asset is expected to generate in the future. The Company’s assumptions and estimates utilized in its valuations were based on historical experience, information obtained from management of TARGUSinfo, and were determined with assistance from a third-party appraisal firm.

The Company allocated \$310.2 million of the total purchase price to definite-lived intangible assets acquired, consisting of \$256.7 million of customer relationships, \$46.5 million of acquired technology and \$7.0 million of trade names and trademarks. Customer relationships represent agreements with existing customers. The Company utilized the discounted cash flow method to value the acquired customer relationships. Under this method, the Company’s significant assumptions and estimates included expected future cash flows and the weighted-average cost of capital. The value of customer relationships will be amortized on a straight-line basis over the estimated useful life of 8 years.

Acquired technology represents technology that had reached technological feasibility and for which development had been completed as of the date of the acquisition. Trade names and trademarks represent established TARGUSinfo trade names and trademarks acquired. The Company utilized the relief from royalty valuation method to value the acquired technology and trade names and trademarks. Under this method, the Company’s significant assumptions and estimates included an estimated market royalty rate, estimated remaining useful life of the intangible asset, estimated future revenue of the intangible asset, and an estimated rate of return utilized in the determination of a discounted present value. The value of developed technology and trade names and trademarks will be amortized on a straight-line basis over their estimated useful life of 5 years and 3 years, respectively.

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Goodwill represents the excess of the TARGUSinfo purchase price over the fair value of the net tangible liabilities assumed. The TARGUSinfo acquisition significantly expanded the Company's position in the information services market. This acquisition provides the Company with the opportunity to leverage its authoritative databases that are processing trillions of transactions in a new way and to provide new solutions to its customers based on real time analytics derived from the Company's existing addressing capabilities. These new capabilities, among other factors were the reasons for the establishment of the purchase price, resulting in the recognition of a significant amount of goodwill. The goodwill balance of \$427.2 million is not expected to be deductible for tax purposes.

In connection with this acquisition, the Company assumed unvested options with the estimated total fair value of \$5.7 million. Of the total \$5.7 million, approximately \$5.0 million will be expensed for post-combination services and approximately \$0.7 million has been included in the purchase price. The Company determined the estimated fair value of the assumed unvested options by utilizing the Hull-White lattice model and the following assumptions: an expected volatility range of 36.24% to 36.53%, a risk-free interest rate of 1.35% to 2.15%, a dividend yield of 0%, and Neustar's last reported sale price of shares on the New York Stock Exchange on November 8, 2011 of \$33.07 per share.

As a result of the acquisition of TARGUSinfo, the Company recorded a net deferred tax liability of approximately \$116.2 million in its preliminary purchase price allocation primarily related to the difference in book and tax basis of identifiable intangibles. As of December 31, 2012, the net deferred tax liability was \$96.2 million. The Company also initially recorded a \$14.3 million income tax receivable assumed from TARGUSinfo as a result of the acquisition and accrued \$1.2 million for potential sales tax and interest due on TARGUSinfo sales for prior years through 2010. As of December 31, 2012, the accrued potential sales tax and interest due on TARGUSinfo sales for prior years through 2010 was \$1.0 million.

Pro Forma Financial Information for acquisition of TARGUSinfo

The following unaudited pro forma financial information summarizes the Company's results of operations for the years ended December 31, 2010 and 2011 as if Neustar's acquisition of TARGUSinfo had been completed as of the earliest period presented. These pro forma amounts (unaudited and in thousands) do not purport to be indicative of the results that would have actually been obtained if the acquisition occurred as of the beginning of the periods presented and should not be construed as representative of the future consolidated results of operations or financial condition of the combined entity. The pro forma financial information for all periods presented also includes the effect of the related financing, amortization expense from acquired intangible assets, adjustments to interest expense and related tax effects.

	Year Ended December 31,	
	2010	2011
Pro forma revenue	<u>\$650,250</u>	<u>\$743,324</u>
Pro forma income from continuing operations	<u>\$201,965</u>	<u>\$202,650</u>
Pro forma net income from continuing operations	<u>\$101,203</u>	<u>\$121,853</u>

Discontinued Operations

During the second quarter of 2011, the Company ceased operations of its Converged Messaging Services business. The results of operations of the Converged Messaging Services business are reflected in the Company's consolidated statements of operations as "(Loss) income from discontinued operations, net of tax". All

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corresponding prior period operating results presented in the Company's consolidated statements of operations and the accompanying notes have been reclassified to reflect the operations of the Converged Messaging Services business as discontinued operations.

Summaries of the results of discontinued operations for the years ended December 31, 2010 and 2011 are as follows (in thousands):

	Year Ended December 31,	
	2010	2011
Revenue from discontinued operations	\$ 5,946	\$ 454
Loss from discontinued operations before tax	\$(31,374)	\$ (8,174)
Benefit for income taxes	(13,555)	(45,423)
(Loss) income from discontinued operations, net of tax	<u>\$(17,819)</u>	<u>\$ 37,249</u>

The amounts presented as discontinued operations represent direct revenue and operating expense of the Converged Messaging Services business, which include the pre-tax loss on the sale of certain assets and liabilities of this business of \$1.9 million and an income tax benefit of \$42.7 million attributed to a deduction for the loss on worthless stock of a Converged Messaging Services business entity, recorded during the first quarter of 2011. The Company has determined direct costs consistent with the manner in which the Converged Messaging Services business was structured and managed during the respective periods. Indirect costs such as corporate overhead costs that are not directly attributable to the Converged Messaging business have not been allocated to the discontinued operations.

As of December 31, 2011, the assets and liabilities of the Converged Messaging Services business are included in their respective balance sheet categories in the Company's consolidated balance sheets. As of December 31, 2011, these assets and liabilities were \$1.3 million and \$2.2 million, respectively. As of December 31, 2011, these assets primarily included cash to fund the residual liabilities of the Converged Messaging Services business. All significant revenue generating and cost producing activities of the discontinued operations have ceased as of June 30, 2011.

4. INVESTMENTS

Auction Rate Securities and Rights

In November 2008, the Company accepted a settlement offer in the form of a rights offering (ARS Rights) by the investment firm that brokered the Company's original purchases of auction rate securities (ARS). The ARS Rights provided the Company with rights to sell its ARS at par value to the investment firm during a two year period beginning June 30, 2010. Under the ARS Rights, the investments were completely liquidated on July 1, 2010.

The Company elected to measure the ARS Rights at their fair value pursuant to the Financial Instruments Topic of the FASB ASC and to classify the associated ARS as trading securities. During the year ended December 31, 2010, the Company recorded a loss of \$6.9 million related to the change in estimated fair value of the ARS Rights.

Under the terms of the ARS Rights, if the investment firm was successful in selling any ARS prior to June 30, 2010, the investment firm was obligated to pay the Company par value for the ARS sold. During 2010, prior to the Company's exercise of the ARS Rights on June 30, 2010, the investment firm sold ARS with an

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original par value of \$16.5 million, and the Company received this amount in cash from the investment firm and recognized realized gains of \$2.1 million.

During the year ended December 31, 2010, the Company recorded a gain of \$4.9 million related to the change in estimated fair value of the ARS.

Pre-refunded Municipal Bonds

As of December 31, 2011 and 2012, the Company held approximately \$13.1 million and \$3.7 million, respectively, in pre-refunded municipal bonds, secured by an escrow fund of U.S. Treasury securities. These investments are accounted for as available-for-sale securities in the Company's consolidated balance sheet pursuant to the Investments – Debt and Equity Securities Topic of the FASB ASC. During the years ended December 31, 2011 and 2012, the Company sold approximately \$116.1 million and \$10.3 million, respectively, of available-for-sale securities. During the year ended December 31, 2011, the Company recognized net gains of \$0.2 million. During the year ended December 31, 2012, the Company recognized insignificant net losses. The Company did not record any impairment charges related to these investments during the years ended December 31, 2011 and 2012. As of December 31, 2012, both unrealized gains and losses on the pre-refunded municipal bonds were insignificant. The following table summarizes the Company's investment in these municipal bonds as of December 31, 2011 and 2012 (in thousands):

December 31, 2011			
	Amortized Cost	Gross Unrealized	
		Gains	Losses
Due within one year	\$10,538	\$ 10	\$ (3)
Due after one year through three years	2,500	6	—
Total	<u>\$13,038</u>	<u>\$ 16</u>	<u>\$ (3)</u>
			<u>\$13,051</u>

December 31, 2012			
	Amortized Cost	Gross Unrealized	
		Gains	Losses
Due within one year	\$ 3,666	\$—	\$—
Due after one year through two years	—	—	—
Total	<u>\$ 3,666</u>	<u>\$—</u>	<u>\$—</u>
			<u>\$ 3,666</u>

5. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosure Topic of FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1. Observable inputs, such as quoted prices in active markets;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

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The Company evaluates assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. This determination requires the Company to make significant judgments.

The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those multiple prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (i.e. coupon rate, maturity, credit rating). The Company corroborates consensus prices provided by third party pricing sources using reported trade activity, benchmark yield curves, binding broker/dealer quotes or other relevant price information.

The following table sets forth, as of December 31, 2011 and 2012, the Company's financial and non-financial assets and liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy (in thousands):

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$10,545	\$—	\$10,545
Municipal bonds (maturities one to two years)	\$ —	\$ 2,506	\$—	\$ 2,506
Marketable securities ⁽¹⁾	\$4,008	\$ —	\$—	\$ 4,008

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$ 3,666	\$—	\$ 3,666
Marketable securities ⁽¹⁾	\$4,458	\$ —	\$—	\$ 4,458

- (1) The NeuStar, Inc. Deferred Compensation Plan (the Plan) provides directors and certain employees with the ability to defer a portion of their compensation. The assets of the Plan are invested in marketable securities held in a Rabbi Trust and reported at fair value in other assets. During the years ended December 31, 2010 and 2012, there were no sales of securities from the Rabbi Trust. During the year ended December 31, 2011, the Company recognized gains of \$0.5 million attributed to the sale of securities from the Rabbi Trust.

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6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company's goodwill by operating segment as of December 31, 2011 and 2012 is as follows (in thousands):

	December 31, 2010	Acquisitions	Adjustments	December 31, 2011 ⁽¹⁾	Adjustments	December 31, 2012
Carrier Services						
Gross goodwill	\$202,055	\$ 20,602	\$(302)	\$222,355	\$ —	\$222,355
Accumulated impairments	(93,602)	—	—	(93,602)	—	(93,602)
Net goodwill	<u>108,453</u>	<u>20,602</u>	<u>(302)</u>	<u>128,753</u>	<u>—</u>	<u>128,753</u>
Enterprise Services						
Gross goodwill	16,198	—	—	16,198	—	16,198
Accumulated impairments	—	—	—	—	—	—
Net goodwill	<u>16,198</u>	<u>—</u>	<u>—</u>	<u>16,198</u>	<u>—</u>	<u>16,198</u>
Information Services						
Gross goodwill	—	429,700	—	429,700	(2,473)	427,227
Accumulated impairments	—	—	—	—	—	—
Net goodwill	<u>—</u>	<u>429,700</u>	<u>—</u>	<u>429,700</u>	<u>(2,473)</u>	<u>427,227</u>
Total						
Gross goodwill	218,253	450,302	(302)	668,253	(2,473)	665,780
Accumulated impairments	(93,602)	—	—	(93,602)	—	(93,602)
Net goodwill	<u>\$124,651</u>	<u>\$450,302</u>	<u>\$(302)</u>	<u>\$574,651</u>	<u>\$(2,473)</u>	<u>\$572,178</u>

(1) Balance as originally reported at December 31, 2011, prior to the reflection of measurement period adjustments.

During the third quarter of 2011, the Company completed its acquisition of assets and certain liabilities of the Numbering Solutions business of Evolving Systems, Inc. and recorded \$20.3 million of goodwill, net of adjustments, (see Note 3). In addition, during the fourth quarter of 2011, the Company acquired TARGUSinfo and recorded \$429.7 million of goodwill in the Company's Information Services operating segment. During the year ended December 31, 2012, the Company adjusted its preliminary valuation of acquired assets and liabilities of TARGUSinfo and recorded adjustments of \$2.5 million (see Note 3).

The Company's 2011 and 2012 annual goodwill impairment analysis, which was performed for each of its reporting units as of October 1 in each respective year, did not result in an impairment charge.

The key assumptions used in the Company's 2012 annual goodwill impairment test to determine the fair value of its reporting units included: (a) cash flow projections through 2017, which include growth and allocation assumptions for forecasted revenue and expenses; (b) cash flow projections beyond 2017 which use a long-term growth rate of 3.0%, (c) a discount rate of 12.5% to 14.5% to adjust the cash flow projections, which was based upon each respective reporting unit's weighted-average cost of capital adjusted for the risks associated with the

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operations at the time of the assessment; (d) selection of comparable companies used in the market approach; and (e) assumptions in weighting the results of the discounted cash flow method and the market approach valuation techniques.

As of the date of the Company's 2012 annual impairment test, the estimated fair values for each of the Company's reporting units exceeded each of its reporting units' carrying value. The Company believes that the assumptions and estimates used to determine the estimated fair values of each of its reporting units are reasonable; however, these estimates are inherently subjective, and there are a number of factors, including factors outside of the Company's control that could cause actual results to differ from the Company's estimates. Changes in estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge.

Any changes to the Company's key assumptions about its businesses and its prospects, or changes in market conditions, could cause the fair value of one of its reporting units to fall below its carrying value, resulting in a potential impairment charge. In addition, changes in the Company's organizational structure or how the Company's management allocates resources and assesses performance could result in a change of its operating segments or reporting units, requiring a reallocation and impairment analysis of goodwill. A goodwill impairment charge could have a material effect on the Company's consolidated financial statements because of the significance of goodwill to its consolidated balance sheet. As of December 31, 2012, the Company had \$128.8 million, \$16.2 million, and \$427.2 million, respectively, in goodwill for its Carrier Services, Enterprise Services, and Information Services operating segments.

Intangible Assets

In the first quarter of 2010, the Company realigned its organizational structure, and its NGM business was included with other IP-related services in the Company's Carrier Services operating segment. In the fourth quarter of 2010, the Company decided to exit a portion of its IP Services business, specifically its Converged Messaging Services business. The Company believes that its decision to exit this business was an indicator of impairment for long-lived assets in its Converged Messaging Services asset group. As a result, in the fourth quarter of 2010, the Company performed a recoverability test and determined that the future undiscounted cash flows of the Converged Messaging Services asset group was less than the carrying value. The Company recorded an \$8.5 million charge for impairment of long-lived assets, consisting of a \$7.9 million charge to write down the carrying value of the Converged Messaging Services property and equipment (see Note 7) and a \$0.6 million charge to write down the carrying value of the Converged Messaging Services intangible assets related to customer lists and relationships. The valuation technique utilized by the Company in its fair value estimates included the discounted cash flow method. During the second quarter of 2011, the Company ceased operations of its Converged Messaging Services business and all corresponding prior period results presented in the Company's consolidated statements of operations have been reclassified to discontinued operations (see Note 3).

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Intangible assets consist of the following (in thousands):

	<u>December 31,</u>		Weighted- Average Amortization Period (in years)
	<u>2011</u>	<u>2012</u>	
Intangible assets:			
Customer lists and relationships	\$315,098	\$315,098	7.9
Accumulated amortization	<u>(32,615)</u>	<u>(69,526)</u>	
Customer lists and relationships, net	<u>282,483</u>	<u>245,572</u>	
Acquired technology	58,859	58,859	4.8
Accumulated amortization	<u>(9,493)</u>	<u>(20,387)</u>	
Acquired technology, net	<u>49,366</u>	<u>38,472</u>	
Trade name	7,630	7,630	3.0
Accumulated amortization	<u>(711)</u>	<u>(3,187)</u>	
Trade name, net	<u>6,919</u>	<u>4,443</u>	
Intangible assets, net	<u><u>\$338,768</u></u>	<u><u>\$288,487</u></u>	

In July 2011, the Company recorded \$21.7 million of definite-lived intangible assets, consisting of \$18.9 million of customer relationships and \$2.8 million of acquired technology related to its acquisition of assets and certain liabilities of the Numbering Solutions business of Evolving Systems, Inc. (see Note 3).

In November 2011, the Company recorded \$310.2 million of definite-lived intangible assets in connection with its acquisition of TARGUSinfo, consisting of \$256.7 million related to customer relationships, \$46.5 million related to acquired technology and \$7.0 million related to trade names and trademarks (see Note 3).

Amortization expense related to intangible assets for the years ended December 31, 2010, 2011 and 2012 of approximately \$4.8 million, \$12.1 million and \$50.3 million, respectively, is included in depreciation and amortization expense. Amortization expense related to intangible assets for the years ended December 31, 2013, 2014, 2015, 2016, 2017 and thereafter is expected to be approximately \$48.9 million, \$47.9 million, \$45.9 million, \$44.1 million, \$35.6 million and \$66.1 million, respectively. Intangible assets as of December 31, 2012 will be fully amortized during the year ended December 31, 2021.

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7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	December 31,	
	2011	2012
Computer hardware	\$ 91,918	\$ 109,734
Equipment	2,688	2,703
Furniture and fixtures	6,764	9,134
Leasehold improvements	23,357	30,203
Construction in-progress	18,292	10,064
Capitalized software	101,973	139,697
	<u>244,992</u>	<u>301,535</u>
Accumulated depreciation and amortization	(144,890)	(183,022)
Property and equipment, net	<u>\$ 100,102</u>	<u>\$ 118,513</u>

The Company entered into capital lease obligations of \$1.8 million and \$1.0 million for the years ended December 31, 2011 and 2012, respectively, primarily for computer hardware. Amortization expense of assets recorded under capital leases is included in depreciation and amortization expense.

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2010, 2011 and 2012 was \$28.1 million, \$34.1 million and \$42.7 million, respectively.

In the fourth quarter of 2010, the Company recorded a \$7.9 million impairment charge to write down the carrying value of property and equipment of the Converged Messaging Services asset group (see Note 6). The Converged Messaging property and equipment impairment charge of \$7.9 million includes a \$5.3 million impairment charge related to internally developed technology and a \$1.3 million impairment charge related to capitalized software. The valuation techniques utilized by the Company in its fair value estimates included the replacement cost method.

8. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	December 31,	
	2011	2012
Accrued compensation	\$52,028	\$63,554
RRC reserve	2,441	2,621
Accrued interest	4,648	—
Other	20,217	19,249
Total	<u>\$79,334</u>	<u>\$85,424</u>

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9. NOTE PAYABLE

2011 Credit Facilities

On November 8, 2011, the Company entered into a credit facility that provided for: (1) a \$600 million senior secured term loan facility (2011 Term Facility); (2) a \$100 million senior secured revolving credit facility (2011 Revolving Facility and together with the 2011 Term Facility, the 2011 Credit Facilities), of which (a) \$30 million was available for the issuance of letters of credit and (b) \$25 million was available as a swingline subfacility; and (3) incremental term loan facilities in an aggregate amount of up to \$400 million. The maturity date of the 2011 Revolving Facility was November 8, 2016, and the maturity date of the 2011 Term Facility was November 8, 2018. The entire \$600 million 2011 Term Facility was borrowed on November 8, 2011, and used to fund a portion of the acquisition of TARGUSinfo and to pay costs, fees and expenses incurred in connection with the acquisition. As of December 31, 2012, available borrowings under the 2011 Revolving Facility were reduced by outstanding letters of credit totaling \$7.8 million. On January 22, 2013, the Company refinanced this credit facility. See Subsequent Event – Debt Refinancing below.

The 2011 Credit Facilities contained customary representations and warranties, affirmative and negative covenants, and events of default. If an event of default occurred and so long as such event of default was continuing, the amounts outstanding could accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken pursuant to the 2011 Credit Facilities. The Company's quarterly financial covenants included a maximum consolidated fixed charge coverage ratio and a minimum consolidated leverage ratio. As of December 31, 2011, the Company was in compliance with these covenants. As of December 31, 2012, the Company was not required to comply with these covenants. See Subsequent Event — Debt Refinancing below.

The Company's obligations pursuant to the 2011 Credit Facilities were guaranteed by certain of the Company's domestic subsidiaries, or the guarantors, and secured, with certain exceptions, by: (1) (a) a first priority security interest in all equity interests of the Company's direct and indirect domestic subsidiaries; (b) 65% of the outstanding voting equity interests and 100% of the non-voting equity interests of NeuStar NGM Services Limited, an indirect subsidiary of the Company, and first-tier foreign subsidiaries that are controlled foreign corporations; and (c) 65% of the outstanding voting equity interests of any domestic subsidiary of the Company, the sole assets of which consist of stock of controlled foreign corporations; (2) all present and future tangible and intangible assets of the Company and the guarantors; and (3) all proceeds and products of the property and assets described in (1) and (2) above.

Principal payments under the 2011 Term Facility of \$1.5 million were due on the last day of the quarter starting on December 31, 2011 and ending on September 30, 2018. The remaining 2011 Term Facility principal balance of \$558.0 million was due in full on November 8, 2018, subject to early mandatory prepayments as further discussed below. The loans outstanding under the credit facility bore interest, at the Company's option, either: (1) at the base rate, which was defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; provided that the base rate for loans under the 2011 Term Facility was deemed to be not less than 2.25% per annum or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin was (1) in respect of the 2011 Term Facility, 2.75% per annum for borrowings based on the base rate and 3.75% per annum for borrowings based on the LIBOR rate, and (2) in respect of the 2011 Revolving Facility, 2.50% per annum for borrowings based on the base rate and 3.50% per annum borrowings based on the LIBOR rate. The accrued interest under the 2011 Term Facility was payable quarterly beginning on February 8, 2012. As of both December 31, 2011 and 2012, the interest rate on the 2011 Term Facility was 5% per year. The accrued interest under the 2011 Revolving Facility was due on the last day of the quarter starting on December 31, 2011.

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The Company paid \$10.0 million of loan origination fees related to its 2011 Credit Facilities and recorded \$19.4 million in deferred financing costs. Total amortization expense of the loan origination fees and deferred financing costs was approximately \$0.6 million and \$4.1 million for the years ended December 31, 2011 and 2012, respectively, and is reported as interest expense in the consolidated statements of operations. As of December 31, 2011 and 2012, the balance of unamortized loan origination fees and deferred financing costs was \$28.8 million and \$24.8 million, respectively.

The Company could voluntarily prepay the loans at any time. The 2011 Term Facility had a 1% prepayment fee in the event it was refinanced within the first year of issuance. The 2011 Credit Facilities provided for mandatory prepayments with the net cash proceeds of certain debt issuances, equity issuances, insurance receipts, dispositions and excess cash flows. Mandatory prepayments attributable to excess cash flows were based on the Company's leverage ratio and were determined at the end of each fiscal year, beginning with the year ended December 31, 2012. A leverage ratio of 1.5x or higher would have triggered mandatory prepayments of 25% or 50% of excess cash flow.

As of December 31, 2011 and 2012, the Company's principal borrowings under the 2011 Term Facility were \$598.5 million and \$592.5 million, respectively. Accrued interest under the 2011 Credit Facilities was \$4.5 million as of December 31, 2011. As of December 31, 2012, there was no interest payable under the 2011 Credit Facilities. As of December 31, 2011 and 2012, the Company's available borrowings under the 2011 Revolving Facility were \$100 million and \$92.2 million, respectively. On January 22, 2013, the Company refinanced this 2011 Term Facility. See Subsequent Event — Debt Refinancing below.

Subsequent Event — Debt Refinancing

On January 22, 2013, the Company entered into a credit facility that provided for a \$325 million senior secured term loan facility (2013 Term Facility) and a \$200 million senior secured revolving credit facility (2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities). In addition, the Company closed an offering of \$300 million aggregate principal amount of senior notes (Notes). The Company used the proceeds received from the 2013 Term Facility and Notes to repay its outstanding principal borrowings of \$592.5 million under the 2011 Term Facility. The 2011 Credit Facilities were terminated in connection with this refinancing event.

Notes

On January 22, 2013, the Company closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended, or the Securities Act. The Notes were issued pursuant to an indenture, dated as of January 22, 2013, among the Company, certain of its domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Notes are the general unsecured senior obligations of the Company and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Notes will mature on January 15, 2023. Interest will accrue from January 22, 2013.

At any time and from time to time prior to July 15, 2016, the Company may redeem up to a maximum of 35% of the original aggregate principal amount of the Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if

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any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

Prior to January 15, 2018, the Company may redeem some or all of the Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, the Company may redeem some or all of the Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If the Company experiences certain changes of control together with a ratings downgrade, it will be required to offer to purchase all of the Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to, the date of purchase. If the Company sells certain assets and does not repay certain debt or reinvest the proceeds of such sales within certain time periods, it will be required to offer to repurchase the Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and certain provision related to bankruptcy events. The Notes also contain customary negative covenants.

On January 22, 2013, the Company entered into a registration rights agreement relating to the Notes that requires it and the Subsidiary Guarantors to, among other things: (1) file a registration statement with respect to a registered offer to exchange the Notes for new notes guaranteed by the Company’s Subsidiary Guarantors, with terms substantially identical in all material respects to those of the Notes (except that the new notes will not be subject to restrictions on transfer or to any increase in annual interest rate); (2) use the Company’s reasonable best efforts to cause the applicable registration statement to become effective under the Securities Act; and (3) promptly after the applicable registration statement is declared effective, initiate an exchange offer. In addition, under certain circumstances, the Company and the Subsidiary Guarantors may be required to file a shelf registration statement relating to resales of the Notes.

If (1) the exchange offer is not completed within 300 days after the date of original issuance of the Notes; (2) a shelf registration statement, if required, has not become effective within 300 days after the date of original issuance of the Notes; (3) if the Company receives a request to file a shelf registration pursuant to the Registration Rights Agreement and such shelf registration statement has not become effective by the later of (a) 300 days after the date of original issuance of the Notes and (b) 120 days after delivery of such shelf request or (4) any required registration statement is filed and declared effective but thereafter ceases to be effective in certain circumstances during the applicable period (each such event referred to in clauses (1) through (4) above, a “Registration Default”), then the Company will be obligated to pay additional interest to each holder of the Notes that are subject to transfer restrictions, with respect to the first 90-day period immediately following the occurrence of a Registration Default, at a rate of 0.25% per annum on the principal amount of the Notes that are subject to transfer restrictions held by such holder. The amount of additional interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until the Registration Default ends, up to a maximum increase of 1.00% per annum on the principal amount of the Notes that are subject to transfer restrictions.

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2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. The entire \$325 million available under the 2013 Term Facility was borrowed on January 22, 2013, and used to refinance a portion of the Company's 2011 Credit Facilities. As of January 22, 2013, the Company had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.2 million, exclusive of outstanding letters of credit totaling \$7.8 million.

Principal payments under the 2013 Term Facility are as follows (in thousands):

2013	\$ 8,125
2014	8,125
2015	8,125
2016	8,125
2017	8,125
Thereafter	<u>284,375</u>
Total principal payments	<u>\$325,000</u>

Principal payments under the 2013 Term Facility are due on the last day of the quarter starting on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) will bear interest, at the Company's option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning in March 31, 2013.

The Company may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of the required Lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken pursuant to the 2013 Term Facility, by the required Lenders.

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10. COMMITMENTS AND CONTINGENCIES

Capital Leases

The following is a schedule of future minimum lease payments due under capital lease obligations as of December 31, 2012 (in thousands):

2013	\$ 1,794
2014	755
2015	<u>90</u>
Total minimum lease payments	2,639
Less: amounts representing interest	<u>(136)</u>
Present value of minimum lease payments	2,503
Less: current portion	<u>(1,686)</u>
Capital lease obligation, long-term	<u><u>\$ 817</u></u>

The following assets are capitalized under capital leases at the end of each period presented (in thousands):

	<u>December 31,</u>	
	<u>2011</u>	<u>2012</u>
Equipment and hardware	\$ 34,630	\$ 35,322
Furniture and fixtures	<u>334</u>	<u>334</u>
Subtotal	34,964	35,656
Less: accumulated amortization	<u>(31,308)</u>	<u>(33,708)</u>
Net assets under capital leases	<u><u>\$ 3,656</u></u>	<u><u>\$ 1,948</u></u>

Operating Leases

The Company leases office space under noncancelable operating lease agreements. The leases terminate at various dates through 2021 and generally provide for scheduled rent increases.

On January 20, 2010, the Company entered into a lease agreement with a third party relating to its corporate headquarters in Sterling, Virginia. The lease provides for approximately 91,754 square feet of office space. The initial term of the lease commenced on October 1, 2010 and terminates January 31, 2021. The Company has two five-year options to renew the lease, and the rent for the applicable renewal term will be determined if and when the Company exercises its applicable option to renew the lease. The Company recognizes rent incentives and leasehold improvements funded by landlord incentives on a straight-line basis, as a reduction of rent expense, over the initial term of the lease.

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Future minimum lease payments under noncancelable operating leases as of December 31, 2012, are as follows (in thousands):

2013	\$13,074
2014	12,014
2015	11,220
2016	9,926
2017	9,441
Thereafter	<u>27,945</u>
	<u>\$83,620</u>

Rent expense was \$6.5 million, \$9.6 million and \$12.8 million for the years ended December 31, 2010, 2011 and 2012, respectively.

Contingencies

Currently, and from time to time, the Company is involved in litigation incidental to the conduct of its business. The Company is not a party to any lawsuit or proceeding that, in the opinion of management, is reasonably likely to have a material adverse effect on its financial position, results of operations or cash flows.

11. RESTRUCTURING CHARGES

The Company recorded restructuring charges in continuing operations of \$5.4 million, \$3.5 million and \$0.5 million during the years ended December 31, 2010, 2011 and 2012, respectively. The Company's restructuring charges included in continuing operations during the year ended December 31, 2010 included charges incurred in connection with its 2009 restructuring plan to relocate certain operations and support functions to Louisville, Kentucky and charges incurred under the Company's 2010 management transition restructuring plan. During the years ended December 31, 2011 and 2012, restructuring charges in continuing operations included charges incurred in connection with the Company's 2010 management transition restructuring plan as well as the restructuring plan initiated in 2011 to reduce the Company's domestic workforce.

The Company recorded restructuring charges in discontinued operations of \$2.0 million and \$1.6 million during the years ended December 31, 2010 and 2011, respectively. There were no restructuring charges recorded in discontinued operations during the year ended December 31, 2012. The Company's restructuring charges for discontinued operations consisted of charges incurred under its Converged Messaging Services restructuring plan initiated in the fourth quarter of 2008 and completed in the second quarter of 2011.

Restructuring Plans

2011 Restructuring Plan

In the fourth quarter of 2011, the Company initiated a domestic work-force reduction impacting each of its operating segments and recorded severance and severance-related charges of \$3.1 million. During the year ended December 31, 2012, the Company incurred additional severance and severance-related charges of approximately \$0.5 million under this plan. The Company expects to pay approximately \$0.2 million in remaining severance and severance-related payments through the second quarter of 2013.

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2010 Management Transition

In the fourth quarter of 2010, the Company initiated a work-force reduction impacting its Carrier Services and Enterprise Services operating segments and recorded severance and severance-related charges of \$3.8 million. During 2011, the Company recorded additional severance and severance-related charges of \$0.4 million in connection with this restructuring initiative. The Company does not anticipate it will incur additional expenses under this plan and expects to pay \$15,000 in the first quarter of 2013.

Converged Messaging Services, Discontinued Operations

Beginning in the fourth quarter of 2008, management committed to and implemented a restructuring plan for the Company's Converged Messaging Services business, previously known as the Company's Next Generation Messaging business, to more appropriately allocate resources to the Company's key mobile instant messaging initiatives. The restructuring plan involved a reduction in headcount and closure of specific leased facilities in some of the Company's international locations. In the third quarter of 2009 and the fourth quarter of 2010, the Company extended the restructuring plan to include further headcount reductions and closure of certain additional facilities. During 2011, the Company sold certain assets and liabilities of Neustar NGM Services, Inc. and its subsidiaries used in the Converged Messaging Services business, and completed the wind-down of the residual operations of its Converged Messaging Services business. Restructuring charges for all periods presented have been reclassified into "(Loss) income on discontinued operations, net of tax" in the Company's consolidated statements of operations.

Total net restructuring charges recorded under this plan since the fourth quarter of 2008 include approximately \$8.4 million of severance and severance-related costs and \$1.8 million of lease and facility exit costs. Amounts related to lease terminations due to the closure of excess facilities will be paid over the remainder of the respective lease terms, the longest of which extends through 2013.

Summary of Accrued Restructuring Plans

The additions and adjustments to the accrued restructuring liability related to the Company's restructuring plans as described above for the year ended December 31, 2012 are as follows (in thousands):

	<u>December 31, 2011</u>	<u>Additional Costs</u>	<u>Cash Payments</u>	<u>Adjustments</u>	<u>December 31, 2012</u>
Converged Messaging Services:					
Lease and facilities exit costs	\$ 609	\$ —	\$ (484)	\$ —	\$ 125
2011 Restructuring Plan:					
Severance and related costs	2,833	615	(3,105)	(111)	232
2010 Management Transition:					
Severance and related costs	919	—	(889)	(15)	15
Total restructuring plans	<u>\$ 4,361</u>	<u>\$ 615</u>	<u>\$ (4,478)</u>	<u>\$ (126)</u>	<u>\$ 372</u>

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12. OTHER (EXPENSE) INCOME

Other (expense) income consists of the following (in thousands):

	Year Ended December 31,		
	2010	2011	2012
Interest and other expense:			
Interest expense	\$ 388	\$4,831	\$34,200
(Gain) loss on asset disposals	(112)	996	22
Loss on ARS Rights	6,892	—	—
Foreign currency transaction (gain) loss	(173)	452	(67)
Total	<u>\$6,995</u>	<u>\$6,279</u>	<u>\$34,155</u>
Interest and other income:			
Interest income	\$ 575	\$1,265	\$ 596
ARS trading gains	7,007	—	—
Available-for-sale realized gains	—	701	—
Total	<u>\$7,582</u>	<u>\$1,966</u>	<u>\$ 596</u>

During 2010 and 2011, the Company recorded a reduction of \$1.2 million and \$0.7 million, respectively, in interest expense related to decreases in an accrued sales tax liability.

In 2011, the Company paid \$10.0 million of loan origination fees related to its 2011 Credit Facilities and recorded \$19.4 million in deferred financing costs. Total amortization expense of the loan origination fees and deferred financing costs was approximately \$0.6 million and \$4.1 million for the years ended December 31, 2011 and 2012, respectively, and is reported as interest expense in the consolidated statements of operations. As of December 31, 2011 and 2012, the balance of unamortized loan origination fees and deferred financing costs was \$28.8 million and \$24.8 million, respectively.

13. INCOME TAXES

The provision for income taxes, continuing operations, consists of the following components (in thousands):

	Year Ended December 31,		
	2010	2011	2012
Current:			
Federal	\$70,210	\$54,615	\$76,563
State	14,708	12,076	16,408
Total current	<u>84,918</u>	<u>66,691</u>	<u>92,971</u>
Deferred:			
Federal	(1,133)	12,113	(4,733)
State	(1,503)	2,333	(1,225)
Total deferred	<u>(2,636)</u>	<u>14,446</u>	<u>(5,958)</u>
Total provision for income taxes, continuing operations	<u>\$82,282</u>	<u>\$81,137</u>	<u>\$87,013</u>

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A reconciliation of the statutory United States income tax rate to the effective income tax rate for continuing operations follows:

	Year Ended December 31,		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Statutory federal tax rate	35.0 %	35.0 %	35.0 %
State taxes (net of federal benefit)	4.3	4.5	4.3
Domestic production activities deduction	—	—	(3.4)
Other	0.8	0.1	(0.1)
Change in valuation allowance	<u>(0.2)</u>	<u>—</u>	<u>—</u>
Effective tax rate, continuing operations	<u>39.9 %</u>	<u>39.6 %</u>	<u>35.8 %</u>

The Company's annual effective tax rate for its continuing operations decreased to 35.8% for the year ended December 31, 2012 from 39.6% for the year ended December 31, 2011. This decrease includes \$6.8 million of discrete items recorded during 2012 primarily due to the Company's domestic production activities deduction and utilization of foreign tax credits against federal income taxes. During 2012, the Company completed an analysis of its domestic production activities deduction which resulted in a net tax benefit of \$6.1 million for years 2008 through 2011, and a tax benefit of \$2.6 million for 2012 reflected in the annual effective tax rate for 2012. The decrease in the Company's effective tax rate from continuing operations was partially offset by a change in estimate attributed to a worthless stock loss deduction of NGM Services. Decreases in the Company's effective tax rate were also partially offset by benefits recorded in 2011 related to the realizability of net operating losses associated with the acquisition of Quova, Inc. and federal research tax credits. The Company's annual effective tax rate decreased to 39.6% for the year ended December 31, 2011 from 39.9% for the year ended December 31, 2010 primarily due to benefits for federal research tax credits and a change in estimate of the realizability of acquired Quova, Inc. net operating losses partially offset by settlement of the Company's Internal Revenue Service (IRS) Examination and TARGUSinfo acquisition-related costs and stock repurchase costs, which are nondeductible for tax purposes.

On February 7, 2011, the Company sold certain business assets and liabilities of NGM Services and its subsidiaries, a portion of the Converged Messaging Services business. The Company treated the common stock of NGM Services as worthless for U.S. income tax purposes in its 2011 U.S. federal and state income tax returns. The Company recorded an income tax benefit of \$42.7 million for the three months ended March 31, 2011 within discontinued operations, which primarily represents the book and tax basis differences associated with its investment in NGM Services.

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The Company realized certain tax benefits related to nonqualified and incentive stock option exercises in the amounts of \$1.6 million, \$4.5 million and \$9.0 million for the years ended December 31, 2010, 2011 and 2012, respectively. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows (in thousands):

	<u>December 31,</u>	
	<u>2011</u>	<u>2012</u>
Deferred tax assets:		
Domestic NOL carryforwards	\$ 11,088	\$ 9,538
Foreign NOL carryforwards	43,748	1,785
Restructuring accrual	1,374	20
Deferred revenue	4,234	4,078
Accrued compensation	5,437	6,344
Stock-based compensation expense	21,832	17,795
Realized losses on investments	1,189	1,181
Deferred rent	4,638	5,375
Other	3,410	2,295
Total deferred tax assets	<u>96,950</u>	<u>48,411</u>
Valuation allowance	<u>(45,971)</u>	<u>(3,965)</u>
Total deferred tax assets, net	<u>50,979</u>	<u>44,446</u>
Deferred tax liabilities:		
Unbilled receivables	(2,184)	(2,507)
Depreciation and amortization	(39,859)	(46,141)
Identifiable intangible assets	(118,246)	(99,598)
Deferred costs	(3,493)	(3,213)
Other	(417)	(424)
Total deferred tax liabilities	<u>(164,199)</u>	<u>(151,883)</u>
Net deferred tax liabilities	<u><u>\$ (113,220)</u></u>	<u><u>\$ (107,437)</u></u>

As of December 31, 2012, the Company had U.S. net operating loss carryforwards for federal tax purposes of approximately \$20.2 million which expire, if unused, in various years from 2020 to 2030. During 2012, the Company completed its evaluation of limitations that apply to its U.K. net operating losses as a result of the sale of certain assets and liabilities of NGM Services and its subsidiaries. As of December 31, 2012, the Company had \$5.5 million of net operating losses that are ultimately available for carryforward indefinitely under U.K. tax law and the Company has a full valuation allowance against its deferred tax asset associated with its U.K. net operating loss carryforwards. As of December 31, 2012, the Company had other foreign net operating loss carryforwards of approximately \$2.9 million, of which \$2.3 million can be carried forward indefinitely under current local tax laws and \$0.6 million which expire, if unused, in years beginning 2016.

As of December 31, 2012, the amount of earnings from foreign subsidiaries that the Company considers indefinitely reinvested and for which deferred taxes have not been provided was approximately \$2.9 million. It is not practicable to determine the income tax liability that would be payable if such earnings were not indefinitely reinvested.

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As of December 31, 2011 and 2012, the Company had unrecognized tax benefits of \$1.6 million and \$4.4 million, respectively, of which \$1.6 million and \$4.1 million, respectively, would affect the Company's effective tax rate if recognized. The net increase in the liability for unrecognized income tax benefits is as follows (in thousands):

Balance at January 1, 2010	\$1,072
Increase related to current year tax positions	95
Increase related to prior year tax positions	—
Reductions due to lapse in statutes of limitations	(8)
Balance at December 31, 2010	1,159
Increase related to current year tax positions	195
Increase related to prior year tax positions	715
Positions assumed in TARGUSinfo acquisition	259
Reductions due to lapse in statutes of limitations	(618)
Settlements	(144)
Balance at December 31, 2011	1,566
Increase related to current year tax positions	802
Increase related to prior year tax positions	2,739
Positions assumed in TARGUSinfo acquisition	147
Reductions due to lapse in statutes of limitations	(545)
Settlements	(306)
Balance at December 31, 2012	<u>\$4,403</u>

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the years ended December 31, 2010, 2011 and 2012, the Company recognized potential interest and penalties of \$26,000, \$118,000 and \$138,000 respectively including interest related to uncertain tax positions of acquired companies. As of December 31, 2011 and 2012, the Company had established reserves of approximately \$153,000 and \$194,000 for accrued potential interest and penalties related to uncertain tax positions, respectively. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision. During the year ended December 31, 2012, accrued interest and penalties decreased by \$97,000 due to settlements and expiration of certain statutes of limitations.

The Company files income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. The tax years 2007 through 2011 remain open to examination by the major taxing jurisdictions to which the Company is subject. The IRS has initiated an examination of the Company's 2009 federal income tax return. While the ultimate outcome of the audit is uncertain, management does not currently believe that the outcome will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company anticipates that total unrecognized tax benefits will decrease by approximately \$121,000 over the next 12 months due to the expiration of certain statutes of limitations.

14. STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue up to 100,000,000 shares of preferred stock, \$0.001 par value per share, in one or more series, to establish from time to time the number of shares to be included in each series, and to fix

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the rights, preferences, privileges, qualifications, limitations and restrictions of the shares of each wholly unissued series. As of December 31, 2011 and 2012, there are no preferred stock shares issued or outstanding.

Common Stock

The Company is authorized to issue up to 200,000,000 shares of Class A common stock, \$0.001 par value per share and 100,000,000 shares of Class B common stock, \$0.001 par value per share. Each holder of Class A and Class B common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of Class A and Class B common stock are entitled to receive dividends out of assets legally available at the time and in the amounts as the Company's Board of Directors may from time to time determine.

Stock-Based Compensation

The Company has five stock incentive plans: the NeuStar, Inc. 1999 Equity Incentive Plan (1999 Plan); the NeuStar, Inc. 2005 Stock Incentive Plan (2005 Plan); the NeuStar, Inc. 2009 Stock Incentive Plan (2009 Plan); the Targus Information Corporation Amended and Restated 2004 Stock Incentive Plan (TARGUSinfo Plan); and the AMACAI Information Corporation 2004 Stock Incentive Plan (AMACAI Plan) (collectively, the Plans). The Company may grant to its directors, employees and consultants awards under the 2009 Plan in the form of incentive stock options, nonqualified stock options, stock appreciation rights, shares of restricted stock, restricted stock units, PVRSUs and other stock-based awards. The aggregate number of shares of Class A common stock with respect to which all awards may be granted under the 2009 Plan is 11,911,646, plus the number of shares underlying awards granted under the 1999 Plan, the 2005 Plan, the TARGUSinfo Plan, and the AMACAI Plan that remain undelivered following any expiration, cancellation or forfeiture of such awards. As of December 31, 2012, 2,408,663 shares were available for grant or award under the 2009 Plan. An additional 3,000,000 shares, approved by the Company's stockholders at the June 20, 2012 annual meeting of stockholders, will become available for grant once registered on a Form S-8 filed with the SEC.

On June 20, 2012, at the Company's annual shareholder meeting, stockholders approved the NeuStar, Inc. Employee Stock Purchase Plan (ESPP). The Company anticipates the ESPP will be made available to its employees in the second quarter of 2013, following the registration of the 600,000 shares available under the ESPP on a Registration Statement on Form S-8 filed with the SEC.

The term of any stock option granted under the Plans may not exceed ten years. The exercise price per share for options granted under the Plans may not be less than 100% of the fair market value of the common stock on the option grant date. The Board of Directors or Compensation Committee of the Board of Directors determines the vesting schedule of the options, with a maximum vesting period of ten years. Options issued generally vest with respect to 25% of the shares underlying the option on the first anniversary of the grant date and 2.083% of the shares on the last day of each succeeding calendar month thereafter. The options expire seven to ten years from the date of issuance and are forfeitable upon termination of an option holder's service.

The Company has granted and may in the future grant restricted stock to directors, employees and consultants. The Board of Directors or Compensation Committee of the Board of Directors determines the vesting schedule of the restricted stock, with a maximum vesting period of ten years. Restricted stock issued generally vests in equal annual installments over a four-year term.

Stock-based compensation expense recognized for the years ended December 31, 2010, 2011 and 2012 was \$17.0 million, \$27.5 million and \$28.1 million, respectively. As of December 31, 2012, total unrecognized compensation expense related to non-vested stock options, non-vested restricted stock awards, non-vested

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restricted stock units and non-vested PVRsUs granted prior to that date was estimated at \$53.0 million, which the Company expects to recognize over a weighted average period of approximately 1.76 years. Total unrecognized compensation expense as of December 31, 2012 is estimated based on outstanding non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRsUs. Stock-based compensation expense may increase or decrease in future periods for subsequent grants or forfeitures, and changes in the estimated fair value of non-vested awards granted to consultants.

Stock Options

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock options granted. The weighted-average grant date fair value of options granted during the years ended December 31, 2010 and 2011 was \$8.12 and \$8.83, respectively. No options were granted during the year ended December 31, 2012. The following are the weighted-average assumptions used in valuing the stock options granted during the years ended December 31, 2010 and 2011, and a discussion of the Company's assumptions.

	Year Ended December 31,	
	2010	2011
Dividend yield	— %	— %
Expected volatility	39.13%	37.16%
Risk-free interest rate	2.07%	1.56%
Expected life of options (in years)	4.42	4.41

Dividend yield — The Company has never declared or paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future.

Expected volatility — Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company considered the historical volatility of its stock price over a term similar to the expected life of the grant in determining its expected volatility.

Risk-free interest rate — The risk-free interest rate is based on U.S. Treasury bonds issued with similar life terms to the expected life of the grant.

Expected life of the options — The expected life is the period of time that options granted are expected to remain outstanding. The Company determined the expected life of stock options based on the weighted average of (a) the time-to-settlement from grant of historically settled options and (b) a hypothetical holding period for the outstanding vested options as of the date of fair value estimation. The hypothetical holding period is the amount of time the Company assumes a vested option will be held before the option is exercised. To determine the hypothetical holding period, the Company assumes that a vested option will be exercised at the midpoint of the time between the date of fair value estimation and the remaining contractual life of the unexercised vested option.

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The following table summarizes the Company's stock option activity:

	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Aggregate Intrinsic Value (in millions)</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>
Outstanding at December 31, 2009	5,951,258	\$19.37		
Options granted	1,951,205	23.16		
Options exercised	(596,426)	13.02		
Options forfeited	(590,478)	23.41		
Outstanding at December 31, 2010	6,715,559	20.68		
Options granted	2,425,873	26.93		
Options exercised	(2,339,890)	16.79		
Options forfeited	(637,286)	24.17		
Increase due to acquisition	369,570	22.29		
Outstanding at December 31, 2011	6,533,826	24.15		
Options granted	—	—		
Options exercised	(2,499,843)	23.68		
Options forfeited	(737,943)	22.76		
Outstanding at December 31, 2012	3,296,040	\$24.81	\$56.4	6.86
Exercisable at December 31, 2012	1,573,865	\$24.26	\$27.8	6.17
Exercisable at December 31, 2011	2,651,973	\$23.63	\$28.0	2.98
Exercisable at December 31, 2010	3,620,689	\$19.95	\$29.1	3.25

The aggregate intrinsic value of options exercised for the years ended December 31, 2010, 2011 and 2012 was \$7.1 million, \$29.2 million and \$31.4 million, respectively.

The following table summarizes information regarding options outstanding at December 31, 2012:

<u>Range of Exercise Price</u>	<u>Options Outstanding</u>		<u>Weighted-Average Remaining Contractual Life (in years)</u>	<u>Options Exercisable</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted-Average Exercise Price</u>		<u>Number of Options Exercisable</u>	<u>Weighted-Average Exercise Price</u>
\$0.00 – \$4.64	17,687	\$ 4.64	0.82	17,687	\$ 4.64
\$4.65 – \$6.43	28,563	6.32	1.28	28,563	6.32
\$6.44 – \$10.29	7,140	9.12	4.60	3,600	8.47
\$10.30 – \$15.39	234,115	15.31	5.92	201,346	15.38
\$15.40 – \$22.82	912,039	21.71	7.13	363,197	22.39
\$22.83 – \$27.85	1,596,497	26.36	7.44	699,793	26.36
\$27.86 – \$31.36	174,684	30.18	4.15	119,865	30.19
\$31.37 – \$34.84	325,315	32.92	6.26	139,814	32.90
	3,296,040	\$24.81	6.86	1,573,865	\$24.26

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Restricted Stock

The following table summarizes the Company's non-vested restricted stock activity:

	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>	<u>Aggregate Intrinsic Value (in millions)</u>
Outstanding at December 31, 2009	353,157	\$22.64	
Restricted stock granted	330,890	23.18	
Restricted stock vested	(85,619)	24.76	
Restricted stock forfeited	(63,838)	22.60	
Outstanding at December 31, 2010	534,590	22.82	
Restricted stock granted	402,670	27.04	
Restricted stock vested	(185,433)	26.20	
Restricted stock forfeited	(106,832)	24.80	
Outstanding at December 31, 2011	644,995	24.16	
Restricted stock granted	—	—	
Restricted stock vested	(230,435)	23.98	
Restricted stock forfeited	(109,170)	24.44	
Outstanding at December 31, 2012	<u>305,390</u>	\$24.20	\$12.8

The total aggregate intrinsic value of restricted stock vested during the years ended December 31, 2010, 2011 and 2012 was approximately \$2.0 million, \$5.3 million and \$8.4 million, respectively. During the years ended December 31, 2010, 2011 and 2012, the Company repurchased 26,720, 62,583 and 82,910 shares of common stock, respectively, for an aggregate purchase price of \$0.6 million, \$1.6 million and \$3.0 million, respectively, pursuant to the participants' rights under the Company's stock incentive plans to elect to use common stock to satisfy their tax withholding obligations.

Performance Vested Restricted Stock Units

During the years ended 2010 and 2011, the Company granted 266,580 and 234,112 and PVRsUs, respectively, to certain employees with an aggregate fair value of \$6.1 million, and \$6.2 million, respectively. The vesting of these stock awards is contingent upon the Company achieving specified financial targets at the end of the specified performance period and an employee's continued employment through the vesting period. The level of achievement of the performance conditions affects the number of shares that will ultimately be issued. The range of possible stock-based award vesting is between 0% and 150% of the initial target. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and vesting period. As of December 31, 2011, the level of achievement of the performance target awards for PVRsUs granted during 2010 and 2011 was 116% and 134%, respectively.

During the year ended December 31, 2012, the Company awarded 2,284,570 PVRsUs, of which 602,175 PVRsUs were granted with an aggregate fair value of \$21.9 million. For executive management, the awarded PVRsUs are subject to five one-year performance periods, the first of which begins on January 1, 2012 and ends December 31, 2012 and the last of which begins on January 1, 2016 and ends on December 31, 2016. Each executive is eligible to earn up to 150% of one-fifth of the award with respect to each annual performance period subject to the achievement of the respective performance goals for each one-year performance period. For non-executive management, the PVRsUs awarded are subject to three one-year performance periods, the first of

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which begins on January 1, 2012 and ends December 31, 2012 and the last of which begins on January 1, 2014 and ends on December 31, 2014. Each non-executive is eligible to earn up to 150% of one-third of the award with respect to each annual performance period subject to the achievement of the respective performance goals for each one-year performance period. For both executive and non-executive management, the performance goal for the performance period from January 1, 2012 through December 31, 2012 will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned (a) by executive management with respect to the first three performance periods will vest on January 1, 2015 and the portion of the award, if any, earned with respect to the final two performance periods will vest on January 1, 2016 and January 1, 2017, respectively; and (b) by non-executive management with respect to all three performance periods will vest 75% of the earned amount on the first business day of 2015, and the remaining 25% of the earned amount on the first business day of 2016. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and vesting period. As of December 31, 2012, the level of achievement of the performance target awards for PVRsUs granted during 2012 was 129%.

During 2012, the Company revised its estimate of achievement of the performance target related to the PVRsUs granted during 2012 from 100% of target to 130% of target and further revised its estimate of achievement in the fourth quarter of 2012 to 129% of target. These changes in estimates did not have a material impact on the Company's income from continuing operations and the earnings per diluted share from continuing operations, respectively, for the year ended December 31, 2012.

The fair value of a PVRsU is measured by reference to the closing market price of the Company's common stock on the date of the grant. Compensation expense is recognized on a straight-line basis over the requisite service period based on the number of PVRsUs expected to vest.

The following table summarizes the Company's non-vested PVRsU activity:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Non-vested December 31, 2009	839,786	\$21.17	
Granted	266,580	22.84	
Vested	(6,000)	29.32	
Forfeited	(259,443)	28.01	
Non-vested December 31, 2010	840,923	19.53	
Granted	234,112	26.45	
Vested	—	—	
Forfeited	(240,660)	24.74	
Non-vested December 31, 2011	834,375	19.97	
Granted	602,175	36.34	
Vested	(582,281)	15.58	
Forfeited	(95,149)	27.88	
Non-vested December 31, 2012	<u>759,120</u>	\$35.34	\$31.8

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The total aggregate intrinsic value of PVRsUs vested during the years ended December 31, 2010 and 2012 was approximately \$0.2 million and \$19.9 million, respectively. During the years ended December 31, 2010 and 2012, the Company repurchased 2,129 and 210,664 shares of common stock, respectively, for an aggregate purchase price of \$0.1 million and \$7.2 million, respectively, pursuant to the participants' rights under the Plans to elect to use common stock to satisfy their tax withholding obligations. No PVRsUs vested in the year ended December 31, 2011.

Restricted Stock Units

The following table summarizes the Company's restricted stock units activity:

	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>	<u>Aggregate Intrinsic Value (in millions)</u>
Outstanding at December 31, 2009	163,111	\$25.13	
Granted	68,754	21.31	
Vested	—	—	
Forfeited	—	—	
Outstanding at December 31, 2010	231,865	23.99	
Granted	46,933	26.64	
Vested	(29,110)	24.39	
Forfeited	(750)	25.84	
Outstanding at December 31, 2011	248,938	24.44	
Granted	731,878	36.12	
Vested	(26,426)	26.46	
Forfeited	(31,840)	37.27	
Outstanding at December 31, 2012	<u>922,550</u>	\$33.20	\$38.7

During the year ended December 31, 2012, the Company granted 731,878 restricted stock units to certain employees with an aggregate fair value of \$26.4 million. Restricted stock units granted to executive management will vest annually in five equal installments beginning on January 1, 2013. Restricted stock units granted to non-executive management will vest annually in four equal installments beginning on the first business day in 2013.

The restricted stock units previously issued to non-management directors of the Company's Board of Directors will fully vest on the earlier of the first anniversary of the date of grant or the day preceding the date in the following calendar year on which the Company's annual meeting of stockholders is held. Upon vesting of restricted stock units granted prior to 2011, each director's restricted stock units will automatically be converted into deferred stock units, and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service. Upon vesting of restricted stock units that were granted in 2011 and subsequent periods, each director's restricted stock units will automatically be converted into deferred stock units and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service unless a director elected near-term delivery, in which case the vested restricted stock units will be delivered on August 15 in the year following the initial grant.

Share Repurchase Programs

Modified Dutch Auction Tender Offer

On November 3, 2011, the Company announced the commencement of a modified Dutch auction tender offer to purchase up to \$250 million of its Class A common stock. A modified Dutch auction tender offer allows

NEUSTAR, INC.
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stockholders to indicate how many shares and at what price they wish to tender their shares within a specified share price range. Based on the number of shares tendered and the prices specified by the tendering stockholders, the Company determined the lowest price per share within the range that allowed it to purchase \$250 million in value of its Class A common shares. The tender offer expired on December 2, 2011. A total of 7,246,376 shares of the Company's Class A common stock were repurchased at a price of \$34.50 per share, for an aggregate cost of approximately \$250 million, excluding fees and expenses relating to the tender offer. All repurchased shares were accounted for as treasury shares. During the fourth quarter of 2011, the Company recorded expense of \$2.4 million in its consolidated statements of operations attributed to this share repurchase plan.

2010 Share Repurchase Plan

The Company announced on July 28, 2010 that its Board of Directors had authorized a three-year program under which the Company may acquire up to \$300 million of its outstanding Class A common shares. Share repurchases under this program may be made through a Rule 10b5-1 plan, open market purchases, privately negotiated transactions or otherwise as market conditions warrant, at prices the Company deems appropriate, and subject to applicable legal requirements and other factors. This Rule 10b5-1 plan was terminated on November 3, 2011 upon the commencement of the Company's modified Dutch auction tender offer. On March 14, 2012, the Company announced the resumption of its three-year share repurchase program. During the years ended December 31, 2010, 2011 and 2012, the Company repurchased 1.7 million shares, 2.8 million shares and 2.7 million shares, respectively, at an average price of \$24.21, \$26.22 and \$36.56 respectively, for an aggregate purchase price of approximately \$40.4 million, \$74.3 million and \$98.0 million, respectively. All repurchased shares were accounted for as treasury shares. The 2010 share repurchase program will expire in July 2013.

15. BASIC AND DILUTED NET INCOME PER COMMON SHARE

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted net income per common share (in thousands, except per share data):

	Year Ended December 31,		
	2010	2011	2012
Computation of basic net income (loss) per common share:			
Income from continuing operations	\$124,028	\$123,574	\$156,087
(Loss) income from discontinued operations, net of tax	(17,819)	37,249	—
Net income	<u>\$106,209</u>	<u>\$160,823</u>	<u>\$156,087</u>
Weighted average common shares and participating securities outstanding — basic	<u>74,555</u>	<u>72,974</u>	<u>66,737</u>
Basic net income (loss) per common share from:			
Continuing operations	\$ 1.66	\$ 1.69	\$ 2.34
Discontinued operations	(0.24)	0.51	—
Basic net income per common share	<u>\$ 1.42</u>	<u>\$ 2.20</u>	<u>\$ 2.34</u>

NEUSTAR, INC.
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	Year Ended December 31,		
	2010	2011	2012
Computation of diluted net income (loss) per common share:			
Weighted average common shares and participating securities outstanding — basic	74,555	72,974	66,737
Effect of dilutive securities:			
Stock-based awards	1,510	1,522	1,219
Weighted average common shares outstanding — diluted	<u>76,065</u>	<u>74,496</u>	<u>67,956</u>
Diluted net income (loss) per common share from:			
Continuing operations	\$ 1.63	\$ 1.66	\$ 2.30
Discontinued operations	(0.23)	0.50	—
Diluted net income per common share	<u>\$ 1.40</u>	<u>\$ 2.16</u>	<u>\$ 2.30</u>

Diluted net income per common share reflects the potential dilution of common stock equivalents such as options and warrants, to the extent the impact is dilutive. The Company used income from continuing operations as the control number in determining whether potential common shares were dilutive or anti-dilutive. The same number of potential common shares used in computing the diluted per-share amount from continuing operations was also used in computing the diluted per-share amounts from discontinued operations even if those amounts were anti-dilutive.

Common stock options to purchase an aggregate of 4,155,395, 4,124,861 and 486,150 shares were excluded from the calculation of the denominator for diluted net income per common share due to their anti-dilutive effect for the years ended December 31, 2010, 2011, and 2012, respectively.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table provides a reconciliation of the changes in accumulated other comprehensive income, net of tax, by component (in thousands):

	Gains and Losses on Investments	Currency Translation Adjustment	Total
Balance at December 31, 2009	\$ 124	\$ (587)	\$(463)
Other comprehensive income (loss)	277	42	319
Balance at December 31, 2010	401	(545)	(144)
Other comprehensive income (loss)	(451)	(163)	(614)
Balance at December 31, 2011	(50)	(708)	(758)
Other comprehensive income (loss)	192	(201)	(9)
Balance at December 31, 2012	<u>\$ 142</u>	<u>\$ (909)</u>	<u>\$(767)</u>

17. SEGMENT INFORMATION

The Company has three operating segments, reflective of the manner in which the CODM allocates resources and assesses performance: Carrier Services, Enterprise Services, and Information Services. On November 8, 2011, the Company completed its acquisition of TARGUSinfo and introduced its new Information Services operating segment. The Company's operating segments are the same as its reportable segments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the second quarter of 2011, the Company ceased operations of its Converged Messaging Services business and the results of operations of this business have been reclassified as discontinued operations in the Company's consolidated statements of operations for each of the periods presented (see Note 3).

The Company's Carrier Services operating segment provides services that ensure the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their customer's infrastructure. The Company enables its carrier customers to use, exchange and share critical resources, such as telephone numbers, to facilitate order management and work flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.

The Company's Enterprise Services operating segment provides services to its enterprise customers to meet their respective directory-related needs, as well as Internet infrastructure services. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. The Company provides a suite of DNS services to its enterprise customers built on a global directory platform. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company's services monitor and load-test websites to help identify issues and optimize performance. In addition, the Company provides fixed IP geolocation services that help enterprises identify the location of their consumers used in a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry.

The Company's Information Services segment provides a broad portfolio of real-time information and analytics services that enable clients to identify, verify and score their customers and prospective customers, or prospects, to deliver customized responses to a large number of consumer-initiated queries. As an example, the Company provides marketers with the ability to tailor offers made to consumers over the telephone or on the Internet in real time. The Company is one of the largest non-carrier providers of Caller ID services, and provides a comprehensive market analytics platform that enables clients to segment and score customers and prospects for real-time interactive marketing initiatives. Additionally, the Company's business listings identity management service provides local businesses and local search platforms with a single, trusted source of verified business listings for local searches. The Company's online audience solution enables online advertisers to display relevant advertisements to specific audiences, increasing the effectiveness of online advertising and delivering a more useful online experience for consumers using a database and targeting system that protect a consumer's privacy.

The Company reports segment information based on the "management" approach which relies on the internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with that assessment, the CODM reviews revenues and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from segment contribution.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's historical Carrier Services segment disclosures have been recast for comparative purpose to exclude the discontinued operations of its Converged Messaging Services business. Information for the years ended December 31, 2010, 2011, and 2012 regarding the Company's reportable segments from continuing operations was as follows (in thousands):

	Year Ended December 31,		
	2010	2011	2012
Revenue:			
Carrier Services	\$391,762	\$447,894	\$502,085
Enterprise Services	129,104	151,390	170,440
Information Services	—	21,171	158,863
Total revenue	<u>\$520,866</u>	<u>\$620,455</u>	<u>\$831,388</u>
Segment contribution:			
Carrier Services	\$352,317	\$391,000	\$438,213
Enterprise Services	59,284	65,080	73,466
Information Services	—	12,583	77,291
Total segment contribution	<u>411,601</u>	<u>468,663</u>	<u>588,970</u>
Indirect operating expenses:			
Cost of revenue (excluding depreciation and amortization shown separately below)	75,690	83,990	98,777
Sales and marketing	16,345	17,340	23,632
Research and development	11,871	16,234	16,644
General and administrative	63,750	92,317	79,814
Depreciation and amortization	32,861	46,209	92,955
Restructuring charges	5,361	3,549	489
Consolidated income from operations	<u>\$205,723</u>	<u>\$209,024</u>	<u>\$276,659</u>

Assets are not tracked by segment and the CODM does not evaluate segment performance based on asset utilization.

NEUSTAR, INC.
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Enterprise-Wide Disclosures

Geographic area revenues and service offering revenues from external customers for the years ended December 31, 2010, 2011 and 2012, and geographic area long-lived assets as of December 31, 2011 and 2012 are as follows (in thousands):

	Year Ended December 31,		
	2010	2011	2012
Revenues by geographical areas:			
North America	\$489,770	\$581,914	\$787,520
Europe and Middle East	17,057	24,443	27,518
Other regions	14,039	14,098	16,350
Total revenues	<u>\$520,866</u>	<u>\$620,455</u>	<u>\$831,388</u>
Revenues by service offerings:			
Carrier Services:			
Numbering Services	\$361,813	\$397,973	\$444,615
Order Management Services	19,815	35,804	41,552
IP Services	10,134	14,117	15,918
Total Carrier Services	<u>391,762</u>	<u>447,894</u>	<u>502,085</u>
Enterprise Services:			
Internet Infrastructure Services	69,113	82,987	90,771
Registry Services	59,991	68,403	79,669
Total Enterprise Services	<u>129,104</u>	<u>151,390</u>	<u>170,440</u>
Information Services:			
Identification Services	—	13,873	93,202
Verification & Analytics Services	—	4,465	45,457
Local Search & Licensed Data Services	—	2,833	20,204
Total Information Services	<u>—</u>	<u>21,171</u>	<u>158,863</u>
Total revenues	<u>\$520,866</u>	<u>\$620,455</u>	<u>\$831,388</u>
	December 31,		
	2011	2012	
Long-lived assets, net			
North America	\$438,799	\$406,973	
Central America	45	16	
Europe and Middle East	25	10	
Other regions	1	1	
Total long-lived assets, net	<u>\$438,870</u>	<u>\$407,000</u>	

18. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) Profit-Sharing Plan for the benefit of all employees who meet certain eligibility requirements. This plan covers substantially all of the Company's full-time employees. The Company makes matching and other discretionary contributions under this plan, as determined by the Board of Directors. The Company recognized contribution expense totaling \$4.2 million, \$5.0 million and \$6.8 million for the years ended December 31, 2010, 2011 and 2012 respectively.

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In June 2008, the Company established the NeuStar, Inc. Deferred Compensation Plan. The Deferred Compensation Plan allows directors and key employees to defer a portion of their salary and up to 100% of their bonus, commissions, incentive awards, directors' fees, and certain equity-based cash compensation, as applicable. The assets of the Deferred Compensation Plan are held in a Rabbi Trust, and are therefore available to satisfy the claims of creditors in the event of bankruptcy or insolvency of the Company. The assets of the Rabbi Trust are invested in marketable securities and reported at fair value. Changes in the fair value of the securities are reflected in accumulated other comprehensive loss. The assets of the Rabbi Trust are recorded within other assets on the consolidated balance sheets. As of December 31, 2011 and 2012, the assets held in the Rabbi Trust were approximately \$4.0 million and \$4.5 million, respectively. As of December 31, 2011 and 2012, the Company's unrealized gain was approximately \$16,000 and \$234,000, respectively, attributable to the securities held in the Rabbi Trust.

The Deferred Compensation Plan participants make investment allocation decisions on amounts deferred under the Deferred Compensation Plan solely for the purpose of adjusting the value of a participant's account balance. The participant does not have a real or beneficial ownership interest in any securities held in the Rabbi Trust. Obligations to pay benefits under the Deferred Compensation Plan are reported at fair value as deferred compensation in other long-term liabilities. As of December 31, 2011 and 2012, the deferred compensation obligation related to the Deferred Compensation Plan was approximately \$4.0 million and \$3.9 million, respectively. Changes in the fair value of the deferred compensation obligation are reflected in deferred compensation expense. The Company recognized losses of \$0.3 million, \$0.4 million and \$0.4 million in compensation expense for changes in the fair value of the deferred compensation obligation during the years ended December 31, 2010, 2011 and 2012, respectively.

19. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is unaudited quarterly financial information for the two year period ended December 31, 2012. In management's opinion, the unaudited financial information has been prepared on the same basis as the audited information and includes all adjustments (consisting only of normal recurring adjustments) necessary for fair presentation of the quarterly financial information presented.

	Quarter Ended			
	Mar. 31, 2011	Jun. 30, 2011	Sep. 30, 2011	Dec. 31, 2011
	(in thousands, except per share data)			
Summary consolidated statement of operations:				
Total revenue	\$146,095	\$147,683	\$152,497	\$174,180
Income from operations	56,315	55,235	58,075	39,399
Income from continuing operations	33,465	33,616	37,773	18,720
Income (loss) from discontinued operations	38,510	(1,261)	—	—
Net income	71,975	32,355	37,773	18,720
Basic net income (loss) per common share from:				
Continuing operations	\$ 0.45	\$ 0.46	\$ 0.52	\$ 0.26
Discontinued operations	0.52	(0.02)	—	—
Basic net income per common share	<u>\$ 0.97</u>	<u>\$ 0.44</u>	<u>\$ 0.52</u>	<u>\$ 0.26</u>
Diluted net income (loss) per common share from:				
Continuing operations	\$ 0.45	\$ 0.45	\$ 0.51	\$ 0.26
Discontinued operations	0.51	(0.02)	—	—
Diluted net income per common share	<u>\$ 0.96</u>	<u>\$ 0.43</u>	<u>\$ 0.51</u>	<u>\$ 0.26</u>

NEUSTAR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Quarter Ended			
	Mar. 31, 2012	Jun. 30, 2012	Sep. 30, 2012	Dec. 31, 2012
	(in thousands, except per share data)			
Summary consolidated statement of operations:				
Total revenue	\$199,582	\$206,462	\$211,172	\$214,172
Income from operations	64,386	68,360	74,625	69,288
Income from continuing operations	33,962	38,592	45,753	37,780
Income (loss) from discontinued operations	—	—	—	—
Net income	33,962	38,592	45,753	37,780
Basic net income per common share from:				
Continuing operations	\$ 0.51	\$ 0.58	\$ 0.69	\$ 0.57
Discontinued operations	—	—	—	—
Basic net income per common share	<u>\$ 0.51</u>	<u>\$ 0.58</u>	<u>\$ 0.69</u>	<u>\$ 0.57</u>
Diluted net income per common share from:				
Continuing operations	\$ 0.50	\$ 0.57	\$ 0.68	\$ 0.56
Discontinued operations	—	—	—	—
Diluted net income per common share	<u>\$ 0.50</u>	<u>\$ 0.57</u>	<u>\$ 0.68</u>	<u>\$ 0.56</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Attached as exhibits to this Form 10-K are certifications of our Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended. This “Controls and Procedures” section includes information concerning the controls and controls evaluation referred to in the certifications. The report of Ernst & Young LLP, our independent registered public accounting firm, regarding its audit of our internal control over financial reporting is set forth below in this section. This section should be read in conjunction with the certifications and the Ernst & Young report for a more complete understanding of the topics presented.

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our “disclosure controls and procedures” as of the end of the period covered by this Form 10-K. The controls evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Disclosure controls are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls are also designed to reasonably assure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our quarterly evaluation of disclosure controls includes an evaluation of some components of our internal control over financial reporting, and internal control over financial reporting is also separately evaluated on an annual basis for purposes of providing the management report which is set forth below.

The evaluation of our disclosure controls included a review of the controls’ objectives and design, our implementation of the controls and their effect on the information generated for use in this Form 10-K. In the course of the controls evaluation, we reviewed identified data errors, control problems or indications of potential fraud and, where appropriate, sought to confirm that appropriate corrective actions, including process improvements, were being undertaken. This type of evaluation is performed on a quarterly basis so that the conclusions of management, including the Chief Executive Officer and Chief Financial Officer, concerning the effectiveness of the disclosure controls can be reported in our periodic reports on Form 10-Q and Form 10-K. Many of the components of our disclosure controls are also evaluated on an ongoing basis by our finance organization. The overall goals of these various evaluation activities are to monitor our disclosure controls, and to modify them as necessary. Our intent is to maintain the disclosure controls as dynamic systems that change as conditions warrant.

Based upon the controls evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Form 10-K, our disclosure controls were effective to provide reasonable assurance that information required to be disclosed in our report filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified by the SEC, and that material information related to NeuStar and its consolidated subsidiaries is made known to management, including the Chief Executive Officer and Chief Financial Officer, particularly during the period when our periodic reports are being prepared. We reviewed the results of management’s evaluation with the Audit Committee of our Board of Directors.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP; and (iii) provide reasonable assurance regarding authorization to effect the acquisition, use or disposition of Company assets, as well as the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Management assessed our internal control over financial reporting as of December 31, 2012, the end of our fiscal year. Management based its assessment on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment. This assessment is supported by testing and monitoring performed by our finance organization.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

Our independent registered public accounting firm, Ernst & Young LLP, independently assessed the effectiveness of the Company's internal control over financial reporting. Ernst & Young has issued an attestation report, which is included at the end of this section.

Inherent Limitations on Effectiveness of Controls

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Other inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control over Financial Reporting

On a quarterly basis we evaluate any changes to our internal control over financial reporting to determine if material changes occurred. There were no changes in our internal controls over financial reporting during the quarterly period ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
NeuStar, Inc.

We have audited NeuStar, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). NeuStar, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, NeuStar, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of NeuStar, Inc. as of December 31, 2011 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012 and our report dated February 28, 2013 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

McLean, Virginia
February 28, 2013

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Information about our directors and executive officers and our corporate governance is incorporated by reference to our definitive proxy statement for our 2013 Annual Meeting of Stockholders, or our 2013 Proxy Statement, which is anticipated to be filed with the Securities and Exchange Commission within 120 days of December 31, 2012, under the headings “Board of Directors,” “Executive Officers and Management” and “Governance of the Company.” Information about compliance with Section 16(a) of the Exchange Act is incorporated by reference to our 2013 Proxy Statement under the heading “Section 16(a) Beneficial Ownership Reporting Compliance.” Information about our Audit Committee, including the members of the Audit Committee, and Audit Committee financial experts, is incorporated by reference to our 2013 Proxy Statement under the heading “Governance of the Company.” Information about the NeuStar policies on business conduct governing our employees, including our Chief Executive Officer, Chief Financial Officer and our controller, is incorporated by reference to our 2013 Proxy Statement under the heading “Governance of the Company.”

ITEM 11. EXECUTIVE COMPENSATION

Information required by Item 11 of this report is incorporated by reference to our 2013 Proxy Statement, under the heading “Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by Item 12 of this report is incorporated by reference to our 2013 Proxy Statement, under the headings “Beneficial Ownership of Shares of Common Stock” and “Equity Compensation Plan Information.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 13 of this report is incorporated by reference to our 2013 Proxy Statement, under the heading “Governance of the Company.”

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information about the fees for professional services rendered by our independent registered public accounting firm in 2011 and 2012 is incorporated by reference to our 2013 Proxy Statement, under heading “Audit and Non-Audit Fees”. Our audit committee’s policy on pre-approval of audit and permissible non-audit services of our independent registered public accounting firm is incorporated by reference from the discussion under the heading “Governance of the Company.”

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

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Report of Independent Registered Public Accounting Firm	59
Consolidated Financial Statements covered by the Report of Independent Registered Public Accounting Firm:	
Consolidated Balance Sheets as of December 31, 2011 and 2012	60
Consolidated Statements of Operations for the years ended December 31, 2010, 2011 and 2012	62
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(2)

Schedule for the three years ended December 31, 2010, 2011 and 2012:

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(a) (3) and (b) Exhibits required by Item 601 of Regulation S-K:

NEUSTAR, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

	As of December 31,		
	2010	2011	2012
	(in thousands)		
Allowance for Doubtful Accounts			
Beginning Balance	\$ 1,425	\$ 1,435	\$ 1,942
Additions	2,600	2,596	4,086
Reductions ⁽¹⁾	(2,590)	(2,089)	(3,867)
Ending Balance	<u>\$ 1,435</u>	<u>\$ 1,942</u>	<u>\$ 2,161</u>
Deferred Tax Asset Valuation Allowance			
Beginning Balance	\$ 2,610	\$ 2,340	\$ 45,971
Additions ⁽²⁾	266	44,002	52
Reductions ⁽³⁾	(536)	(371)	(42,058)
Ending Balance	<u>\$ 2,340</u>	<u>\$45,971</u>	<u>\$ 3,965</u>

- (1) Includes the reinstatement and subsequent collections of account receivable that were previously written-off.
- (2) Includes \$43.2 million related to net operating loss carryforwards related to the United Kingdom (U.K). As of December 31, 2011, certain losses generated by NGM Services are no longer prevented from use in another jurisdiction under U.S. tax law and are recorded as U.K. net operating loss carryforwards. Upon recognition of the deferred tax asset associated with its U.K. net operating loss carryforwards, the Company recorded a full valuation allowance against the asset. See Note 13 of our Consolidated Financial Statements in Item 8 of Part II of this report.
- (3) During 2012, the Company completed its evaluation of limitations that apply to its U.K. net operating losses as a result of the sale of certain assets and liabilities of NGM Services and its subsidiaries. As of December 31, 2012, the Company had \$5.5 million of net operating losses that are ultimately available for carryforward indefinitely under U.K. tax law. The Company reduced the deferred tax asset and valuation allowance associated with the U.K. net operating loss carryforwards accordingly.

Exhibit Index

See exhibits listed under the Exhibit Index below.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 28, 2013.

NEUSTAR, INC.

By: /s/ Lisa A. Hook
 Lisa A. Hook
 President and Chief Executive Officer

We, the undersigned directors and officers of NeuStar, Inc., hereby severally constitute Lisa A. Hook and Paul S. Lalljie, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2013.

<u>Signature</u>	<u>Title</u>
/s/ Lisa A. Hook Lisa A. Hook	President, Chief Executive Officer (Principal Executive Officer) and Director
/s/ Paul S. Lalljie Paul S. Lalljie	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ James G. Cullen James G. Cullen	Chairman, Board of Directors
/s/ Gareth Chang Gareth Chang	Director
/s/ Joel P. Friedman Joel P. Friedman	Director
/s/ Mark N. Greene Mark N. Green	Director
/s/ Ross K. Ireland Ross K. Ireland	Director
/s/ Paul A. Lacouture Paul A. Lacouture	Director
/s/ Michael J. Rowny Michael J. Rowny	Director
/s/ Hellene S. Runtagh Hellene S. Runtagh	Director

Exhibit Index

Exhibits identified in parentheses below are on file with the SEC and are incorporated herein by reference. All other exhibits are provided as part of this electronic submission.

Exhibit Number	Description of Exhibit
(2.1)	Agreement and Plan of Merger, dated as of October 10, 2011, by and among NeuStar, Inc., Tumi Merger Sub, Inc., Targus Information Corporation and Michael M. Sullivan, as Stockholder Representative, incorporated herein by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed October 11, 2011.
(3.1)	Restated Certificate of Incorporation, incorporated herein by reference to Exhibit 3.1 to Amendment No. 7 to our Registration Statement on Form S-1, filed June 28, 2005 (File No. 333-123635).
(3.2)	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed June 25, 2012.
(4.1)	Indenture, dated as of January 22, 2013, among NeuStar, Inc., each of the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed January 22, 2013.
(10.1)	Contractor services agreement entered into the 7th day of November 1997 by and between NeuStar, Inc. and North American Portability Management LLC, as amended, incorporated herein by reference to (a) Exhibit 10.1 to our Quarterly Report on Form 10-Q, filed August 15, 2005; (b) Exhibit 10.1.1. to our Annual Report on Form 10-K, filed March 29, 2006; (c) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed August 14, 2006; (d) Exhibit 10.1.3 to our Quarterly Report on Form 10-Q, filed August 14, 2006**; (e) Exhibit 99.1 to our Current Report on Form 8-K, filed September 22, 2006; (f) Exhibit 10.1.1 to our Annual Report on Form 10-K, filed March 1, 2007; (g) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed November 5, 2007**, (h) Exhibit 10.1.1 to our Annual Report on Form 10-K, filed February 28, 2008, (i) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed November 10, 2008; (j) Exhibit 99.1 to our Current Report on Form 8-K, filed on January 28, 2009; (k) Exhibit 10.1.3 to our Quarterly Report on Form 10-Q, filed on August 4, 2009; and (l) Exhibit 10.1.4 to our Quarterly Report on Form 10-Q, filed on October 30, 2009, (m) Exhibit 10.1.1 to our Annual Report on form 10-K, filed February 26, 2010; (n) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed on July 28, 2010; (o) Exhibit 10.1.1 to our Quarterly Report on Form 10-Q, filed April 27, 2011; and (p) Exhibit 10.1.1 to our Quarterly Report on Form 10-Q, filed November 5, 2012.
10.1.1	Amendment to the contractor services agreement entered into the 7 th day of November 1997 by and between Neustar, Inc. and North American Portability Management, LLC.**
(10.2)	NeuStar, Inc. 1999 Equity Incentive Plan (the “1999 Plan”), incorporated herein by reference to Exhibit 10.8 to Amendment No. 3 to our Registration Statement on Form S-1, filed May 27, 2005 (File No. 333-123635).†
(10.3)	NeuStar, Inc. 2005 Stock Incentive Plan (the “2005 Plan”), incorporated herein by reference to Exhibit 10.51 to our Quarterly Report on Form 10-Q, filed August 8, 2007.†
(10.4)	TARGUS Information Corporation Amended and Restated 2004 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.1 to our Registration Statement on Form S-8, filed November 18, 2011 (File No. 333-177979).†
(10.5)	AMACAI Information Corporation 2004 Stock Incentive Plan, incorporated by reference to Exhibit 99.1 to our Registration Statement on Form S-8, filed November 14, 2011 (File No. 333-177976).†

- (10.6) Loudoun Tech Center Office Lease by and between Merritt-LT1, LLC, Landlord, and NeuStar, Inc., Tenant, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed on June 2, 2009.
- (10.7) Loudoun Tech Center Office Lease by and between Merritt-LT1, LLC, Landlord, and NeuStar, Inc., Tenant, incorporated herein by reference to (a) Exhibit 10.37 to Amendment No. 2 to our Registration Statement on Form S-1, filed May 11, 2005 (File No. 333-123635) and (b) Exhibit 99.2 to our Current Report on Form 8-K, filed June 2, 2009.
- (10.8) Lease, dated January 20, 2010, by and between Ridgetop Three, L.L.C. and NeuStar, Inc., incorporated herein by reference to (a) Exhibit 99.1 to our Current Report on Form 8-K, filed January 20, 2010, and (b) Exhibit 10.61.1 to our Quarterly Report on Form 10-Q, filed October 28, 2010.
- (10.9) Credit Agreement dated as of January 22, 2013 among NeuStar, Inc., Morgan Stanley Senior Funding Inc., as Administrative Agent, Initial Swing Line Bank and Collateral Agent, and the guarantors, other agents and lenders party thereto, incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed January 22, 2013.
- (10.10) Security Agreement dated January 22, 2013 among NeuStar, Inc., Morgan Stanley Senior Funding Inc., as Collateral Agent for the secured parties thereto, and the subsidiaries of NeuStar, Inc. party thereto, incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed January 22, 2013.
- (10.11) NeuStar, Inc. 2010 Key Employee Severance Pay Plan, incorporated herein by reference to Exhibit 10.28 to our Current Report on Form 10-Q, filed July 28, 2010.†
- (10.12) Executive Relocation Policy, incorporated herein by reference to Exhibit 10.29 to our Quarterly Report on Form 10-Q, filed August 4, 2009.†
- (10.13) Form of Nonqualified Stock Option Agreement under the 2005 Plan, incorporated herein by reference to Exhibit 99.4 to our Current Report on Form 8-K, filed March 5, 2007.†
- (10.14) Form of Incentive Stock Option Agreement under the 2005 Plan, incorporated herein by reference to Exhibit 10.47 to Amendment No. 3 to our Registration Statement on Form S-1, filed May 27, 2005 (File No. 333-123635).†
- (10.15) Form of Indemnification Agreement, incorporated by reference to Exhibit 10.15 to NeuStar, Inc.'s Annual Report on Form 10-K, filed February 29, 2012.†
- (10.16) Summary Description of Non-Management Director Compensation incorporated herein by reference to Exhibit 10.22 to our Quarterly Report on Form 10-Q, filed July 26, 2012.†
- (10.17) Forms of Directors' Restricted Stock Unit Agreement, incorporated herein by reference to (a) Exhibit 99.2 to our Current Report on Form 8-K, filed April 14, 2006; (b) Exhibit 10.36 to our Quarterly Report on Form 10-Q, filed August 4, 2009; (c) Exhibit 10.46 to our Quarterly Report on Form 10-Q, filed July 28, 2011; (d) Exhibit 10.47 to our Quarterly Report on Form 10-Q, filed July 28, 2011; (e) Exhibit 10.38 to our Quarterly Report on Form 10-Q, filed July 26, 2012; and (f) Exhibit 10.39 to our Quarterly Report on Form 10-Q, filed July 26, 2012.†
- (10.18) Form of Performance Award Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K/A, filed February 28, 2008.†
- (10.19) Form of Restricted Stock Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K/A, filed February 28, 2008.†

- (10.20) Second Form of Restricted Stock Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.3 to our Current Report on Form 8-K/A, filed February 28, 2008.†
- (10.21) Form of Nonqualified Stock Option Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated by reference from Exhibit 99.2 to our Current Report on Form 8-K, filed December 15, 2009. †
- (10.22) Form of Performance Award Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed March, 1, 2010. †
- (10.23) Form of Restricted Stock Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed March 1, 2010. †
- (10.24) Form of Performance Award Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.46 to our Quarterly Report on Form 10-Q, filed April 27, 2011. †
- (10.25) Form of Restricted Stock Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, as amended incorporated herein by reference to Exhibit 10.47 to our Quarterly Report on Form 10-Q, filed April 27, 2011. †
- (10.26) Form of Nonqualified Stock Option Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference from Exhibit 10.48 to our Quarterly Report on Form 10-Q, filed April 27, 2011. †
- (10.27) NeuStar, Inc. Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.31 to our Quarterly Report on Form 10-Q, filed July 28, 2011.†
- (10.28) Form of Agreement Respecting Noncompetition, Nonsolicitation and Confidentiality, incorporated herein by reference to Exhibit 10.41 to our Quarterly Report on Form 10-Q, filed May 12, 2008.
- (10.29) Employment Agreement, made as of January 15, 2009, by and between NeuStar, Inc. and Paul Lalljie, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed January 15, 2009, as superseded by Compensation Agreement, made as of December 9, 2009, by and between Neustar, Inc. and Paul Lalljie, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed on December 15, 2009.†
- (10.30) NeuStar, Inc. 2009 Performance Achievement Reward Plan, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed February 27, 2009.†
- (10.31) Form of Performance Award Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed February 27, 2009.†
- (10.32) Form of Performance Award Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.3 to our Current Report on Form 8-K, filed December 15, 2009.†
- (10.33) NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed on April 13, 2009.†
- (10.34) Form of Agreement Respecting Noncompetition, Nonsolicitation and Nondisparagement, incorporated herein by reference to Exhibit 10.42 to our Annual Report on Form 10-K, filed February 25, 2011.†
- (10.35) Board Stock Ownership Guidelines, incorporated herein by reference to Exhibit 10.43 to our Annual Report on Form 10-K, filed February 25, 2011.

(10.36)	Form of Performance Award Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.3 to our Current Report on Form 8-K, filed July 13, 2007.†
(10.37)	Form of Restricted Stock Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, incorporated by reference to Exhibit 10.45 to Amendment No. 3 to our Registration Statement on Form S-1, filed May 27, 2005 (File No. 333-123635).†
10.38	Amended and Restated NeuStar, Inc. 2009 Stock Incentive Plan. †
10.39	NeuStar, Inc. Employee Stock Purchase Plan. †
(10.40)	Registration Rights Agreement, dated January 22, 2013, among NeuStar, Inc., the guarantors signatory hereto and J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed January 22, 2013.
(10.41)	Form of Restricted Stock Unit Award Agreement, incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed March 2, 2012. †
(10.42)	Form of Performance-Vested Restricted Stock Unit Award Agreement, incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed March 2, 2012. †
21.1	Subsidiaries of NeuStar, Inc.
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.
24.1	Power of Attorney (included on the signature page herewith).
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Update to the Functional Requirements Specification, which is attached as Exhibit B to the contractor services agreement by and between NeuStar, Inc. and North American Portability Management, LLC.
99.2	Update to the Interoperable Interface Specification, which is attached as Exhibit C to the contractor services agreement by and between NeuStar, Inc. and North American Portability Management, LLC.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

† Compensation arrangement.

** Confidential treatment has been requested or granted for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

Reconciliation of Income from Continuing Operations to Adjusted Net Income from Continuing Operations

(\$ in 000s, except per share amounts)	Year Ended December 31,		
(unaudited)	2010	2011	2012
Revenue	\$520,866	\$620,455	\$831,388
Income from continuing operations	\$124,028	\$123,574	\$156,087
Add: Stock-based compensation	17,045	27,491	28,058
Add: Amortization of acquired intangible assets	4,753	12,107	50,281
Add: TARGUSinfo acquisition-related costs ¹	—	11,602	—
Add: Tender offer costs ²	—	2,413	—
Less: Adjustment for provision for income taxes ³	(8,694)	(18,173)	(28,040)
Adjusted net income from continuing operations	\$137,132	\$159,014	\$206,386
Adjusted net income margin from continuing operations ⁴	26%	26%	25%
Adjusted net income from continuing operations per diluted share	\$1.80	\$2.13	\$3.04
Weighted average diluted common shares outstanding	76,065	74,496	67,956

1. Amounts represent costs incurred by the Company in connection with its acquisition of Targus Information Corporation (TARGUSinfo).

2. Amounts represent costs incurred by the Company to repurchase 7.2 million shares of its Class A common stock through a modified "Dutch auction" tender offer which closed on December 8, 2011. These costs were not deductible for income tax purposes.

3. Adjustment reflects the estimated tax effect of adjustments for stock-based compensation expense, amortization of acquired intangible assets and approximately \$6.3 million of tax deductible TARGUSinfo acquisition-related costs based on the effective tax rate for income from continuing operations for the applicable period.

4. Adjusted net income margin is a measure of adjusted net income from continuing operations as a percentage of revenue.

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(\$ in 000s)	Year Ended December 31,		
(unaudited)	2010	2011	2012
Net cash provided by operating activities	\$144,777	\$226,413	\$303,567
Less: Capital expenditures	(38,077)	(45,785)	(53,094)
Free cash flow	\$106,700	\$180,628	\$250,473

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-32548

NeuStar, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2141938
(I.R.S. Employer
Identification No.)

**21575 Ridgetop Circle
Sterling, Virginia 20166**
(Address of principal executive offices) (zip code)

(571) 434-5400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 65,797,846 shares of Class A common stock, \$0.001 par value, and 3,082 shares of Class B common stock, \$0.001 par value, outstanding at April 24, 2013.

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	March 31, 2013 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 340,255	\$ 376,675
Restricted cash	2,543	2,549
Short-term investments	3,666	1,564
Accounts receivable, net of allowance for doubtful accounts of \$2,161 and \$3,013, respectively	131,805	144,319
Unbilled receivables	6,372	6,612
Notes receivable	2,740	2,619
Prepaid expenses and other current assets	17,707	20,344
Deferred costs	7,379	7,291
Income taxes receivable	6,596	—
Deferred tax assets	6,693	8,497
Total current assets	525,756	570,470
Property and equipment, net	118,513	113,723
Goodwill	572,178	572,178
Intangible assets, net	288,487	276,115
Notes receivable, long-term	1,008	406
Deferred costs, long-term	702	600
Other assets, long-term	20,080	26,979
Total assets	<u>\$1,526,724</u>	<u>\$1,560,471</u>

See accompanying notes.

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	March 31, 2013 (unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,269	\$ 2,926
Accrued expenses	85,424	59,767
Income taxes payable	—	6,167
Deferred revenue	49,070	48,387
Notes payable	8,125	7,971
Capital lease obligations	1,686	1,105
Other liabilities	3,856	2,844
Total current liabilities	157,430	129,167
Deferred revenue, long-term	9,922	10,061
Notes payable, long-term	576,688	614,271
Capital lease obligations, long-term	817	422
Deferred tax liabilities, long-term	114,130	117,487
Other liabilities, long-term	21,129	21,592
Total liabilities	880,116	893,000
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value; 100,000,000 shares authorized; no shares issued and outstanding as of December 31, 2012 and March 31, 2013	—	—
Class A common stock, par value \$0.001; 200,000,000 shares authorized; 85,958,791 and 86,498,716 shares issued; and 66,171,702 and 66,019,245 outstanding at December 31, 2012 and March 31, 2013, respectively	86	87
Class B common stock, par value \$0.001; 100,000,000 shares authorized; 3,082 and 3,082 shares issued and outstanding at December 31, 2012 and March 31, 2013, respectively	—	—
Additional paid-in capital	532,743	550,709
Treasury stock, 19,787,089 and 20,479,471 shares at December 31, 2012 and March 31, 2013, respectively, at cost	(604,042)	(634,879)
Accumulated other comprehensive loss	(767)	(798)
Retained earnings	718,588	752,352
Total stockholders' equity	646,608	667,471
Total liabilities and stockholders' equity	<u>\$1,526,724</u>	<u>\$1,560,471</u>

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended March 31,	
	2012	2013
Revenue:		
Carrier Services	\$ 124,373	\$ 132,171
Enterprise Services	39,485	44,779
Information Services	35,724	39,466
Total revenue	199,582	216,416
Operating expense:		
Cost of revenue (excluding depreciation and amortization shown separately below)	44,898	49,297
Sales and marketing	38,353	42,260
Research and development	7,724	7,484
General and administrative	20,993	21,882
Depreciation and amortization	22,706	24,665
Restructuring charges	522	2
	135,196	145,590
Income from operations	64,386	70,826
Other (expense) income:		
Interest and other expense	(8,193)	(17,562)
Interest and other income	229	141
Income before income taxes	56,422	53,405
Provision for income taxes	22,460	19,641
Net income	\$ 33,962	\$ 33,764
Net income per share:		
Basic	\$ 0.51	\$ 0.51
Diluted	\$ 0.50	\$ 0.50
Weighted average common shares outstanding:		
Basic	67,205	66,184
Diluted	68,478	67,614

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended March 31,	
	2012	2013
Net income	\$33,962	\$33,764
Other comprehensive loss, net of tax:		
Available for sale investments, net of tax:		
Change in net unrealized gains, net of tax of \$10 and \$(43), respectively	20	(65)
Reclassification for gains included in net income, net of tax of \$0 and \$0, respectively	—	—
Net change in unrealized gains on investments, net of tax	20	(65)
Foreign currency translation adjustment, net of tax:		
Change in foreign currency translation adjustment, net of tax of \$(69) and \$(11), respectively	(239)	34
Reclassification adjustment included in net income, net of tax of \$0 and \$0, respectively	—	—
Foreign currency translation adjustment, net of tax	(239)	34
Other comprehensive loss, net of tax	(219)	(31)
Comprehensive income	\$ 33,743	\$ 33,733

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended March 31,	
	2012	2013
Operating activities:		
Net income	\$ 33,962	\$ 33,764
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,743	24,665
Stock-based compensation	3,901	8,957
Loss on debt modification and extinguishment	—	10,886
Amortization of deferred financing costs and original issue discount on debt	984	870
Excess tax benefits from stock option exercises	(6,533)	(3,213)
Deferred income taxes	2,666	1,149
Provision for doubtful accounts	702	1,575
Amortization of investment premium (discount), net	152	84
Changes in operating assets and liabilities:		
Accounts receivable	(19,180)	(14,399)
Unbilled receivables	2,574	(240)
Notes receivable	681	723
Prepaid expenses and other current assets	10,077	(2,359)
Deferred costs	(235)	190
Income taxes receivable	34,604	6,596
Other assets	257	86
Other liabilities	(4,867)	102
Accounts payable and accrued expenses	(30,886)	(26,428)
Income taxes payable	—	9,379
Deferred revenue	8,426	(544)
Net cash provided by operating activities	60,028	51,843
Investing activities:		
Purchases of property and equipment	(9,647)	(13,417)
Sales and maturities of investments	1,403	2,020
Net cash used in investing activities	(8,244)	(11,397)
Financing activities:		
Increase of restricted cash	(7)	(6)
Proceeds from notes payable, net of discount	—	624,244
Extinguishment of note payable	—	(592,500)
Debt issuance costs	—	(11,410)
Payments under notes payable obligations	(1,500)	(2,031)
Principal repayments on capital lease obligations	(900)	(976)
Proceeds from exercise of common stock options	32,084	6,256
Excess tax benefits from stock-based compensation	6,533	3,213
Repurchase of restricted stock awards	(8,913)	(6,392)
Repurchase of common stock	(23,837)	(24,445)
Net cash provided by (used in) financing activities	3,460	(4,047)
Effect of foreign exchange rates on cash and cash equivalents	(313)	21
Net increase in cash and cash equivalents	54,931	36,420
Cash and cash equivalents at beginning of period	122,237	340,255
Cash and cash equivalents at end of period	<u>\$ 177,168</u>	<u>\$ 376,675</u>

See accompanying notes.

NEUSTAR, INC.
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1. DESCRIPTION OF BUSINESS AND ORGANIZATION

NeuStar, Inc. (the Company or Neustar) is a trusted provider of real-time information and analysis using proprietary and hard to replicate data sets. The Company's customers use its services for commercial insights that help them promote and protect their businesses. The Company combines proprietary, third party and customer data sets to develop unique algorithms, models, point solutions and complete work flow solutions. Among other things, chief marketing, security, information and operating officers use these real-time insights to identify who or what is at the other end of a transaction, the geographic-context of a transaction and the most appropriate response. The Company provides its services in a trusted and neutral manner. The Company's customers access its databases through standard connections, which the Company believes is the most efficient and cost effective way to exchange operationally essential data in a secured environment that does not favor any particular customer or technology. Today the Company primarily serves customers in the Internet, communications, information services, financial services, retail, and media and advertising verticals.

The Company was founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. The Company provides the authoritative solution that the communications industry relies upon to meet this mandate. Since then, the Company has grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short-codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

The Company provides the North American communications industry with real-time information that enables the dynamic routing of virtually all telephone calls and text messages among competing carriers in the United States and Canada. The Company's internet and eCommerce customers use its broad array of domain name systems (DNS) solutions to resolve internet queries in a timely manner and to protect their businesses from malicious attacks. The Company also provides a broad suite of solutions that allows its customers to generate marketing leads, offer more relevant services and improve client conversion rates.

The Company categorizes its services into three reportable segments:

- *Carrier Services.* The Company's carrier services include numbering services, order management services and IP services. Through its set of unique databases and system infrastructure in geographically dispersed data centers, the Company manages the increasing complexity in the communications industry and ensures the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their infrastructure. The Company operates the authoritative databases that manage virtually all telephone area codes and numbers, and enables the dynamic routing of calls and text messages among numerous competing carriers in the United States and Canada. All carriers that offer telecommunications services to the public at large in the United States and Canada must access a copy of the Company's unique database to properly route their customers' calls and text messages. The Company also facilitates order management and work-flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.
- *Enterprise Services.* The Company's enterprise services include Internet infrastructure services (IIS) and registry services. Through the Company's global directory platform, the Company provides a suite of DNS services to its enterprise customers. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. In addition, enterprise customers rely on the Company's services to monitor and load-test websites to help identify issues and optimize performance. The Company also provides fixed IP geolocation services that help enterprises identify the location of their online consumers for a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry. The Company also operates the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers can use to access to their entertainment content.
- *Information Services.* The Company's information services include on-demand solutions that help carriers and enterprises identify, verify, evaluate and locate customers and prospective customers. The Company's authoritative databases and solutions enable its clients to return the caller name associated with the calling phone number and to make informed

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decisions in real time about consumer-initiated interactions on the Internet, over the telephone and at the point of sale, by correlating consumer identifier information with attributes such as demographics, buying behavior surveys and location. This allows the Company's customers to offer consumers more relevant services and products, and leads to higher client conversion rates. Using the Company's proprietary databases, the Company's online display advertising solution allows marketers to display, in real time, advertisements that will be most relevant to online consumers without the need for online behavioral tracking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the full fiscal year. The consolidated balance sheet as of December 31, 2012 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (the 2012 Form 10-K) filed with the Securities and Exchange Commission.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Significant estimates and assumptions are inherent in the analysis and the measurement of deferred tax assets; the identification and quantification of income tax liabilities due to uncertain tax positions; restructuring liabilities; valuation of investments; recoverability of intangible assets, other long-lived assets and goodwill; the determination of the allowance for doubtful accounts; and the classification of note payable. The Company bases its estimates on historical experience and assumptions that it believes are reasonable. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Financial Instruments requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the accompanying unaudited consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those matrix prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (*i.e.*, coupon rate, maturity, credit rating) (see Note 4). The Company believes the carrying value of its notes receivable approximates fair value as the interest rate approximates a market rate. The Company believes the carrying value of its long-term debt approximates the fair value of the debt as the terms and interest rates approximate market rates (see Note 6).

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The estimated fair values of the Company's financial instruments are as follows (in thousands):

	December 31, 2012		March 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$340,255	\$340,255	\$376,675	\$376,675
Restricted cash (current assets)	2,543	2,543	2,549	2,549
Short-term investments	3,666	3,666	1,564	1,564
Notes receivable (including current portion)	3,748	3,748	3,025	3,025
Marketable securities (other assets, long-term)	4,458	4,458	4,621	4,621
Deferred compensation (other liabilities, long-term)	3,874	3,874	4,042	4,042
2011 Term Facility (including current portion, net of discount)	584,813	584,813	—	—
2013 Term Facility (including current portion, net of discount)	—	—	322,242	322,242
Senior Notes (including current portion)	—	—	300,000	300,000

Restricted Cash

As of December 31, 2012 and March 31, 2013, cash of \$2.5 million and \$2.5 million, respectively, was restricted for deposits on leased facilities.

Recent Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220) — Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This update requires the presentation, either in a single note or parenthetically on the face of the financial statements, of the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. This ASU is effective prospectively for the Company for annual and interim periods beginning January 1, 2013. The adoption of the amended accounting guidance in the first quarter of 2013 impacted the Company's presentation of other comprehensive income and did not have an impact on the Company's consolidated results of operations.

3. INVESTMENTS

As of December 31, 2012 and March 31, 2013, the Company held approximately \$3.7 million and \$1.6 million, respectively, in pre-refunded municipal bonds, secured by an escrow fund of U.S. Treasury securities. These investments are accounted for as available-for-sale securities in the Company's consolidated balance sheet pursuant to the Investments - Debt and Equity Securities Topic of the FASB ASC. During the three months ended March 31, 2012 and 2013, the Company sold approximately \$1.4 million and \$2.0 million, respectively, of available-for-sale securities. The Company recognized minimal gains for the three months ended March 31, 2012 and 2013, respectively. The Company did not record any impairment charges related to these investments during the three months ended March 31, 2012 and 2013. As of December 31, 2012 and March 31, 2013, unrealized gains and losses on the pre-refunded municipal bonds were insignificant. The following table summarizes the Company's investment in these municipal bonds as of December 31, 2012 and March 31, 2013 (in thousands):

	December 31, 2012		
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value
Due within one year	\$3,666	\$—	\$3,666

	March 31, 2013		
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value
Due within one year	\$1,563	\$ 1	\$1,564

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4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosure Topic of FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1. Observable inputs, such as quoted prices in active markets;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company evaluates assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. This determination requires the Company to make significant judgments.

The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those multiple prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (*i.e.*, coupon rate, maturity, credit rating). The Company corroborates consensus prices provided by third party pricing sources using reported trade activity, benchmark yield curves, binding broker/dealer quotes or other relevant price information.

The following table sets forth, as of December 31, 2012 and March 31, 2013, the Company's financial and non-financial assets and liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy (in thousands):

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$3,666	\$—	\$3,666
Marketable securities ⁽¹⁾	4,458	—	—	4,458
Total	\$4,458	\$3,666	\$—	\$8,124

	March 31, 2013			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$1,564	\$—	\$1,564
Marketable securities ⁽¹⁾	4,621	—	—	4,621
Total	\$4,621	\$1,564	\$—	\$6,185

- (1) The NeuStar, Inc. Deferred Compensation Plan (the Plan) provides directors and certain employees with the ability to defer a portion of their compensation. The assets of the Plan are invested in marketable securities held in a Rabbi Trust and reported at market value in other assets.

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5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company's goodwill by operating segment as of December 31, 2012 and March 31, 2013 is as follows (in thousands):

	December 31, 2012	March 31, 2013
Carrier Services:		
Gross goodwill	\$ 222,355	\$ 222,355
Accumulated impairments	(93,602)	(93,602)
Net goodwill	<u>128,753</u>	<u>128,753</u>
Enterprise Services:		
Gross goodwill	16,198	16,198
Accumulated impairments	—	—
Net goodwill	<u>16,198</u>	<u>16,198</u>
Information Services:		
Gross goodwill	427,227	427,227
Accumulated impairments	—	—
Net goodwill	<u>427,227</u>	<u>427,227</u>
Total:		
Gross goodwill	665,780	665,780
Accumulated impairments	(93,602)	(93,602)
Net goodwill	<u>\$ 572,178</u>	<u>\$ 572,178</u>

Intangible Assets

Intangible assets consist of the following (in thousands):

	December 31, 2012	March 31, 2013	Weighted- Average Amortization Period (in years)
Intangible assets:			
Customer lists and relationships	\$ 315,098	\$ 315,098	7.9
Accumulated amortization	(69,526)	(78,690)	
Customer lists and relationships, net	<u>245,572</u>	<u>236,408</u>	
Acquired technology	58,859	58,859	4.8
Accumulated amortization	(20,387)	(22,976)	
Acquired technology, net	<u>38,472</u>	<u>35,883</u>	
Trade name	7,630	7,630	3.0
Accumulated amortization	(3,187)	(3,806)	
Trade name, net	<u>4,443</u>	<u>3,824</u>	
Intangible assets, net	<u>\$ 288,487</u>	<u>\$ 276,115</u>	

Amortization expense related to intangible assets, which is included in depreciation and amortization expense, was approximately \$12.6 million and \$12.4 million for the three months ended March 31, 2012 and 2013, respectively. Amortization expense related to

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intangible assets for the years ended December 31, 2013, 2014, 2015, 2016, 2017 and thereafter is expected to be approximately \$48.9 million, \$47.9 million, \$45.9 million, \$44.1 million, \$35.6 million and \$66.1 million, respectively. Intangible assets as of March 31, 2013 will be fully amortized during the year ended December 31, 2021.

6. NOTES PAYABLE

Notes payable consist of the following (in thousands):

	December 31, 2012	March 31, 2013
2011 Term Facility (net of discount)	\$ 584,813	\$ —
2013 Term Facility (net of discount)	—	322,242
Senior Notes	—	300,000
Total	584,813	622,242
Less: current portion, net of discount	(8,125)	(7,971)
Long-term portion	<u>\$576,688</u>	<u>\$ 614,271</u>

Debt Refinancing

As of December 31, 2012, the Company's outstanding borrowings, net of discount, under its credit facility was \$584.8 million. This credit facility provided for: (1) a \$600 million senior secured term loan facility (2011 Term Facility); (2) a \$100 million senior secured revolving credit facility (2011 Revolving Facility and together with the 2011 Term Facility, the 2011 Credit Facilities). As of December 31, 2012, available borrowings under the 2011 Revolving Facility were \$92.2 million.

On January 22, 2013, the Company entered into a credit facility that provided for a \$325 million senior secured term loan facility (2013 Term Facility) and a \$200 million senior secured revolving credit facility (2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities). In addition, the Company closed an offering of \$300 million aggregate principal amount of senior notes (Senior Notes). The Company used the proceeds received from the 2013 Term Facility and Senior Notes to repay its outstanding principal borrowings of \$592.5 million under the 2011 Term Facility. The Company used available borrowings under the 2013 Revolving Facility for outstanding letters of credit totaling \$7.8 million that were previously secured by the 2011 Revolving Facility. The 2011 Credit Facilities were terminated in connection with this refinancing event.

Certain investors of the 2011 Credit Facilities reinvested in either or both of the 2013 Credit Facilities and Senior Notes and the change in the present value of future cash flows between the investments were less than 10%. Accordingly, the Company accounted for this refinancing event for these investors as a debt modification. Certain investors of the 2011 Credit Facilities either did not invest in the 2013 Credit Facilities or Senior Notes or the change in the present value of future cash flows between the investments was greater than 10%. Accordingly, the Company accounted for this refinancing event for these investors as a debt extinguishment. In applying debt modification accounting, during the three months ended March 31, 2013, the Company recorded \$25.8 million in loan origination fees and deferred financing costs, of which \$16.9 million related to investors that reinvested in either or both of the 2013 Credit Facilities and Senior Notes. This amount is being amortized into interest expense over the term of the 2013 Credit Facilities and Senior Notes using the effective interest method. In addition, related to this refinancing event, the Company recorded \$10.9 million in interest and other expense, comprised of \$9.4 million in loss on debt extinguishment and \$1.5 million in debt modification expense.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of March 31, 2013, the Company had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.2 million, exclusive of outstanding letters of credit totaling \$7.8 million.

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Principal payments under the 2013 Term Facility are as follows (in thousands):

2013	\$ 8,125
2014	8,125
2015	8,125
2016	8,125
2017	8,125
Thereafter	284,375
Total principal payments	<u>\$ 325,000</u>

Principal payments under the 2013 Term Facility of \$2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at the Company's option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning in March 31, 2013. As of March 31, 2013, accrued interest under the 2013 Credit Facilities was \$0.2 million.

The Company may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of the required Lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken pursuant to the 2013 Term Facility, by the required Lenders.

As of March 31, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities was \$10.0 million. Total amortization expense of the deferred financing costs and loan origination fees was \$0.4 million for the three months ended March 31, 2013 and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, the Company closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended, or the Securities Act. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among the Company, certain of its domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are the general unsecured senior obligations of the Company and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest will accrue from January 22, 2013. As of March 31, 2013, accrued interest under the Senior Notes was \$2.6 million.

At any time and from time to time prior to July 15, 2016, the Company may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

Prior to January 15, 2018, the Company may redeem some or all of the Senior Notes by paying a "make-whole" premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, the Company may

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redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If the Company experiences certain changes of control together with a ratings downgrade, it will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. If the Company sells certain assets and does not repay certain debt or reinvest the proceeds of such sales within certain time periods, it will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and certain provision related to bankruptcy events. The Senior Notes also contain customary negative covenants.

On January 22, 2013, the Company entered into a registration rights agreement relating to the Senior Notes that requires it and the Subsidiary Guarantors to, among other things: (1) file a registration statement with respect to a registered offer to exchange the Senior Notes for new notes guaranteed by the Company's Subsidiary Guarantors, with terms substantially identical in all material respects to those of the Senior Notes (except that the new notes will not be subject to restrictions on transfer or to any increase in annual interest rate); (2) use the Company's reasonable best efforts to cause the applicable registration statement to become effective under the Securities Act; and (3) promptly after the applicable registration statement is declared effective, initiate an exchange offer. In addition, under certain circumstances, the Company and the Subsidiary Guarantors may be required to file a shelf registration statement relating to resales of the Senior Notes.

If (1) the exchange offer is not completed within 300 days after the date of original issuance of the Senior Notes; (2) a shelf registration statement, if required, has not become effective within 300 days after the date of original issuance of the Senior Notes; (3) if the Company receives a request to file a shelf registration pursuant to the Registration Rights Agreement and such shelf registration statement has not become effective by the later of (a) 300 days after the date of original issuance of the Senior Notes and (b) 120 days after delivery of such shelf request or (4) any required registration statement is filed and declared effective but thereafter ceases to be effective in certain circumstances during the applicable period (each such event referred to in clauses (1) through (4) above, a "Registration Default"), then the Company will be obligated to pay additional interest to each holder of the Senior Notes that are subject to transfer restrictions, with respect to the first 90-day period immediately following the occurrence of a Registration Default, at a rate of 0.25% per annum on the principal amount of the Senior Notes that are subject to transfer restrictions held by such holder. The amount of additional interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until the Registration Default ends, up to a maximum increase of 1.00% per annum on the principal amount of the Senior Notes that are subject to transfer restrictions.

As of March 31, 2013, deferred financing costs related to the Senior Notes was \$15.2 million. Total amortization expense of the deferred financing costs was \$0.2 million for the three months ended March 31, 2013 and is reported as interest expense in the consolidated statements of operations.

7. STOCKHOLDERS' EQUITY

Stock-Based Compensation

The Company maintains six compensation plans: the NeuStar, Inc. 1999 Equity Incentive Plan (1999 Plan); the NeuStar, Inc. 2005 Stock Incentive Plan (2005 Plan); the Amended and Restated NeuStar, Inc. 2009 Stock Incentive Plan (2009 Plan); the Targus Information Corporation Amended and Restated 2004 Stock Incentive Plan (TARGUSinfo Plan); the AMACAI Information Corporation 2004 Stock Incentive Plan (AMACAI Plan) (collectively, the Plans), and the Neustar, Inc. Employee Stock Purchase Plan (ESPP). The Company may grant to its directors, employees and consultants awards under the 2009 Plan in the form of incentive stock options, nonqualified stock options, stock appreciation rights, shares of restricted stock, restricted stock units, performance vested restricted stock units (PVRsUs) and other stock-based awards. The aggregate number of shares of Class A common stock with respect to which all awards may be granted under the 2009 Plan is 11,911,646, plus the number of shares underlying awards granted under the 1999 Plan, the 2005 Plan, the TARGUSinfo Plan, and the AMACAI Plan that remain undelivered following any expiration, cancellation or forfeiture of such awards. As of March 31, 2013, a total of 5,286,480 shares were available for grant or award under the 2009 Plan.

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FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2013

On June 20, 2012, at the Company's annual shareholder meeting, stockholders approved the ESPP. As of March 31, 2013, a total of 600,000 shares were available under the ESPP. The first six-month offering period under the ESPP will begin on May 1, 2013.

Stock-based compensation expense recognized for the three months ended March 31, 2012 and 2013 was \$3.9 million and \$9.0 million, respectively. As of March 31, 2013, total unrecognized compensation expense related to non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRUs granted prior to that date was estimated at \$69.6 million, which the Company expects to recognize over a weighted average period of approximately 1.71 years. Total unrecognized compensation expense as of March 31, 2013 is estimated based on outstanding non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRUs. Stock-based compensation expense may increase or decrease in future periods for subsequent grants or forfeitures, and changes in the estimated fair value of non-vested awards granted to consultants.

Stock Options

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock options granted. No options were granted during the three months ended March 31, 2012 and 2013.

The following table summarizes the Company's stock option activity:

	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted-Average Remaining Contractual Life (in years)
Outstanding at December 31, 2012	3,296,040	\$ 24.81		
Options granted	—	—		
Options exercised	(251,988)	24.28		
Options forfeited	(147,508)	28.35		
Outstanding at March 31, 2013	<u>2,896,544</u>	\$ 24.68	\$ 63.3	6.82
Exercisable at March 31, 2013	<u>1,497,514</u>	\$ 23.65	\$ 34.3	6.19

The aggregate intrinsic value of options exercised for the three months ended March 31, 2012 and 2013 was \$14.8 million and \$5.3 million, respectively.

Restricted Stock Awards

The following table summarizes the Company's non-vested restricted stock activity for the three months ended March 31, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2012	305,390	\$ 24.20	
Restricted stock granted	—	—	
Restricted stock vested	(82,812)	24.88	
Restricted stock forfeited	(8,292)	25.21	
Outstanding at March 31, 2013	<u>214,286</u>	\$ 23.90	\$ 10.0

The total aggregate intrinsic value of restricted stock vested during the three months ended March 31, 2013 was \$3.7 million. During the three months ended March 31, 2013, the Company repurchased 30,824 shares of common stock for an aggregate purchase price of \$1.4 million pursuant to the participants' rights under the Company's stock incentive plans to elect to use common stock to satisfy their tax withholding obligations.

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Performance Vested Restricted Stock Units

2012 Long-Term Incentive Program

During the three months ended March 31, 2013, the Company awarded 99,210 PVRsUs, of which 49,605 PVRsUs were granted with an aggregate fair value of \$2.2 million. In addition, during the three months ended March 31, 2013, the Company established the performance goals for the period beginning on January 1, 2013 and ending on December 31, 2013. The establishment of the 2013 performance goals resulted in the grant of 606,456 PVRsUs with an aggregate fair value of \$26.7 million, originally awarded during the year ended December 31, 2012.

For executive management, the awarded PVRsUs are subject to five one-year performance periods, the first of which began on January 1, 2012 and ended December 31, 2012 and the last of which begins on January 1, 2016 and ends on December 31, 2016. Each executive is eligible to earn up to 150% of one-fifth of the award with respect to each annual performance period subject to the achievement of the respective performance goals for each one-year performance period. For non-executive management, the PVRsUs awarded are subject to three one-year performance periods, the first of which began on January 1, 2012 and ended December 31, 2012 and the last of which begins on January 1, 2014 and ends on December 31, 2014. Each non-executive is eligible to earn up to 150% of one-third of the award with respect to each annual performance period subject to the achievement of the respective performance goals for each one-year performance period. For both executive and non-executive management, the performance goals for each of the 2012 and 2013 performance periods were and will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned (a) by executive management with respect to the first three performance periods will vest on January 1, 2015 and the portion of the award, if any, earned with respect to the final two performance periods will vest on January 1, 2016 and January 1, 2017, respectively; and (b) by non-executive management with respect to all three performance periods will vest 75% of the earned amount on the first business day of 2015, and the remaining 25% of the earned amount on the first business day of 2016. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and vesting period.

2013 Long-Term Incentive Program

During the three months ended March 31, 2013, the Company awarded 117,020 PVRsUs, of which 39,007 PVRsUs were granted with an aggregate fair value of \$1.7 million.

The awarded PVRsUs are subject to three one-year performance periods, the first of which begins on January 1, 2013 and ends on December 31, 2013 and the last of which begins on January 1, 2015 and ends on December 31, 2015. Each participant is eligible to earn up to 150% of one-third of the award with respect to each annual performance period subject to the achievement of the respective performance goals for each one-year performance period. The performance goal for the performance period from January 1, 2013 through December 31, 2013 will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned will vest on March 1 in the year following the respective annual performance period. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and vesting period.

Non-Vested PVRsU Activity

The fair value of a PVRsU is measured by reference to the closing market price of the Company's common stock on the date of the grant. Compensation expense is recognized on a straight-line basis over the requisite service period based on the number of PVRsUs expected to vest. As of March 31, 2013, the level of achievement of the performance target awards for PVRsUs granted during 2011, 2012 and 2013 was 134%, 129.5% and 100%, respectively.

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The following table summarizes the Company's non-vested PVRSU activity for the three months ended March 31, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Non-vested December 31, 2012	971,023	\$ 31.72	
Granted	695,068	44.08	
Incremental achieved ⁽¹⁾	170,225	36.32	
Vested	(159,346)	22.85	
Forfeited	(23,239)	33.99	
Non-vested March 31, 2013	<u>1,653,731</u>	\$ 38.21	\$ 76.9

- (1) Incremental achieved represents the additional awards above the target grant resulting from the achievement of performance goals above the performance targets established at grant date.

The total aggregate intrinsic value of PVRsUs vested during the three months ended March 31, 2013 was approximately \$6.7 million. The Company repurchased 60,075 shares of common stock for an aggregate purchase price of \$2.5 million pursuant to the participants' rights under the Plans to elect to use common stock to satisfy their tax withholding obligations.

Restricted Stock Units

The following table summarizes the Company's restricted stock units activity for the three months ended March 31, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2012	922,550	\$ 33.20	
Granted	27,710	44.37	
Vested	(140,621)	36.37	
Forfeited	(6,491)	37.07	
Outstanding at March 31, 2013	<u>803,148</u>	\$ 33.00	\$ 37.4

During the three months ended March 31, 2013, the Company granted 27,710 restricted stock units to certain employees with an aggregate fair value of \$1.2 million. Restricted stock units granted to executive management will vest annually in five equal installments beginning on January 1, 2013. Restricted stock units granted to non-executive management will vest annually in four equal installments beginning on the first business day in 2013.

The restricted stock units previously issued to non-management directors of the Company's Board of Directors will fully vest on the earlier of the first anniversary of the date of grant or the day preceding the date in the following calendar year on which the Company's annual meeting of stockholders is held. Upon vesting of restricted stock units granted prior to 2011, each director's restricted stock units will automatically be converted into deferred stock units, and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service. Upon vesting of restricted stock units that were granted in 2011 and subsequent periods, each director's restricted stock units will automatically be converted into deferred stock units and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service unless a director elected near-term delivery, in which case the vested restricted stock units will be delivered on August 15 in the year following the initial grant.

Share Repurchase Program

Under the 2010 share repurchase program, during the three months ended March 31, 2013, the Company repurchased 0.6 million shares of its Class A common stock at an average price of \$44.38 per share for a total purchase price of \$24.4 million. As of March 31, 2013, a total of 7.7 million shares at an average price of \$30.67 per share had been repurchased under the 2010 share repurchase program for an aggregate purchase price of \$237.2 million. All repurchased shares are accounted for as treasury shares.

On May 2, 2013, the Company announced that its Board of Directors authorized a \$250 million share repurchase program, commencing in the second quarter of 2013 and continuing to December 31, 2013. This program replaces the 2010 share repurchase program.

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8. BASIC AND DILUTED NET INCOME PER COMMON SHARE

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted net income per common share (in thousands, except per share data):

	Three Months Ended March 31,	
	2012	2013
Computation of basic net income per common share:		
Net income	\$ 33,962	\$ 33,764
Weighted average common shares and participating securities outstanding – basic	67,205	66,184
Basic net income per common share	\$ 0.51	\$ 0.51
Computation of diluted net income per common share:		
Weighted average common shares and participating securities outstanding – basic	67,205	66,184
Effect of dilutive securities:		
Stock-based awards	1,273	1,430
Weighted average common shares outstanding – diluted	68,478	67,614
Diluted net income per common share	\$ 0.50	\$ 0.50

Diluted net income per common share reflects the potential dilution of common stock equivalents such as options and warrants, to the extent the impact is dilutive. Stock-based awards to purchase an aggregate of 485,906 and 808 shares were excluded from the calculation of the denominator for diluted net income per common share for the three months ended March 31, 2012 and 2013, respectively, due to their anti-dilutive effects.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table provides a reconciliation of the changes in accumulated other comprehensive income, net of tax, by component (in thousands):

	Unrealized Gains and Losses on Investments	Foreign Currency Translation Adjustment	Total
Balance at December 31, 2012	\$ 142	\$ (909)	\$ (767)
Other comprehensive income (loss) before reclassifications	(65)	34	(31)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Net current-period other comprehensive income	(65)	34	(31)
Balance at March 31, 2013	\$ 77	\$ (875)	\$ (798)

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10. OTHER (EXPENSE) INCOME

Other (expense) income consists of the following (in thousands):

	Three Months Ended March 31,	
	2012	2013
Interest and other expense:		
Interest expense	\$8,613	\$ 6,565
Loss on debt modification and extinguishment	—	10,886
Gain on asset disposals	(130)	(65)
Foreign currency transaction (gain) loss	(290)	176
Total	<u>\$8,193</u>	<u>\$17,562</u>
Interest and other income:		
Interest income	\$ 229	\$ 141
Total	<u>\$ 229</u>	<u>\$ 141</u>

11. INCOME TAXES

The Company's effective tax rate decreased to 36.8% for the three months ended March 31, 2013 from 39.8% for three months ended March 31, 2012 primarily due to the Company's federal research tax credit and domestic production activities deduction.

On January 2, 2013, the American Taxpayer Relief Act of 2012 (the Act) was enacted into law, which included an extension of the federal research tax credit and other tax credits through December 31, 2013. While Congress approved a retroactive extension of certain business tax provisions that expired at the end of 2011 and 2012, under U.S. GAAP, the financial accounting effects of the Act are to be reported in the first quarter of calendar year 2013, the quarter in which the legislation was enacted. As a result, during the first quarter of 2013, the Company recorded a discrete tax benefit of \$0.8 million for its 2012 federal research tax credit.

As of December 31, 2012 and March 31, 2013, the Company had unrecognized tax benefits of \$4.4 million and \$5.0 million, respectively, of which \$4.1 million and \$4.6 million, respectively, would affect the Company's effective tax rate if recognized.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the three months ended March 31, 2012 and 2013, the Company recognized potential interest and penalties of \$51,000 and \$19,000, respectively. As of December 31, 2012 and March 31, 2013, the Company had established reserves of approximately \$194,000 and \$213,000, respectively, for accrued potential interest and penalties related to uncertain tax positions. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

The Company files income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. The tax years 2007 through 2011 remain open to examination by the major taxing jurisdictions to which the Company is subject. The IRS has initiated an examination of the Company's 2009 federal income tax return. While the ultimate outcome of the audit is uncertain, management does not currently believe that the outcome will have a material adverse effect on the Company's financial position, results of operations or cash flows.

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The Company anticipates that total unrecognized tax benefits will decrease by approximately \$121,000 over the next 12 months due to the expiration of certain statutes of limitations and settlement of tax audits.

12. SEGMENT INFORMATION

The Company has three operating segments, reflective of the manner in which the chief operating decision maker (CODM) allocates resources and assesses performance: Carrier Services, Enterprise Services, and Information Services. The Company's operating segments are the same as its reportable segments.

The Company's Carrier Services operating segment provides services that ensure the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their customer's infrastructure. The Company enables its carrier customers to use, exchange and share critical resources, such as telephone numbers, to facilitate order management and work flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.

The Company's Enterprise Services operating segment provides services to its enterprise customers to meet their respective directory-related needs, as well as Internet infrastructure services. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. The Company provides a suite of DNS services to its enterprise customers built on a global directory platform. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company's services monitor and load-test websites to help identify issues and optimize performance. In addition, the Company provides fixed IP geolocation services that help enterprises identify the location of their consumers used in a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry.

The Company's Information Services segment provides a broad portfolio of real-time information and analytics services that enable clients to identify, verify and score their customers and prospective customers, or prospects, to deliver customized responses to a large number of consumer-initiated queries. As an example, the Company provides marketers with the ability to tailor offers made to consumers over the telephone or on the Internet in real time. The Company is one of the largest non-carrier providers of Caller ID services, and provides a comprehensive market analytics platform that enables clients to segment and score customers and prospects for real-time interactive marketing initiatives. Additionally, the Company's business listings identity management service provides local businesses and local search platforms with a single, trusted source of verified business listings for local searches. The Company's online audience solution enables online advertisers to display relevant advertisements to specific audiences, increasing the effectiveness of online advertising and delivering a more useful online experience for consumers using a database and targeting system that protect a consumer's privacy.

The Company reports segment information based on the "management" approach which relies on the internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with that assessment, the CODM reviews revenues and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from segment contribution.

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Information for the three months ended March 31, 2012 and 2013 regarding the Company's reportable segments was as follows (in thousands):

	Three Months Ended March 31,	
	2012	2013
Revenue:		
Carrier Services	\$ 124,373	\$ 132,171
Enterprise Services	39,485	44,779
Information Services	35,724	39,466
Total revenue	\$199,582	\$216,416
Segment contribution:		
Carrier Services	\$ 108,446	\$ 114,394
Enterprise Services	16,731	20,903
Information Services	18,014	17,768
Total segment contribution	143,191	153,065
Indirect operating expenses:		
Cost of revenue (excluding depreciation and amortization shown separately below)	24,269	25,161
Sales and marketing	5,730	6,835
Research and development	4,860	4,284
General and administrative	20,718	21,292
Depreciation and amortization	22,706	24,665
Restructuring charges	522	2
Income from operations	\$ 64,386	\$ 70,826

Assets are not tracked by segment and the CODM does not evaluate segment performance based on asset utilization.

Enterprise-Wide Disclosures

Geographic area revenues and service offering revenues from external customers for the three months ended March 31, 2012 and 2013, and geographic area long-lived assets as of December 31, 2012 and March 31, 2013 are as follows (in thousands):

	Three Months Ended March 31,	
	2012	2013
Revenues by geographical areas:		
North America	\$ 189,348	\$ 205,062
Europe and Middle East	6,293	7,182
Other regions	3,941	4,172
Total revenues	\$199,582	\$216,416

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	Three Months Ended March 31,	
	2012	2013
Revenues by service offerings:		
Carrier Services:		
Numbering Services	\$ 110,489	\$ 118,140
Order Management Services	10,910	9,802
IP Services	2,974	4,229
Total Carrier Services	124,373	132,171
Enterprise Services:		
Internet Infrastructure Services	21,723	23,797
Registry Services	17,762	20,982
Total Enterprise Services	39,485	44,779
Information Services:		
Identification Services	22,719	22,696
Verification & Analytics Services	8,236	11,361
Local Search & Licensed Data Services	4,769	5,409
Total Information Services	35,724	39,466
Total revenues	\$ 199,582	\$ 216,416
	December 31, 2012	March 31, 2013
Long-lived assets, net		
North America	\$ 406,973	\$ 389,813
Central America	16	13
Europe and Middle East	10	11
Other regions	1	1
Total long-lived assets, net	\$ 407,000	\$ 389,838

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements, including, without limitation, statements concerning the conditions in our industry, our operations and economic performance, and our business and growth strategy. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. These forward-looking statements are based on estimates and assumptions by our management that we believe to be reasonable but are inherently uncertain and subject to a number of risks and uncertainties. These risks and uncertainties include, without limitation, those described in this report, in Part II, “Item 1A. Risk Factors” and in subsequent filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

Overview

During the first quarter, we continued to experience increased demand for our services. Revenue increased 8% to \$216.4 million as compared to \$199.6 million in the first quarter of 2012. Of this increase, our Carrier Services segment contributed 4%, while our Enterprise Services contributed 2% and Information Services contributed 2%. Within our Carrier Services segment, growth in revenue was driven by a contractual increase of 6.5% in the fixed fee under our contracts to provide number portability services.

In addition to our continued growth in revenue, we improved our financial structure through the refinancing of our 2011 Credit Facilities. Specifically, we issued \$300 million of 4.5% 10-year senior notes and we completed a \$525 million credit facility that included a \$325 million term loan A and a \$200 million revolving credit facility. This refinancing provides us with a lower cost of debt, greater financial flexibility, less restrictive financial covenants and staggered maturities.

During the quarter, we continued to position ourselves to renew our contracts with the North American Portability Management LLC, or NAPM. On April 5, 2013, we submitted our response to the NAPM's Request for Proposal, or the RFP, for the selection of the next local number portability administrator in accordance with the RFP submission requirements and timeline. On April 17, 2013, the NAPM announced on its website that it had extended the deadline for interested parties to respond to its RFP until April 22, 2013. The selection timeline published in the RFP provides for a decision to be made in September 2013; however, the dates provided in the RFP timeline are subject to change. We remain confident in the strength of our response to the NAPM's RFP, and we believe that the high quality of our services provides us the best opportunity to remain the NPAC administrator of local number portability for the communications industry.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our unaudited consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue and expense during a fiscal period. The Securities and Exchange Commission, or SEC, considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the audit committee of our Board of Directors, and the audit committee has reviewed our related disclosures in this report.

Although we believe that our judgments and estimates are appropriate and reasonable, actual results may differ from those estimates. In addition, while we have used our best estimates based on the facts and circumstances available to us at the time, we reasonably could have used different estimates in the current period. Changes in the accounting estimates we use are reasonably likely to occur from period to period, which may have a material impact on the presentation of our financial condition and results of operations. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations could be materially affected. See the information in our filings with the SEC from time to time, including Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2011, for certain matters that may bear on our results of operations.

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The following discussion of selected critical accounting policies supplements the information relating to our critical accounting policies described in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2012.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the Compensation – Stock Compensation Topic of the FASB ASC which requires the measurement and recognition of compensation expense for stock-based awards granted to employees based on estimated fair values on the date of grant.

See Note 7 to our Unaudited Consolidated Financial Statements in Item 1 of Part I of this report for information regarding our assumptions related to stock-based compensation and the amount of stock-based compensation expense we incurred for the periods covered in this report.

We estimate the fair value of our restricted stock unit awards based on the fair value of our common stock on the date of grant. Our outstanding restricted stock unit awards are subject to service-based vesting conditions and performance-based vesting conditions. We recognize the estimated fair value of service-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period on a straight-line basis. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee’s continued employment over the vesting period. We recognize the estimated fair value of performance-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period, which considers each performance period or tranche separately, based upon our determination of whether it is probable that the performance targets will be achieved. At each reporting period, we reassess the probability of achieving the performance targets within the related performance period. Determining whether the performance targets will be achieved involves judgment, and the estimate of stock-based compensation expense may be revised periodically based on changes in the probability of achieving the performance targets. If any performance goals are not met, no compensation cost is ultimately recognized against that goal, and to the extent previously recognized, compensation cost is reversed. As of March 31, 2013, we estimated that the level of achievement of the performance targets for performance vested restricted stock units granted during 2013 was 100%.

Consolidated Results of Operations

Three Months Ended March 31, 2012 Compared to Three Months Ended March 31, 2013

The following table presents an overview of our results of operations for the three months ended March 31, 2012 and 2013:

	Three Months Ended March 31,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
	(unaudited)			
	(dollars in thousands, except per share data)			
Revenue:				
Carrier Services	\$ 124,373	\$ 132,171	\$ 7,798	6.3%
Enterprise Services	39,485	44,779	5,294	13.4%
Information Services	35,724	39,466	3,742	10.5%
Total revenue	199,582	216,416	16,834	8.4%
Operating expense:				
Cost of revenue (excludes depreciation and amortization shown separately below)	44,898	49,297	4,399	9.8%
Sales and marketing	38,353	42,260	3,907	10.2%
Research and development	7,724	7,484	(240)	(3.1)%
General and administrative	20,993	21,882	889	4.2%
Depreciation and amortization	22,706	24,665	1,959	8.6%
Restructuring charges	522	2	(520)	(99.6)%
	135,196	145,590	10,394	7.7%
Income from operations	64,386	70,826	6,440	10.0%
Other (expense) income:				
Interest and other expense	(8,193)	(17,562)	(9,369)	114.4%
Interest and other income	229	141	(88)	(38.4)%
Income before income taxes	56,422	53,405	(3,017)	(5.3)%
Provision for income taxes	22,460	19,641	(2,819)	(12.6)%
Net income	\$ 33,962	\$ 33,764	\$ (198)	(0.6)%
Net income per share:				
Basic	\$ 0.51	\$ 0.51		
Diluted	\$ 0.50	\$ 0.50		
Weighted average common shares outstanding:				
Basic	67,205	66,184		
Diluted	68,478	67,614		

Revenue

Carrier Services. Revenue from our Carrier Services operating segment increased \$7.8 million due to an increase of \$7.7 million in revenue from Numbering Services, an increase of \$1.3 million in revenue from IP Services, and a decrease of \$1.1 million in revenue from our Order Management Services, or OMS. In particular, the Numbering Services revenue increase was driven by a \$6.7 million increase in the fixed fee established under our contracts to provide NPAC Services.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$5.3 million due to an increase of \$3.2 million in revenue from Registry Services and an increase of \$2.1 million in revenue from Internet Infrastructure Services, or IIS. In particular, the Registry Services revenue increase was driven by continued growth in the number of domain names under management and an increase in transactions in one of our new registries. In addition, IIS revenue increased due to higher demand for our managed domain name systems, or DNS, solutions, to direct and manage Internet traffic.

Information Services. Revenue from our Information Services operating segment increased \$3.7 million due to an increase of \$3.1 million in revenue from Verification & Analytics Services and an increase of \$0.6 million in revenue from Local Search & Licensed Data Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions.

Expense

Cost of revenue. Cost of revenue increased \$4.4 million due to an increase of \$2.6 million in personnel and personnel-related expense and an increase of \$2.4 million in costs related to our information technology and systems. In particular, the increase in personnel and personnel-related expense was due to an increase in stock-based compensation driven by performance-based equity that was granted to a higher number of existing and new employees. In addition, the increase in costs related to our information technology and systems was driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs.

Sales and marketing. Sales and marketing expense increased \$3.9 million due to an increase of \$3.1 million in personnel and personnel-related expense driven by increases in stock-based compensation and salary and benefits. In particular, the increase in stock-based compensation expense was driven by performance-based equity that was granted to a higher number of existing and new employees. The increase in salary and benefits was driven by increased headcount related to the expansion of our sales and marketing teams to support service offerings and the migration of employees to a common benefits plan.

Research and development. Research and development expense for the three months ended March 31, 2012 was comparable to the expense for the three months ended March 31, 2013.

General and administrative. General and administrative expense increased \$0.9 million due to an increase of \$0.4 million in personnel and personnel-related expense. In particular, stock-based compensation expense increased \$2.0 million driven by performance-based equity that was granted to a higher number of existing and new employees. This increase was partially offset by a decrease of \$1.2 million in severance-related costs.

Depreciation and amortization. Depreciation and amortization expense increased \$2.0 million due to an increase of \$2.7 million in depreciation expense related to capitalized software costs. This increase was partially offset by a decrease of \$0.6 million in depreciation expense related to capital leases.

Restructuring charges. Restructuring charges for the three months ended March 31, 2012 were comparable to the charges recorded for the three months ended March 31, 2013.

Interest and other expense. Interest and other expense increased \$9.4 million due to a \$10.9 million loss on debt modification and extinguishment recorded in connection with the refinancing of our 2011 Credit Facilities. This increase was partially offset by \$2.0 million in lower interest expense driven by the refinancing of our 2011 Credit Facilities.

Interest and other income. Interest and other income for the three months ended March 31, 2012 was comparable to the income for the three months ended March 31, 2013.

Provision for income taxes. Our effective tax rate decreased to 36.8% for the three months ended March 31, 2013 from 39.8% for the three months ended March 31, 2012 primarily due to our federal research tax credit and domestic production activities deduction. On January 2, 2013, the American Taxpayer Relief Act of 2012, or the Act, was enacted into law, which included an extension of the

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federal research tax credit and other tax credits through December 31, 2013. While Congress approved a retroactive extension of certain business tax provisions that expired at the end of 2011 and 2012, under U.S. GAAP, the financial accounting effects of the Act are to be reported in the first quarter of calendar year 2013, the quarter in which the legislation was enacted. As a result, during the first quarter of 2013, we recorded a discrete tax benefit of \$0.8 million for our 2012 federal research tax credit.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to income from operations for the three months ended March 31, 2012 and 2013 (in thousands):

	Three Months Ended March 31,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
Revenue:				
Carrier Services	\$ 124,373	\$ 132,171	\$ 7,798	6.3%
Enterprise Services	39,485	44,779	5,294	13.4%
Information Services	35,724	39,466	3,742	10.5%
Total revenue	<u>\$199,582</u>	<u>\$216,416</u>	<u>\$16,834</u>	8.4%
Segment contribution:				
Carrier Services	\$ 108,446	\$ 114,394	\$ 5,948	5.5%
Enterprise Services	16,731	20,903	4,172	24.9%
Information Services	18,014	17,768	(246)	(1.4)%
Total segment contribution	143,191	153,065	9,874	6.9%
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	24,269	25,161	892	3.7%
Sales and marketing	5,730	6,835	1,105	19.3%
Research and development	4,860	4,284	(576)	(11.9)%
General and administrative	20,718	21,292	574	2.8%
Depreciation and amortization	22,706	24,665	1,959	8.6%
Restructuring charges	522	2	(520)	(99.6)%
Income from operations	<u>\$ 64,386</u>	<u>\$ 70,826</u>	<u>\$ 6,440</u>	10.0%

Segment contribution is determined based on internal performance measures used by the chief operating decision maker, or CODM, to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the three months ended March 31, 2012 and 2013:

Carrier Services. Revenue from our Carrier Services operating segment increased \$7.8 million due to an increase of \$7.7 million in revenue from Numbering Services, an increase of \$1.3 million in revenue from IP Services, and a decrease of \$1.1 million in revenue from our OMS. In particular, the Numbering Services revenue increase was driven by a \$6.7 million increase in the fixed fee established under our contracts to provide NPAC Services. Segment operating costs for Carrier Services totaled \$17.8 million, an increase of \$1.9 million. This increase was due to an increase in information technology and systems costs driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$114.4 million, an increase of \$5.9 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$5.3 million due to an increase of \$3.2 million in revenue from Registry Services and an increase of \$2.1 million in revenue from IIS. In particular, the Registry Services revenue increase was driven by continued growth in the number of domain names under management and an increase in transactions in one of our new registries. In addition, IIS revenue increased due to higher demand for our DNS solutions to direct and manage Internet traffic. Segment operating costs for Enterprise Services totaled \$23.9 million, an increase of \$1.1 million. This increase in segment operating costs was due to an increase of \$0.8 million in advertising and external marketing costs. Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$20.9 million, an increase of \$4.2 million.

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Information Services. Revenue from our Information Services operating segment increased \$3.7 million due to an increase of \$3.1 million in revenue from Verification & Analytics Services and an increase of \$0.6 million in revenue from Local Search & Licensed Data Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions. Segment operating costs for Information Services totaled \$21.7 million, an increase of \$4.0 million. This increase in segment operating costs was due to an increase of \$2.9 million in personnel and personnel-related expense and an increase of \$0.5 million in information technology and systems costs. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$17.8 million, a decrease of \$0.2 million.

Liquidity and Capital Resources

Our principal source of liquidity is cash provided by operating activities. Our principal uses of cash have been to fund share repurchases, capital expenditures, and debt service requirements. We anticipate that our principal uses of cash in the future will be for share repurchases, capital expenditures, debt service requirements and acquisitions.

Total cash, cash equivalents and investments were \$378.2 million at March 31, 2013, an increase of \$34.3 million from \$343.9 million at December 31, 2012. This increase in cash, cash equivalents and investments was primarily due to cash provided by operations.

We believe that our existing cash and cash equivalents, short-term investments, and cash from operations will be sufficient to fund our operations for the next twelve months.

Credit Facilities

On January 22, 2013, we entered into a credit facility that provided for a \$325 million senior secured term loan facility, or 2013 Term Facility, and a \$200 million senior secured revolving credit facility, or the 2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities. In addition, we closed an offering of \$300 million aggregate principal amount of senior notes, or Senior Notes. We used the proceeds received from the 2013 Term Facility and Senior Notes to repay our outstanding principal borrowings of \$592.5 million under our existing 2011 Term Facility. We used available borrowings under the new 2013 Revolving Facility for outstanding letters of credit totaling \$7.8 million that were previously secured by our 2011 Revolving Facility. Our 2011 Term Facility and 2011 Revolving Facility were terminated in connection with this refinancing event. For further discussion of this debt refinancing, see Note 6 to our Consolidated Financial Statements in Item 1 of Part I of this report.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of March 31, 2013, the Company had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.2 million, exclusive of outstanding letters of credit totaling \$7.8 million.

Principal payments under the 2013 Term Facility of \$2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at our option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the “U.S. Prime Rate” and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning on March 31, 2013. As of March 31, 2013, accrued interest under the 2013 Credit Facilities was \$0.2 million.

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The Company may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of the required Lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken pursuant to the 2013 Term Facility, by the required Lenders.

As of March 31, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities was \$10.0 million. Total amortization expense of the deferred financing costs and loan origination fees was \$0.4 million for the three months ended March 31, 2013 and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, we closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended, or the Securities Act. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among us, certain of our domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are the general unsecured senior obligations of us and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest accrues from January 22, 2013. As of March 31, 2013, accrued interest under the Senior Notes was \$2.6 million.

At any time and from time to time prior to July 15, 2016, we may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

Prior to January 15, 2018, we may redeem some or all of the Senior Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, we may redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If we experience certain changes of control together with a ratings downgrade, we will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to, the date of purchase. If we sell certain assets and do not repay certain debt or reinvest the proceeds of such sales within certain time periods, we will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and certain provision related to bankruptcy events. The Senior Notes also contain customary negative covenants.

On January 22, 2013, we entered into a registration rights agreement relating to the Senior Notes that requires us and the Subsidiary Guarantors to, among other things: (1) file a registration statement with respect to a registered offer to exchange the Senior Notes for new notes guaranteed by our Subsidiary Guarantors, with terms substantially identical in all material respects to those of the Senior Notes (except that the new notes will not be subject to restrictions on transfer or to any increase in annual interest rate); (2) use our reasonable best efforts to cause the applicable registration statement to become effective under the Securities Act; and (3) promptly after the applicable registration statement is declared effective, initiate an exchange offer. In addition, under certain circumstances, we and the Subsidiary Guarantors may be required to file a shelf registration statement relating to resales of the Senior Notes.

If (1) the exchange offer is not completed within 300 days after the date of original issuance of the Senior Notes; (2) a shelf registration statement, if required, has not become effective within 300 days after the date of original issuance of the Senior Notes; (3) if we receive a request to file a shelf registration pursuant to the Registration Rights Agreement and such shelf registration statement has not become effective by the later of (a) 300 days after the date of original issuance of the Senior Notes and (b) 120 days after delivery of such shelf request or (4) any required registration statement is filed and declared effective but thereafter ceases to be

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effective in certain circumstances during the applicable period (each such event referred to in clauses (1) through (4) above, a “Registration Default”), then we will be obligated to pay additional interest to each holder of the Senior Notes that are subject to transfer restrictions, with respect to the first 90-day period immediately following the occurrence of a Registration Default, at a rate of 0.25% per annum on the principal amount of the Senior Notes that are subject to transfer restrictions held by such holder. The amount of additional interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until the Registration Default ends, up to a maximum increase of 1.00% per annum on the principal amount of the Senior Notes that are subject to transfer restrictions.

As of March 31, 2013, deferred financing costs related to the Senior Notes was \$15.2 million. Total amortization expense of the deferred financing costs was \$0.2 million for the three months ended March 31, 2013 and is reported as interest expense in the consolidated statements of operations.

Discussion of Cash Flows

Cash flows from operations

Net cash provided by operating activities for the three months ended March 31, 2013 was \$51.8 million, as compared to \$60.0 million for the three months ended March 31, 2012. This \$8.2 million decrease in net cash provided by operating activities was the result of an increase in non-cash adjustments of \$20.4 million, partially offset by a decrease in net changes in operating assets and liabilities of \$28.3 million.

Non-cash adjustments increased \$20.4 million driven by a loss on debt modification and extinguishment of \$10.9 million recorded in the first quarter of 2013 related to our debt refinancing, an increase of \$5.1 million in stock-based compensation, and an increase of \$3.3 million in excess tax benefits from stock option exercises.

Net changes in operating assets and liabilities decreased \$28.3 million primarily due to a decrease of \$28.0 million in income taxes receivable, a decrease of \$12.4 million in prepaid expenses and other current assets, and a decrease of \$9.0 million in deferred revenue. These increases in net changes in operating assets and liabilities were partially offset by an increase of \$9.4 million in income taxes payable, an increase of \$5.0 million in other liabilities and an increase of \$4.5 million in accounts payable and accrued expenses.

Cash flows from investing

Net cash used in investing activities for the three months ended March 31, 2013 was \$11.4 million, as compared to \$8.2 million for three months ended March 31, 2012. This \$3.2 million increase in net cash used in investing activities was due to an increase of \$3.8 million in cash used for purchases of property and equipment, partially offset by an increase of \$0.6 million in cash received from sales and maturities of investments.

Cash flows from financing

Net cash used in financing activities was \$4.0 million for the three months ended March 31, 2013, as compared to net cash provided by financing activities of \$3.5 million for the three months ended March 31, 2012. This \$7.5 million decrease in net cash provided by financing activities was primarily due to a decrease of \$25.8 million in proceeds from the exercise of stock options, cash used of \$11.4 million for debt issuance costs attributable to our debt refinancing completed in the first quarter of 2012, and a decrease of \$3.3 million in excess tax benefits from stock-based compensation. These decreases were partially offset by a net proceeds of \$31.7 million attributable to our debt refinancing and a decrease of \$2.5 million in cash used for the repurchase of restricted stock awards attributable to participants’ electing to use stock to satisfy their tax withholdings.

Recent Accounting Pronouncements

See Note 2 to our Unaudited Consolidated Financial Statements in Item 1 of Part 1 of this report for a discussion of the effects of recent accounting pronouncements.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about our market risk, see “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Our exposure to market risk has not changed materially since December 31, 2012.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of March 31, 2013, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at the reasonable assurance level.

In addition, there were no changes in our internal control over financial reporting that occurred in the first quarter of 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended December 31, 2012, filed with the SEC on February 28, 2013. The risks discussed in our Annual Report on Form 10-K could materially affect our business, financial condition and future results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table is a summary of our repurchases of common stock during each of the three months in the quarter ended March 31, 2013:

<u>Month</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)(4)</u>
January 1 through January 31, 2013	385,822	\$ 43.44	270,600	\$ 75,393,794
February 1 through February 28, 2013	57,678	44.46	28,800	74,128,987
March 1 through March 31, 2013	252,718	45.01	251,405	62,813,726
Total	<u>696,218</u>	\$ 44.10	<u>550,805</u>	\$62,813,726

- (1) The number of shares purchased includes shares of common stock tendered by employees to us to satisfy the employees' tax withholding obligations arising as a result of vesting of restricted stock grants under our stock incentive plan. We purchased these shares for their fair market value on the vesting date.
- (2) The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 145,413 shares, all of which relate to shares surrendered to us by employees to satisfy the employees' tax withholding obligations arising as a result of vesting of restricted stock grants under our incentive stock plans.
- (3) On July 28, 2010, we announced the adoption of a share repurchase program. The program authorizes the repurchase of up to \$300 million of Class A common shares through Rule 10b5-1 programs, open market purchases, privately negotiated transactions or otherwise as market conditions warrant, at prices we deem appropriate. The program will expire in July 2013.
- (4) Does not include amounts paid for commissions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See exhibits listed under the Exhibit Index below.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 2, 2013

NeuStar, Inc.

By: /s/ Paul S. Lalljie

Paul S. Lalljie

Chief Financial Officer

(Principal Financial and Accounting Officer and Duly Authorized Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation, incorporated herein by reference to Exhibit 3.1 to Amendment No. 7 to NeuStar's Registration Statement on Form S-1, filed June 28, 2005 (File No. 333-123635).
3.2	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed June 25, 2012.
10.1.2	Amendment to the contractor services agreement entered into the 7 th day of November 1997 by and between Neustar, Inc. and North American Portability Management, LLC.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

Amendment No. 88 (NE)

SOW: ☒ No
☐ Yes

Pursuant to Instruction 2 to Item 601 of Regulation S-K, NeuStar, Inc. has filed an agreement with the Northeast Carrier Acquisition Company, LLC, which is one of seven agreements that are substantially identical in all material respects other than the parties to the agreements. North American Portability Management, LLC succeeded to the interests of Northeast Carrier Acquisition Company, LLC and each of the other entities listed below. The following list identifies the other parties to the six agreements that have been omitted pursuant to Instruction 2 to Item 601:

- LNP, LLC (Midwest)
- Southwest Region Portability Company, LLC
- Western Region Telephone Number Portability, LLC
- Southeast Number Portability Administration Company, LLC
- Mid-Atlantic Carrier Acquisition Company, LLC
- West Coast Portability Services, LLC

**AMENDMENT****TO****CONTRACTOR SERVICES AGREEMENT FOR NUMBER
PORTABILITY ADMINISTRATION CENTER / SERVICE
MANAGEMENT SYSTEM****FOR****AUTHORIZATION TO DISCLOSE NPA-NXX OF AN LRN**

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CONFIDENTIAL

Amendment No. 88 (NE)

SOW: ☒ No
 ☐ Yes

**AMENDMENT
TO
CONTRACTOR SERVICES AGREEMENT FOR NUMBER PORTABILITY
ADMINISTRATION CENTER/SERVICE MANAGEMENT SYSTEM
FOR
AUTHORIZATION TO DISCLOSE NPA-NXX OF AN LRN**

1. PARTIES

This Amendment (this “**Amendment**”) is entered into pursuant to Article 30 of, and upon execution shall be a part of, the Contractor Services Agreements for Number Portability Administration Center/Service Management System, as amended and in effect immediately prior to the Amendment Effective Date (each such agreement referred to individually as the “**Master Agreement**” and collectively as the “**Master Agreements**”), by and between NeuStar, Inc., a Delaware corporation (“**Contractor**”), and the North American Portability Management LLC, a Delaware limited liability company (the “**Customer**”), as the successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC (the “**Subscribing Customer**”).

2. EFFECTIVENESS AND DEFINED TERMS

This Amendment shall be effective as of the last date of execution below (the “**Amendment Effective Date**”), conditioned upon execution by Contractor and Customer on behalf of all the limited liability companies listed below for the separate United States Service Areas (the “**Subscribing Customers**”).

- Mid-Atlantic Carrier Acquisition Company, LLC
- LNP, LLC (Midwest)
- Northeast Carrier Acquisition Company, LLC
- Southeast Number Portability Administration Company, LLC
- Southwest Region Portability Company, LLC
- West Coast Portability Services, LLC
- Western Region Telephone Number Portability, LLC

The number in the upper left-hand corner refers to this Statement of Work. Capitalized terms used herein without definition or which do not specifically reference another agreement shall have the meanings as defined in the Master Agreements.

3. CONSIDERATION RECITAL

In consideration of the terms and conditions set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and Customer agree as set forth in this Amendment.

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CONFIDENTIAL

Amendment No. 88 (NE)

SOW: ☒ No
☐ Yes

4. AMENDMENT

4.1 Reason for this Amendment

Customer has determined that the NPA-NXX of the Local Routing Number (**LRN**) associated with a telephone number (**TN**) is suitable for disclosure by Users to entities that are not Users, subject to certain restrictions set forth herein. Therefore, this Amendment is issued to clarify Section 4.2 of the Master Agreement, which was modified by Amendment No. 62.

4.2 Authorizations and Restrictions

A User may disclose the NPA-NXX of the LRN associated with a TN, including data derived, translated or transformed from such LRN, to entities that are not Users; provided, however, that the recipient's purpose in using such data complies with a Permitted Use, as that term is defined in Section 4.2(b)(2)(D)(ii) of the Master Agreement, and does not constitute Commercial Exploitation.

4.3 Further Clarifications

Section 4.2(b)(2)(D)(iii)(VII) of the Master Agreement, which provides that the intended use of User Data, or data derived, translated, or transformed from User Data, can include the purpose of facilitating the "routing, rating, or billing of calls" by another, or the purpose of facilitating the performance of "network maintenance in connection with providing telecommunications services" by another, is hereby clarified further to provide that the intended use of such data additionally includes the making use of a telecommunications service or the making use of a telecommunications-related service.

For example, making use of a telecommunications service (i.e., a "private use") would include a PBX operator with multiple routes to various Service Providers or intermediate carriers would qualify to receive the LRN NPA-NXX information for calls leaving the PBX in order to perform least cost routing, even though the only traffic originating at the PBX is its own.

Also, a service offered by a Service Provider (an "SP") remains a telecommunications service when offered by another. For example, the preparation of directory listing showing telephone numbers and other information (e.g., the "Yellow Pages") remains a telecommunications-related service when prepared by an entity other than a Service Provider. The billing of charges incurred for third-party services (e.g., "DirecTV") remains a telecommunications-related service when facilitated by an entity other than the Service Provider.

4.4 Dissemination

Contractor shall notify all Users of the authorizations and clarifications set forth in this Article 4. Additionally, Contractor shall solicit from all Users contact information for any User that anticipates offering a service in which the NPA-NXX associated with the LRN of a TN would be provided and that are willing to have their contact information displayed on the public area of the NPAC's Web site (NPAC.com). Contractor is to add a Web page to the public area of its NPAC Web site on which to display contact information for Users willing to provide the NPA-NXX of the LRN associated with a TN.

Amendment No. 88 (NE)

SOW: ☒ No
☐ Yes

4.5 Applications

Upon execution of this Amendment, Contractor shall suspend the review of any New User Application of an Applicant categorized as a PTRS for which access to the NPA-NXX of a telephone number's LRN would meet the Applicant's needs and instead refer the Applicant to a publically available list of Users that are willing to offer such data. Contractor shall likewise direct the NUE to suspend its review of any such New User Application under the NUE Process. Contractor shall not initiate any new action with respect to New User Applications submitted by Applicants categorized as PTRS that have been previously subject to a Negative Permitted Use Finding.

4.6 New User Evaluator (NUE) Process

The NUE shall use this Amendment in discharging its duties under the NUE Process.

5. IMPACTS ON MASTER AGREEMENT

The following portions of the Master Agreement are impacted by this Amendment:

<input checked="" type="checkbox"/>	Master Agreement
<u>None</u>	Exhibit B - Functional Requirements Specification
<u>None</u>	Exhibit C - Interoperable Interface Specification
<u>None</u>	Exhibit E - Pricing Schedules
<u>None</u>	Exhibit F - Project Plan and Test Schedule
<u>None</u>	Exhibit G - Service Level Requirements
<u>None</u>	Exhibit H - Reporting and Monitoring Requirements
<input checked="" type="checkbox"/>	Exhibit J - User Agreement Form
<u>None</u>	Exhibit K - External Design
<u>None</u>	Exhibit L - Infrastructure/Hardware
<u>None</u>	Exhibit M - Software Escrow Agreement
<u>None</u>	Exhibit N - System Performance Plan for NPAC/SMS Services
<u>None</u>	Exhibit O - Intermodal Ported TN Identification Service Agreement
<u>None</u>	Exhibit P - LEAP Service Agreement
<u>None</u>	Disaster Recovery
<u>None</u>	Back Up Plans
<u>None</u>	Gateway Evaluation Process (Article 32 of Master Agreement)

6. MISCELLANEOUS

(a) Except as specifically modified and amended hereby, all the provisions of the Master Agreement and the User Agreements entered into with respect thereto, and all exhibits and schedules thereto, shall remain unaltered and in full force and effect in accordance with their terms. From and after the Amendment Effective Date hereof, any reference in the Master

Amendment No. 88 (NE)

SOW: ☒ No
 ☐ Yes

Agreement to itself and any Article, Section or subsections thereof or to any Exhibit thereto, or in any User Agreement to itself or to the Master Agreement and applicable to any time from and after the Amendment Effective Date hereof, shall be deemed to be a reference to such agreement, Article, Section, subsection or Exhibit, as modified and amended by this Amendment. From and after the Amendment Effective Date, Amendment shall be a part of the Master Agreement, including its Exhibits, and, as such, shall be subject to the terms and conditions therein. Each of the respective Master Agreements with respect to separate Service Areas remains an independent agreement regarding the rights and obligations of each of the Parties thereto with respect to such Service Area, and neither this Amendment nor any other instrument shall join or merge any Master Agreement with any other, except by the express written agreement of the Parties thereto.

(b) If any provision of this Amendment is held invalid or unenforceable, then the remaining provision of this Amendment shall become null and void and be of no further force or effect. If by rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement, this Amendment is required to be rescinded or declared ineffective or void in whole or in part, whether temporarily, permanently or ab initio (an **"Ineffectiveness Determination"**), immediately upon such Ineffectiveness Determination and without any requirement on any party to appeal, protest or otherwise seek clarification of such Ineffectiveness Determination, this Amendment shall be rescinded and of no further force or effect retroactively to the Amendment Effective Date. Consequently, the Master Agreement in effect immediately prior to the Amendment Effective Date shall continue in full force and effect in accordance with its terms, unchanged or modified in any way by this Amendment. In the event of an Ineffectiveness Determination, any amounts that would have otherwise been due and payable under the terms and conditions of the Master Agreement and this Amendment (the **"Unpaid Charges"**) will in no event be charged or allocated to Users or End Users, including by way of inclusion in any cost or overhead computations related to Services under the Master Agreements, any Statements of Work or otherwise, without an explicit rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement directing the responsibility and liability for payment of those Unpaid Charges by Users or End Users.

(c) This Amendment may be executed in two or more counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

(d) If at any time hereafter a Customer, other than a Customer that is a party hereto desires to become a party hereto, such Customer may become a party hereto by executing a joinder agreeing to be bound by the terms and conditions of this Amendment, as modified from time to time.

Amendment No. 88 (NE)

SOW: ☒ No
 ☐ Yes

(e) This Amendment is the joint work product of representatives of Customer and Contractor; accordingly, in the event of ambiguities, no inferences will be drawn against either party, including the party that drafted the Agreement in its final form.

(f) This Amendment sets forth the entire understanding between the Parties with regard to the subject matter hereof and supercedes any prior or contemporaneous agreement, discussions, negotiations or representations between the Parties, whether written or oral, with respect thereto. The modifications, amendments and price concessions made herein were negotiated together and collectively, and each is made in consideration of all of the other terms herein. All such modifications, amendments and price concessions are interrelated and are dependent on each other. No separate, additional or different consideration is contemplated with respect to the modifications, amendments and price concessions herein.

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Page 6

CONFIDENTIAL

Amendment No. 88 (NE)

SOW: ☒ No
☐ Yes

IN WITNESS WHEREOF, the undersigned have executed this Statement of Work:

CONTRACTOR: NeuStar, Inc.

By: Bradley D. Smith

Its: Controller

Date: 4-17-13

CUSTOMER: North American Portability Management, LLC as successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC

By: Melvin Clay

Its: NAPM LLC Co-Chair

Date: 4-11-2013

By: Timothy Decker

Its: NAPM LLC Co-Chair

Date: 4/15/2013

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CONFIDENTIAL

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa A. Hook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NeuStar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2013

/s/ Lisa A. Hook

Lisa A. Hook
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul S. Lalljie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NeuStar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2013

/s/ Paul S. Lalljie

Paul S. Lalljie
Chief Financial Officer
(Principal Accounting Officer)

**CERTIFICATION
PURSUANT TO 18 U.S.C. 1350**

Pursuant to 18 U.S.C. 1350, each of the undersigned certifies that, to the best of his/her knowledge:

1. The quarterly report on Form 10-Q of NeuStar, Inc. for the quarter ended March 31, 2013 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NeuStar, Inc.

May 2, 2013

By: /s/ Lisa A. Hook
Lisa A. Hook
President and Chief Executive Officer

May 2, 2013

By: /s/ Paul S. Lalljie
Paul S. Lalljie
Chief Financial Officer

A signed original of this written statement has been provided to NeuStar, Inc. and will be retained by NeuStar, Inc. and furnished to the Securities and Exchange Commission or its staff upon request

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2013**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number **001-32548**

NeuStar, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

52-2141938

(I.R.S. Employer
Identification No.)

21575 Ridgetop Circle

Sterling, Virginia 20166

(Address of principal executive offices) (zip code)

(571) 434-5400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 64,360,392 shares of Class A common stock, \$0.001 par value, and 3,082 shares of Class B common stock, \$0.001 par value, outstanding at July 24, 2013.

NEUSTAR, INC.
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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	<u>December 31, 2012</u>	<u>June 30, 2013</u> (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 340,255	\$ 380,153
Restricted cash	2,543	2,300
Short-term investments	3,666	1,462
Accounts receivable, net of allowance for doubtful accounts of \$2,161 and \$2,639, respectively	131,805	141,579
Unbilled receivables	6,372	8,276
Notes receivable	2,740	2,291
Prepaid expenses and other current assets	17,707	21,395
Deferred costs	7,379	6,783
Income taxes receivable	6,596	—
Deferred tax assets	6,693	8,431
Total current assets	<u>525,756</u>	<u>572,670</u>
Property and equipment, net	118,513	112,113
Goodwill	572,178	576,038
Intangible assets, net	288,487	269,877
Notes receivable, long-term	1,008	—
Deferred costs, long-term	702	633
Other assets, long-term	20,080	26,428
Total assets	<u>\$ 1,526,724</u>	<u>\$ 1,557,759</u>

See accompanying notes.

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	June 30, 2013
		(unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,269	\$ 3,014
Accrued expenses	85,424	72,968
Income taxes payable	—	3,775
Deferred revenue	49,070	48,004
Notes payable	8,125	7,972
Capital lease obligations	1,686	602
Other liabilities	3,856	7,509
Total current liabilities	157,430	143,844
Deferred revenue, long-term	9,922	10,184
Notes payable, long-term	576,688	612,278
Capital lease obligations, long-term	817	409
Deferred tax liabilities, long-term	114,130	110,848
Other liabilities, long-term	21,129	22,247
Total liabilities	880,116	899,810
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value; 100,000,000 shares authorized; no shares issued and outstanding as of December 31, 2012 and June 30, 2013	—	—
Class A common stock, par value \$0.001; 200,000,000 shares authorized; 85,958,791 and 86,752,794 shares issued; and 66,171,702 and 64,796,822 outstanding at December 31, 2012 and June 30, 2013, respectively	86	87
Class B common stock, par value \$0.001; 100,000,000 shares authorized; 3,082 and 3,082 shares issued and outstanding at December 31, 2012 and June 30, 2013, respectively	—	—
Additional paid-in capital	532,743	567,667
Treasury stock, 19,787,089 and 21,955,972 shares at December 31, 2012 and June 30, 2013, respectively, at cost	(604,042)	(704,402)
Accumulated other comprehensive loss	(767)	(1,153)
Retained earnings	718,588	795,750
Total stockholders' equity	646,608	657,949
Total liabilities and stockholders' equity	\$ 1,526,724	\$ 1,557,759

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Revenue:				
Carrier Services	\$ 126,347	\$ 134,733	\$ 250,720	\$ 266,904
Enterprise Services	42,089	43,791	81,574	88,570
Information Services	38,026	41,826	73,750	81,292
Total revenue	206,462	220,350	406,044	436,766
Operating expense:				
Cost of revenue (excluding depreciation and amortization shown separately below)	46,127	50,219	91,025	99,516
Sales and marketing	41,073	41,955	79,426	84,215
Research and development	8,096	7,616	15,820	15,100
General and administrative	20,091	21,124	41,084	43,006
Depreciation and amortization	22,713	24,690	45,419	49,355
Restructuring charges	2	—	524	2
	138,102	145,604	273,298	291,194
Income from operations	68,360	74,746	132,746	145,572
Other (expense) income:				
Interest and other expense	(8,404)	(5,793)	(16,597)	(23,355)
Interest and other income	110	87	339	228
Income before income taxes	60,066	69,040	116,488	122,445
Provision for income taxes	21,474	25,642	43,934	45,283
Net income	\$ 38,592	\$ 43,398	\$ 72,554	\$ 77,162
Net income per share:				
Basic	\$ 0.58	\$ 0.66	\$ 1.08	\$ 1.17
Diluted	\$ 0.57	\$ 0.65	\$ 1.06	\$ 1.15
Weighted average common shares outstanding:				
Basic	66,917	65,531	67,060	65,855
Diluted	67,887	66,990	68,132	67,301

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Net income	\$ 38,592	\$ 43,398	\$ 72,554	\$ 77,162
Other comprehensive income (loss), net of tax:				
Available for sale investments, net of tax:				
Change in net unrealized gains, net of tax of \$(32), \$25, \$(43) and \$68, respectively	38	(40)	58	(105)
Reclassification for gains included in net income	—	—	—	—
Net change in unrealized gains on investments, net of tax	38	(40)	58	(105)
Foreign currency translation adjustment, net of tax:				
Change in foreign currency translation adjustment, net of tax of \$(249), \$79, \$(318) and \$68, respectively	223	(315)	(16)	(281)
Reclassification adjustment included in net income	—	—	—	—
Foreign currency translation adjustment, net of tax	223	(315)	(16)	(281)
Other comprehensive income (loss), net of tax	261	(355)	42	(386)
Comprehensive income	\$ 38,853	\$ 43,043	\$ 72,596	\$ 76,776

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2012	2013
Operating activities:		
Net income	\$ 72,554	\$ 77,162
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45,419	49,355
Stock-based compensation	10,950	18,012
Loss on debt modification and extinguishment	—	10,886
Amortization of deferred financing costs and original issue discount on debt	1,974	1,707
Excess tax benefits from stock option exercises	(8,123)	(4,691)
Deferred income taxes	(2,218)	(5,544)
Provision for doubtful accounts	1,881	2,800
Amortization of investment premium (discount), net	282	86
Changes in operating assets and liabilities:		
Accounts receivable	(23,401)	(13,180)
Unbilled receivables	(2,888)	(1,904)
Notes receivable	1,373	1,457
Prepaid expenses and other current assets	11,158	(3,412)
Deferred costs	280	665
Income taxes receivable	46,811	6,596
Other assets	515	(224)
Other liabilities	(4,931)	66
Accounts payable and accrued expenses	(22,720)	(12,687)
Income taxes payable	6,126	8,466
Deferred revenue	6,545	(804)
Net cash provided by operating activities	141,587	134,812
Investing activities:		
Purchases of property and equipment	(24,484)	(24,924)
Sales and maturities of investments	2,380	2,118
Business acquired	—	(8,500)
Net cash used in investing activities	(22,104)	(31,306)
Financing activities:		
Decrease of restricted cash	4	243
Proceeds from notes payable, net of discount	—	624,244
Extinguishment of note payable	—	(592,500)
Debt issuance costs	—	(11,410)
Payments under notes payable obligations	(3,000)	(4,062)
Principal repayments on capital lease obligations	(1,892)	(1,492)
Proceeds from exercise of common stock options	38,131	12,677
Excess tax benefits from stock-based compensation	8,123	4,691
Repurchase of restricted stock awards	(9,301)	(6,650)
Repurchase of common stock	(48,818)	(89,204)
Net cash used in financing activities	(16,753)	(63,463)
Effect of foreign exchange rates on cash and cash equivalents	(332)	(145)
Net increase in cash and cash equivalents	102,398	39,898
Cash and cash equivalents at beginning of period	122,237	340,255
Cash and cash equivalents at end of period	\$ 224,635	\$ 380,153

See accompanying notes.

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

NeuStar, Inc. (the Company or Neustar) is a trusted provider of real-time information and analysis using proprietary and hard to replicate data sets. The Company's customers use its services for commercial insights that help them promote and protect their businesses. The Company combines proprietary, third party and customer data sets to develop unique algorithms, models, point solutions and complete work flow solutions. Among other things, chief marketing, security, information and operating officers use these real-time insights to identify who or what is at the other end of a transaction, the geographic-context of a transaction and the most appropriate response. The Company provides its services in a trusted and neutral manner. The Company's customers access its databases through standard connections, which the Company believes is the most efficient and cost effective way to exchange operationally essential data in a secured environment that does not favor any particular customer or technology. Today the Company primarily serves customers in the Internet, telecommunications, technology, financial services, retail, and media and advertising verticals.

The Company was founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. The Company provides the authoritative solution that the communications industry relies upon to meet this mandate. Since then, the Company has grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short-codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

The Company provides the North American communications industry with real-time information that enables the dynamic routing of virtually all telephone calls and text messages among competing carriers in the United States and Canada. The Company's internet and eCommerce customers use its broad array of domain name systems (DNS) solutions to resolve internet queries in a timely manner and to protect their businesses from malicious attacks. The Company also provides a broad suite of solutions that allows its customers to generate marketing leads, offer more relevant services and improve client conversion rates.

The Company categorizes its services into three reportable segments:

- *Carrier Services.* The Company's carrier services include numbering services, order management services and IP services. Through its set of unique databases and system infrastructure in geographically dispersed data centers, the Company manages the increasing complexity in the communications industry and ensures the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their infrastructure. The Company operates the authoritative databases that manage virtually all telephone area codes and numbers, and enables the dynamic routing of calls and text messages among numerous competing carriers in the United States and Canada. All carriers that offer telecommunications services to the public at large in the United States and Canada must access a copy of the Company's unique database to properly route their customers' calls and text messages. The Company also facilitates order management and work-flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.
- *Enterprise Services.* The Company's enterprise services include Internet infrastructure services (IIS) and registry services. Through the Company's global directory platform, the Company provides a suite of DNS services to its enterprise customers. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. In addition, enterprise customers rely on the Company's services to monitor and load-test websites to help identify issues and optimize performance. The Company also provides fixed IP geolocation services that help enterprises identify the location of their online consumers for a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry. The Company also operates the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers can use to access to their entertainment content.

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

- *Information Services.* The Company's information services include on-demand solutions that help carriers and enterprises identify, verify, evaluate and locate customers and prospective customers. The Company's authoritative databases and solutions enable its clients to return the caller name associated with the calling phone number and to make informed decisions in real time about consumer-initiated interactions on the Internet, over the telephone and at the point of sale, by correlating consumer identifier information with attributes such as demographics, buying behavior surveys and location. This allows the Company's customers to offer consumers more relevant services and products, and leads to higher client conversion rates. Using the Company's proprietary databases, the Company's online display advertising solution allows marketers to display, in real time, advertisements that will be most relevant to online consumers without the need for online behavioral tracking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the full fiscal year. The consolidated balance sheet as of December 31, 2012 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (the 2012 Form 10-K) filed with the Securities and Exchange Commission.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Significant estimates and assumptions are inherent in the analysis and the measurement of deferred tax assets; the identification and quantification of income tax liabilities due to uncertain tax positions; recoverability of intangible assets, other long-lived assets and goodwill; and the determination of the allowance for doubtful accounts. The Company bases its estimates on historical experience and assumptions that it believes are reasonable. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Financial Instruments requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the accompanying unaudited consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those matrix prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (i.e., coupon rate, maturity, credit rating) (see Note 4). The Company believes the carrying value of its notes receivable approximates fair value as the interest rate approximates a market rate. The Company believes the carrying value of its 2013 Term Facility approximates the fair value of the debt as the terms and interest rates approximate market rates (see Note 6). The Company determines the fair value of its Senior Notes using a secondary market price on the last trading day in each period provided by Bloomberg (see Note 6).

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The estimated fair values of the Company's financial instruments are as follows (in thousands):

	December 31, 2012		June 30, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 340,255	\$ 340,255	\$ 380,153	\$ 380,153
Restricted cash (current assets)	2,543	2,543	2,300	2,300
Short-term investments	3,666	3,666	1,462	1,462
Notes receivable (including current portion)	3,748	3,748	2,291	2,291
Marketable securities (other assets, long-term)	4,458	4,458	3,799	3,799
Deferred compensation (other liabilities, long-term)	3,874	3,874	3,484	3,484
2011 Term Facility (including current portion, net of discount)	584,813	584,813	—	—
2013 Term Facility (including current portion, net of discount)	—	—	320,250	320,250
Senior Notes (including current portion)	—	—	300,000	282,188

Restricted Cash

As of December 31, 2012 and June 30, 2013, cash of \$2.5 million and \$2.3 million, respectively, was restricted for deposits on leased facilities.

Recent Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220) — Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This update requires the presentation, either in a single note or parenthetically on the face of the financial statements, of the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. This ASU is effective prospectively for the Company for annual and interim periods beginning January 1, 2013. The adoption of the amended accounting guidance in the first quarter of 2013 impacted the Company's presentation of other comprehensive income and did not have an impact on the Company's consolidated results of operations.

3. INVESTMENTS

As of December 31, 2012 and June 30, 2013, the Company held approximately \$3.7 million and \$1.5 million, respectively, in pre-refunded municipal bonds, secured by an escrow fund of U.S. Treasury securities. These investments are accounted for as available-for-sale securities in the Company's consolidated balance sheet pursuant to the Investments - Debt and Equity Securities Topic of the FASB ASC. During the three and six months ended June 30, 2012, the Company sold approximately \$1.0 million and \$2.4 million, respectively, of available-for-sale securities and recognized minimal gains for both periods. During the three and six months ended June 30, 2013, the Company sold approximately \$0.1 million and \$2.1 million, respectively, of available-for-sale securities and recognized minimal gains for both periods. The Company did not record any impairment charges related to these investments during the three and six months ended June 30, 2012 and 2013. As of December 31, 2012 and June 30, 2013, unrealized gains and losses on the pre-refunded municipal bonds were insignificant. The following table summarizes the Company's investment in these municipal bonds as of December 31, 2012 and June 30, 2013 (in thousands):

	December 31, 2012			
	Amortized	Gross Unrealized		Estimated
	Cost	Gains	Losses	Fair Value
Due within one year	\$ 3,666	\$ —	\$ —	\$ 3,666

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	June 30, 2013			
	Amortized	Gross Unrealized		Estimated
	Cost	Gains	Losses	Fair Value
Due within one year	\$ 1,461	\$ 1	\$ —	\$ 1,462

4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosure Topic of FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1. Observable inputs, such as quoted prices in active markets;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company evaluates assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. This determination requires the Company to make significant judgments.

The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those multiple prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (*i.e.*, coupon rate, maturity, credit rating). The Company corroborates consensus prices provided by third party pricing sources using reported trade activity, benchmark yield curves, binding broker/dealer quotes or other relevant price information.

The following table sets forth, as of December 31, 2012 and June 30, 2013, the Company's financial and non-financial assets and liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy (in thousands):

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$ 3,666	\$ —	\$ 3,666
Marketable securities ⁽¹⁾	4,458	—	—	4,458
Total	\$ 4,458	\$ 3,666	\$ —	\$ 8,124

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$ 1,462	\$ —	\$ 1,462
Marketable securities ⁽¹⁾	3,799	—	—	3,799
Total	\$ 3,799	\$ 1,462	\$ —	\$ 5,261

(1) The NeuStar, Inc. Deferred Compensation Plan (the Plan) provides directors and certain employees with the ability to defer a portion of their compensation. The assets of the Plan are invested in marketable securities held in a Rabbi Trust and reported at market value in other assets.

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5. GOODWILL AND INTANGIBLE ASSETS

On May 2, 2013, the Company acquired certain assets of a service order administrative business. Total consideration for this purchase included cash consideration of \$10.0 million, of which \$8.5 million was paid on closing and \$1.5 million was retained by the Company as a reserve fund for potential indemnification claims. The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations have been included within the Carrier Services segment in the Company's consolidated statement of operations since the date of the acquisition. Of the total purchase price, the Company recorded \$6.1 million of definite-lived intangible assets and \$3.9 million in goodwill. Goodwill is expected to be deductible for tax purposes.

Goodwill

The Company's goodwill by operating segment as of December 31, 2012 and June 30, 2013 is as follows (in thousands):

	December 31, 2012	Acquisition	June 30, 2013
Carrier Services:			
Gross goodwill	\$ 222,355	\$ 3,860	\$ 226,215
Accumulated impairments	(93,602)	—	(93,602)
Net goodwill	128,753	3,860	132,613
Enterprise Services:			
Gross goodwill	16,198	—	16,198
Accumulated impairments	—	—	—
Net goodwill	16,198	—	16,198
Information Services:			
Gross goodwill	427,227	—	427,227
Accumulated impairments	—	—	—
Net goodwill	427,227	—	427,227
Total:			
Gross goodwill	665,780	3,860	669,640
Accumulated impairments	(93,602)	—	(93,602)
Net goodwill	\$ 572,178	\$ 3,860	\$ 576,038

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Intangible Assets

Intangible assets consist of the following (in thousands):

	December 31, 2012	June 30, 2013	Weighted- Average Amortization Period (in years)
Intangible assets:			
Customer lists and relationships	\$ 315,098	\$ 320,939	7.9
Accumulated amortization	(69,526)	(87,847)	
Customer lists and relationships, net	245,572	233,092	
Acquired technology	58,859	59,060	4.8
Accumulated amortization	(20,387)	(25,573)	
Acquired technology, net	38,472	33,487	
Trade name	7,630	7,630	3.0
Accumulated amortization	(3,187)	(4,426)	
Trade name, net	4,443	3,204	
Non-compete agreement	—	100	3.0
Non-compete agreement amortization	—	(6)	
Non-compete agreement, net	—	94	
Intangible assets, net	\$ 288,487	\$ 269,877	

Amortization expense related to intangible assets, which is included in depreciation and amortization expense, was approximately \$12.5 million and \$12.4 million for the three months ended June 30, 2012 and 2013, respectively, and \$25.1 million and \$24.7 million for the six months ended June 30, 2012 and 2013, respectively. Amortization expense related to intangible assets for the years ended December 31, 2013, 2014, 2015, 2016, 2017 and thereafter is expected to be approximately \$49.4 million, \$48.7 million, \$46.7 million, \$44.9 million, \$36.4 million and \$68.5 million, respectively. Intangible assets as of June 30, 2013 will be fully amortized during the year ended December 31, 2021.

6. NOTES PAYABLE

Notes payable consist of the following (in thousands):

	December 31, 2012	June 30, 2013
2011 Term Facility (net of discount)	\$ 584,813	\$ —
2013 Term Facility (net of discount)	—	320,250
Senior Notes	—	300,000
Total	584,813	620,250
Less: current portion, net of discount	(8,125)	(7,972)
Long-term portion	\$ 576,688	\$ 612,278

Debt Refinancing

As of December 31, 2012, the Company's outstanding borrowings, net of discount, under its credit facility were \$584.8 million. This credit facility provided for: (1) a \$600 million senior secured term loan facility (2011 Term Facility); (2) a \$100 million senior secured revolving credit facility (2011 Revolving Facility and together with the 2011 Term Facility, the 2011 Credit Facilities). As of December 31, 2012, available borrowings under the 2011 Revolving Facility were \$92.2 million.

On January 22, 2013, the Company entered into a credit facility that provided for a \$325 million senior secured term loan facility (2013 Term Facility) and a \$200 million senior secured revolving credit facility (2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities). In addition, the Company closed an offering of \$300 million aggregate principal amount of senior notes (Senior Notes). The Company used the proceeds received from the 2013 Term Facility and

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Senior Notes to repay its outstanding principal borrowings of \$592.5 million under the 2011 Term Facility. The Company used available borrowings under the 2013 Revolving Facility for outstanding letters of credit totaling \$7.8 million that were previously secured by the 2011 Revolving Facility. The 2011 Credit Facilities were terminated in connection with this refinancing event.

Certain investors of the 2011 Credit Facilities reinvested in either or both of the 2013 Credit Facilities and Senior Notes and the change in the present value of future cash flows between the investments was less than 10%. Accordingly, the Company accounted for this refinancing event for these investors as a debt modification. Certain investors of the 2011 Credit Facilities either did not invest in the 2013 Credit Facilities or Senior Notes or the change in the present value of future cash flows between the investments was greater than 10%. Accordingly, the Company accounted for this refinancing event for these investors as a debt extinguishment. In applying debt modification accounting, during the three months ended March 31, 2013, the Company recorded \$25.8 million in loan origination fees and deferred financing costs, of which \$16.9 million related to investors that reinvested in either or both of the 2013 Credit Facilities and Senior Notes. This amount is being amortized into interest expense over the term of the 2013 Credit Facilities and Senior Notes using the effective interest method. In addition, the Company recorded \$10.9 million in interest and other expense, comprised of \$9.4 million in loss on debt extinguishment and \$1.5 million in debt modification expense, in connection with this refinancing event.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio (as defined in the 2013 Credit Facilities) on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of June 30, 2013, the Company had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.2 million, exclusive of outstanding letters of credit totaling \$7.8 million.

Principal payments under the 2013 Term Facility are as follows (in thousands):

2013	\$	8,125
2014		8,125
2015		8,125
2016		8,125
2017		8,125
Thereafter		284,375
Total principal payments	\$	325,000

Principal payments under the 2013 Term Facility of \$2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at the Company's option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning on March 31, 2013. As of June 30, 2013, accrued interest under the 2013 Credit Facilities was \$0.1 million.

The Company may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of

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the required lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken.

As of June 30, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities was \$9.4 million. Total amortization expense of the deferred financing costs and loan origination fees was \$0.5 million and \$0.9 million for the three and six months ended June 30, 2013, respectively, and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, the Company closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among the Company, certain of its domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are the general unsecured senior obligations of the Company and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest accrues from January 22, 2013. As of June 30, 2013, accrued interest under the Senior Notes was \$5.9 million. At June 30, 2013, the estimated fair value of the Senior Notes was \$282.2 million and was determined using a secondary market price on the last trading day in each period provided by Bloomberg (Level 2 inputs).

At any time and from time to time prior to July 15, 2016, the Company may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

After July 15, 2016 and prior to January 15, 2018, the Company may redeem some or all of the Senior Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, the Company may redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If the Company experiences certain changes of control together with a ratings downgrade, it will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. If the Company sells certain assets and does not repay certain debt or reinvest the proceeds of such sales within certain time periods, it will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and defaults related to bankruptcy events. The Senior Notes also contain customary negative covenants.

As of June 30, 2013, deferred financing costs related to the Senior Notes was \$14.9 million. Total amortization expense of the deferred financing costs was \$0.3 million and \$0.5 million for the three and six months ended June 30, 2013, respectively, and is reported as interest expense in the consolidated statements of operations.

7. STOCKHOLDERS' EQUITY

Stock-Based Compensation

The Company maintains six compensation plans: the NeuStar, Inc. 1999 Equity Incentive Plan (1999 Plan); the NeuStar, Inc. 2005 Stock Incentive Plan (2005 Plan); the Amended and Restated NeuStar, Inc. 2009 Stock Incentive Plan (2009 Plan); the Targus Information Corporation Amended and Restated 2004 Stock Incentive Plan (TARGUSinfo Plan); the AMACAI Information Corporation 2004 Stock Incentive Plan (AMACAI Plan) (collectively, the Plans), and the Neustar, Inc. Employee

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Stock Purchase Plan (ESPP). The Company may grant to its directors, employees and consultants awards under the 2009 Plan in the form of incentive stock options, nonqualified stock options, stock appreciation rights, shares of restricted stock, restricted stock units, performance vested restricted stock units (PVRsUs) and other stock-based awards. The aggregate number of shares of Class A common stock with respect to which all awards may be granted under the 2009 Plan is 11,911,646, plus the number of shares underlying awards granted under the 1999 Plan, the 2005 Plan, the TARGUSinfo Plan, and the AMACAI Plan that remain undelivered following any expiration, cancellation or forfeiture of such awards. As of June 30, 2013, a total of 5,726,386 shares were available for grant or award under the 2009 Plan.

The Company's ESPP permits employees to purchase shares of common stock at a 15% discount from the market price of the stock at the beginning or at the end of a six-month purchase period, whichever is less. The six-month purchase periods begin on May 1 and November 1 each year. As of June 30, 2013, a total of 600,000 shares were available to be issued under the ESPP from the Company's treasury stock.

Stock-based compensation expense recognized for the three months ended June 30, 2012 and 2013 was \$7.0 million and \$9.1 million, respectively, and \$11.0 million and \$18.0 million for the six months ended June 30, 2012 and 2013, respectively. As of June 30, 2013, total unrecognized compensation expense related to non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRsUs granted prior to that date was estimated at \$60.9 million, which the Company expects to recognize over a weighted average period of approximately 1.52 years. Total unrecognized compensation expense as of June 30, 2013 is estimated based on outstanding non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRsUs. Stock-based compensation expense may increase or decrease in future periods for subsequent grants or forfeitures, and changes in the estimated fair value of non-vested awards granted to consultants.

Stock Options

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock options granted. No options were granted during the three and six months ended June 30, 2012 and 2013. The following table summarizes the Company's stock option activity:

	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted-Average Remaining Contractual Life (in years)
Outstanding at December 31, 2012	3,296,040	\$ 24.81		
Options granted	—	—		
Options exercised	(514,701)	24.36		
Options forfeited	(233,387)	27.67		
Outstanding at June 30, 2013	2,547,952	\$ 24.64	\$ 61.2	6.62
Exercisable at June 30, 2013	1,439,062	\$ 23.76	\$ 35.9	6.10

The aggregate intrinsic value of options exercised for the six months ended June 30, 2012 and 2013 was \$20.7 million and \$11.2 million, respectively.

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Restricted Stock Awards

The following table summarizes the Company's non-vested restricted stock activity for the six months ended June 30, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2012	305,390	\$ 24.20	
Restricted stock granted	—	—	
Restricted stock vested	(93,032)	24.99	
Restricted stock forfeited	(19,417)	26.47	
Outstanding at June 30, 2013	192,941	\$ 23.59	\$ 9.4

The total aggregate intrinsic value of restricted stock vested during the six months ended June 30, 2013 was \$4.2 million. During the three and six months ended June 30, 2013, the Company repurchased 3,611 and 34,435 shares of common stock, respectively, for an aggregate purchase price of \$0.2 million and \$1.6 million, respectively, pursuant to the participants' rights under the Company's stock incentive plans to elect to use common stock to satisfy their tax withholding obligations.

Performance Vested Restricted Stock Units

2012 Long-Term Incentive Program

During the six months ended June 30, 2013, the Company awarded 99,210 PVRsUs, of which 49,605 PVRsUs were granted with an aggregate fair value of \$2.2 million. During the three months ended March 31, 2013, the Company established the performance goals for the period beginning on January 1, 2013 and ending on December 31, 2013. The establishment of the 2013 performance goals resulted in the grant of 606,456 PVRsUs with an aggregate fair value of \$26.7 million, originally awarded during the year ended December 31, 2012.

For executive management, the awarded PVRsUs are subject to five one-year performance periods, the first of which began on January 1, 2012 and ended December 31, 2012 and the last of which begins on January 1, 2016 and ends on December 31, 2016. Each executive is eligible to earn up to 150% of one-fifth of the award with respect to each annual performance period, subject to the achievement of the respective performance goals for each one-year performance period. For non-executive management, the PVRsUs awarded are subject to three one-year performance periods, the first of which began on January 1, 2012 and ended December 31, 2012 and the last of which begins on January 1, 2014 and ends on December 31, 2014. Each non-executive is eligible to earn up to 150% of one-third of the award with respect to each annual performance period, subject to the achievement of the respective performance goals for each one-year performance period. For both executive and non-executive management, the performance goals for each of the 2012 and 2013 performance periods were and will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned (a) by executive management with respect to the first three performance periods will vest on January 1, 2015 and the portion of the award, if any, earned with respect to the final two performance periods will vest on January 1, 2016 and January 1, 2017, respectively; and (b) by non-executive management with respect to all three performance periods, 75% of the earned amount will vest on the first business day of 2015, and the remaining 25% of the earned amount will vest on the first business day of 2016. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and the length of the vesting period.

2013 Long-Term Incentive Program

During the six months ended June 30, 2013, the Company awarded 186,280 PVRsUs, of which 56,167 PVRsUs were granted with an aggregate fair value of \$2.6 million.

The awarded PVRsUs are subject to three one-year performance periods, the first of which begins on January 1, 2013 and ends on December 31, 2013 and the last of which begins on January 1, 2015 and ends on December 31, 2015. Each

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participant is eligible to earn up to 150% of one-third of the award with respect to each annual performance period, subject to the achievement of the respective performance goals for each one-year performance period. The performance goal for the performance period from January 1, 2013 through December 31, 2013 will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned will vest on March 1 in the year following the respective annual performance period. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and the length of the vesting period.

Non-Vested PVRSU Activity

The fair value of a PVRSU is measured by reference to the closing market price of the Company's common stock on the date of the grant. Compensation expense is recognized on a straight-line basis over the requisite service period based on the number of PVRSUs expected to vest. As of June 30, 2013, the level of achievement of the performance target awards for PVRSUs granted during 2011, 2012 and 2013 was 134%, 129.5% and 100%, respectively.

The following table summarizes the Company's non-vested PVRSU activity for the six months ended June 30, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Non-vested December 31, 2012	971,023	\$ 31.72	
Granted	712,228	44.20	
Incremental achieved ⁽¹⁾	170,225	36.32	
Vested	(159,346)	22.85	
Forfeited	(152,313)	35.77	
Non-vested June 30, 2013	1,541,817	\$ 38.51	\$ 75.1

(1) Incremental achieved represents the additional awards in excess of the target grant resulting from the achievement of performance goals at levels above the performance targets established at the grant date.

The total aggregate intrinsic value of PVRSUs vested during the six months ended June 30, 2013 was approximately \$6.7 million. The Company repurchased 60,075 shares of common stock for an aggregate purchase price of \$2.5 million pursuant to the participants' rights under the Plans to elect to use common stock to satisfy their tax withholding obligations.

Restricted Stock Units

The following table summarizes the Company's restricted stock units activity for the six months ended June 30, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2012	922,550	\$ 33.20	
Granted	69,234	47.11	
Vested	(146,361)	36.32	
Forfeited	(52,148)	36.82	
Outstanding at June 30, 2013	793,275	\$ 33.60	\$ 38.6

During the six months ended June 30, 2013, the Company granted 69,234 restricted stock units to certain employees with an aggregate fair value of \$3.3 million. Restricted stock units granted to executive management will vest annually in 5 equal installments. Restricted stock units granted to non-executive management will vest annually in 4 equal installments.

The restricted stock units previously issued to non-management directors of the Company's Board of Directors will fully vest on the earlier of the first anniversary of the date of grant or the day preceding the date in the following calendar year on

NEUSTAR, INC.
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which the Company's annual meeting of stockholders is held. Upon vesting of restricted stock units granted prior to 2011, each director's restricted stock units will automatically be converted into deferred stock units, and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service. Upon vesting of restricted stock units that were granted in 2011 and subsequent periods, each director's restricted stock units will automatically be converted into deferred stock units and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service unless a director elected near-term delivery, in which case the vested restricted stock units will be delivered on August 15 in the year following the initial grant.

Employee Stock Purchase Plan

The Company estimated the fair value of stock-based compensation expense associated with its ESPP using the Black-Scholes option pricing model, with the following assumptions:

	Three and Six Months Ended June 30, 2013
Dividend yield	—%
Expected volatility	24.05%
Risk-free interest rate	0.08%
Expected life of employee stock purchase plan options (in months)	6

Dividend yield - The Company has never declared or paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future.

Expected volatility - Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company considered the historical volatility of its stock price over a term similar to the expected life of the ESPP options.

Risk-free interest rate - The risk-free interest rate is based on U.S. Treasury bonds issued with similar life terms to the expected life of the ESPP options.

Expected life of ESPP options - The expected life of ESPP options was based on the six-month purchase period.

Share Repurchase Program

Under the 2010 share repurchase program, during the three and six months ended June 30, 2013, the Company purchased 0.3 million and 0.8 million shares, respectively, of its Class A common stock at an average price of \$43.47 and \$44.09 per share, respectively, for a total purchase price of \$11.0 million and \$35.4 million, respectively. As of June 30, 2013, a total of 8.0 million shares at an average price of \$31.07 per share had been purchased under the 2010 share repurchase program for an aggregate purchase price of \$248.1 million. All purchased shares are accounted for as treasury shares.

On May 2, 2013, the Company announced that its Board of Directors authorized a \$250 million share repurchase program, commencing in the second quarter of 2013 and expiring on December 31, 2013. This program replaced the 2010 share repurchase program. Under the 2013 share repurchase program, during the three months ended June 30, 2013, the Company purchased 1.2 million shares of its Class A common stock at an average price of \$47.84 per share for a total purchase price of \$58.3 million. All purchased shares are accounted for as treasury shares.

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8. BASIC AND DILUTED NET INCOME PER COMMON SHARE

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted net income per common share (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Computation of basic net income per common share:				
Net income	\$ 38,592	\$ 43,398	\$ 72,554	\$ 77,162
Weighted average common shares and participating securities outstanding – basic	66,917	65,531	67,060	65,855
Basic net income per common share	\$ 0.58	\$ 0.66	\$ 1.08	\$ 1.17
Computation of diluted net income per common share:				
Weighted average common shares and participating securities outstanding – basic	66,917	65,531	67,060	65,855
Effect of dilutive securities:				
Stock-based awards	970	1,459	1,072	1,446
Weighted average common shares outstanding – diluted	67,887	66,990	68,132	67,301
Diluted net income per common share	\$ 0.57	\$ 0.65	\$ 1.06	\$ 1.15

Diluted net income per common share reflects the potential dilution of common stock equivalents such as options, warrants and shares issuable under our ESPP, to the extent the impact is dilutive. Stock-based awards to purchase an aggregate of 1,966,487 and 52,071 shares were excluded from the calculation of the denominator for diluted net income per common share for the three months ended June 30, 2012 and 2013, respectively, due to their anti-dilutive effects. Stock-based awards to purchase an aggregate of 1,617,941 and 49,220 shares were excluded from the calculation of the denominator for diluted net income per common share for the six months ended June 30, 2012 and 2013, respectively, due to their anti-dilutive effects.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table provides a reconciliation of the changes in accumulated other comprehensive income, net of tax, by component (in thousands):

	Unrealized Gains and Losses on Investments	Foreign Currency Translation Adjustment	Total
Balance at December 31, 2012	\$ 142	\$ (909)	\$ (767)
Other comprehensive loss before reclassifications	(105)	(281)	(386)
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Net current-period other comprehensive loss	(105)	(281)	(386)
Balance at June 30, 2013	\$ 37	\$ (1,190)	\$ (1,153)

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10. OTHER (EXPENSE) INCOME

Other (expense) income consists of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Interest and other expense:				
Interest expense	\$ 8,254	\$ 5,772	\$ 16,867	\$ 12,337
Loss on debt modification and extinguishment	—	—	—	10,886
Loss (gain) on asset disposals	85	20	(45)	(45)
Foreign currency transaction loss (gain)	65	(43)	(225)	133
Other	—	44	—	44
Total	\$ 8,404	\$ 5,793	\$ 16,597	\$ 23,355
Interest and other income:				
Interest income	\$ 110	\$ 87	\$ 339	\$ 228
Total	\$ 110	\$ 87	\$ 339	\$ 228

11. INCOME TAXES

The Company's effective tax rate decreased to 37.0% for the six months ended June 30, 2013 from 37.7% for the six months ended June 30, 2012 primarily due to benefits from federal research tax credits and a domestic production activities deduction. The reduction in the Company's effective tax rate was partially offset by a discrete benefit for foreign tax credits recorded in the second quarter of 2012.

As of December 31, 2012 and June 30, 2013, the Company had unrecognized tax benefits of \$4.4 million and \$5.4 million, respectively, of which \$4.1 million and \$5.1 million, respectively, would affect the Company's effective tax rate if recognized.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the three months ended June 30, 2012 and 2013, the Company recognized potential interest and penalties of \$39,000 and \$23,000, respectively, and \$90,000 and \$42,000 for the six months ended June 30, 2012 and 2013, respectively. As of December 31, 2012 and June 30, 2013, the Company had established reserves of approximately \$194,000 and \$236,000, respectively, for accrued potential interest and penalties related to uncertain tax positions. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

The Company files income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. The tax years 2007 through 2011 remain open to examination by the major taxing jurisdictions to which the Company is subject. The IRS has initiated an examination of the Company's 2009 federal income tax return. While the ultimate outcome of the audit is uncertain, management does not currently believe that the outcome will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company anticipates that total unrecognized tax benefits will decrease by approximately \$121,000 over the next 12 months due to the expiration of certain statutes of limitations and settlement of tax audits.

12. SEGMENT INFORMATION

The Company has three operating segments, reflective of the manner in which the chief operating decision maker (CODM) allocates resources and assesses performance: Carrier Services, Enterprise Services, and Information Services. The Company's operating segments are the same as its reportable segments.

The Company's Carrier Services operating segment provides services that ensure the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their customer's infrastructure. The

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Company enables its carrier customers to use, exchange and share critical resources, such as telephone numbers, to facilitate order management and work flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.

The Company's Enterprise Services operating segment provides services to its enterprise customers to meet their respective directory-related needs, as well as Internet infrastructure services. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. The Company provides a suite of DNS services to its enterprise customers built on a global directory platform. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company's services monitor and load-test websites to help identify issues and optimize performance. In addition, the Company provides fixed IP geolocation services that help enterprises identify the location of their consumers used in a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry.

The Company's Information Services segment provides a broad portfolio of real-time information and analytics services that enable clients to identify, verify and score their customers and prospective customers, or prospects, to deliver customized responses to a large number of consumer-initiated queries. As an example, the Company provides marketers with the ability to tailor offers made to consumers over the telephone or on the Internet in real time. The Company is one of the largest non-carrier providers of Caller ID services, and provides a comprehensive market analytics platform that enables clients to segment and score customers and prospects for real-time interactive marketing initiatives. Additionally, the Company's business listings identity management service provides local businesses and local search platforms with a single, trusted source of verified business listings for local searches. The Company's online audience solution enables online advertisers to display relevant advertisements to specific audiences, increasing the effectiveness of online advertising and delivering a more useful online experience for consumers using a database and targeting system that protect a consumer's privacy.

The Company reports segment information based on the "management" approach which relies on the internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with that assessment, the CODM reviews revenues and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from segment contribution.

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Information for the three and six months ended June 30, 2012 and 2013 regarding the Company's reportable segments was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Revenue:				
Carrier Services	\$ 126,347	\$ 134,733	\$ 250,720	\$ 266,904
Enterprise Services	42,089	43,791	81,574	88,570
Information Services	38,026	41,826	73,750	81,292
Total revenue	\$ 206,462	\$ 220,350	\$ 406,044	\$ 436,766
Segment contribution:				
Carrier Services	\$ 110,438	\$ 117,086	\$ 218,884	\$ 231,480
Enterprise Services	18,866	22,185	35,597	43,088
Information Services	16,991	18,111	35,005	35,879
Total segment contribution	146,295	157,382	289,486	310,447
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	24,741	26,771	49,010	51,932
Sales and marketing	6,635	6,085	12,365	12,920
Research and development	4,431	4,544	9,291	8,828
General and administrative	19,413	20,546	40,131	41,838
Depreciation and amortization	22,713	24,690	45,419	49,355
Restructuring charges	2	—	524	2
Income from operations	\$ 68,360	\$ 74,746	\$ 132,746	\$ 145,572

Assets are not tracked by segment and the CODM does not evaluate segment performance based on asset utilization.

Enterprise-Wide Disclosures

Geographic area revenues and service offering revenues from external customers for the three and six months ended June 30, 2012 and 2013, and geographic area long-lived assets as of December 31, 2012 and June 30, 2013 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Revenues by geographical areas:				
North America	\$ 194,247	\$ 209,187	\$ 383,595	\$ 414,249
Europe and Middle East	7,940	6,745	14,233	13,927
Other regions	4,275	4,418	8,216	8,590
Total revenues	\$ 206,462	\$ 220,350	\$ 406,044	\$ 436,766

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Revenues by service offerings:				
Carrier Services:				
Numbering Services	\$ 110,896	\$ 117,680	\$ 221,385	\$ 235,820
Order Management Services	10,541	13,460	21,451	23,262
IP Services	4,910	3,593	7,884	7,822
Total Carrier Services	126,347	134,733	250,720	266,904
Enterprise Services:				
Internet Infrastructure Services	22,455	23,705	44,178	47,502
Registry Services	19,634	20,086	37,396	41,068
Total Enterprise Services	42,089	43,791	81,574	88,570
Information Services:				
Identification Services	22,957	22,973	45,676	45,669
Verification & Analytics Services	9,821	13,208	18,057	24,569
Local Search & Licensed Data Services	5,248	5,645	10,017	11,054
Total Information Services	38,026	41,826	73,750	81,292
Total revenues	\$ 206,462	\$ 220,350	\$ 406,044	\$ 436,766

	December 31, 2012	June 30, 2012
Long-lived assets, net		
North America	\$ 406,973	\$ 381,970
Central America	16	11
Europe and Middle East	10	8
Other regions	1	1
Total long-lived assets, net	\$ 407,000	\$ 381,990

13. SUPPLEMENTAL GUARANTOR INFORMATION

The following schedules present condensed consolidating financial information of the Company as of December 31, 2012 and June 30, 2013 and for the three and six months ended June 30, 2012 and 2013 for (a) Neustar, Inc., the parent company; (b) certain of the Company's wholly-owned domestic subsidiaries (collectively, the Subsidiary Guarantors); and (c) certain wholly-owned domestic and foreign subsidiaries of the Company (collectively, the Non-Guarantor Subsidiaries). Investments in subsidiaries are accounted for using the equity method; accordingly, entries necessary to consolidate the parent company and all of the guarantor and non-guarantor subsidiaries are reflected in the eliminations column. Intercompany amounts that will not be settled between entities are treated as contributions or distributions for purposes of these consolidated financial statements. The guarantees, as outlined in Note 6, are full and unconditional and joint and several.

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CONDENSED CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2012
(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 330,849	\$ 5,372	\$ 4,034	\$ —	\$ 340,255
Restricted cash	1,481	845	217	—	2,543
Short-term investments	3,666	—	—	—	3,666
Accounts receivable, net	75,849	54,599	1,357	—	131,805
Unbilled receivables	1,221	5,030	121	—	6,372
Notes receivable	2,740	—	—	—	2,740
Prepaid expenses and other current assets	14,306	3,057	344	—	17,707
Deferred costs	6,989	296	94	—	7,379
Income taxes receivable	7,043	—	—	(447)	6,596
Deferred tax assets	3,278	4,020	—	(605)	6,693
Intercompany receivable	16,856	—	—	(16,856)	—
Total current assets	464,278	73,219	6,167	(17,908)	525,756
Property and equipment, net	92,183	26,303	27	—	118,513
Goodwill	80,911	467,538	23,729	—	572,178
Intangible assets, net	18,025	270,462	—	—	288,487
Notes receivable, long-term	1,008	—	—	—	1,008
Deferred costs, long-term	390	312	—	—	702
Net investments in subsidiaries	703,394	—	—	(703,394)	—
Deferred tax assets, long-term	—	—	710	(710)	—
Other assets, long-term	19,834	236	10	—	20,080
Total assets	\$ 1,380,023	\$ 838,070	\$ 30,643	\$ (722,012)	\$ 1,526,724
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 6,117	\$ 2,819	\$ 333	\$ —	\$ 9,269
Accrued expenses	65,956	17,382	2,086	—	85,424
Income taxes payable	—	—	447	(447)	—
Deferred revenue	29,031	18,473	1,566	—	49,070
Notes payable	8,125	—	—	—	8,125
Capital lease obligations	1,686	—	—	—	1,686
Deferred tax liabilities	—	—	605	(605)	—
Other liabilities	2,288	1,432	136	—	3,856
Intercompany payable	—	115	16,741	(16,856)	—
Total current liabilities	113,203	40,221	21,914	(17,908)	157,430
Deferred revenue, long-term	9,234	688	—	—	9,922
Notes payable, long-term	576,688	—	—	—	576,688
Capital lease obligations, long-term	817	—	—	—	817
Deferred tax liabilities, long-term	17,448	97,392	—	(710)	114,130
Other liabilities, long-term	14,772	6,357	—	—	21,129
Total liabilities	732,162	144,658	21,914	(18,618)	880,116
Total stockholders' equity	647,861	693,412	8,729	(703,394)	646,608
Total liabilities and stockholders' equity	\$ 1,380,023	\$ 838,070	\$ 30,643	\$ (722,012)	\$ 1,526,724

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED BALANCE SHEET

JUNE 30, 2013

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 375,395	\$ 261	\$ 4,497	\$ —	\$ 380,153
Restricted cash	1,481	595	224	—	2,300
Short-term investments	1,462	—	—	—	1,462
Accounts receivable, net	90,150	49,580	1,849	—	141,579
Unbilled receivables	2,231	5,878	167	—	8,276
Notes receivable	2,291	—	—	—	2,291
Prepaid expenses and other current assets	17,383	3,695	317	—	21,395
Deferred costs	6,436	252	95	—	6,783
Deferred tax assets	5,245	3,256	—	(70)	8,431
Intercompany receivable	12,522	—	—	(12,522)	—
Total current assets	514,596	63,517	7,149	(12,592)	572,670
Property and equipment, net	90,197	21,896	20	—	112,113
Goodwill	84,771	467,538	23,729	—	576,038
Intangible assets, net	22,802	247,075	—	—	269,877
Deferred costs, long-term	428	205	—	—	633
Net investments in subsidiaries	689,454	—	—	(689,454)	—
Deferred tax assets, long-term	—	—	185	(185)	—
Other assets, long-term	25,647	620	161	—	26,428
Total assets	\$ 1,427,895	\$ 800,851	\$ 31,244	\$ (702,231)	\$ 1,557,759
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 2,087	\$ 854	\$ 73	\$ —	\$ 3,014
Accrued expenses	55,382	16,015	1,571	—	72,968
Income taxes payable	3,178	—	597	—	3,775
Deferred revenue	30,523	16,293	1,188	—	48,004
Notes payable	7,972	—	—	—	7,972
Capital lease obligations	602	—	—	—	602
Deferred tax liability	—	—	70	(70)	—
Other liabilities	6,504	995	10	—	7,509
Intercompany payable	—	—	12,522	(12,522)	—
Total current liabilities	106,248	34,157	16,031	(12,592)	143,844
Deferred revenue, long-term	9,182	1,002	—	—	10,184
Notes payable, long-term	612,278	—	—	—	612,278
Capital lease obligations, long-term	409	—	—	—	409
Deferred tax liabilities, long-term	24,353	86,680	—	(185)	110,848
Other liabilities, long-term	16,085	6,162	—	—	22,247
Total liabilities	768,555	128,001	16,031	(12,777)	899,810
Total stockholders' equity	659,340	672,850	15,213	(689,454)	657,949
Total liabilities and stockholders' equity	\$ 1,427,895	\$ 800,851	\$ 31,244	\$ (702,231)	\$ 1,557,759

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2012

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 144,511	\$ 59,696	\$ 2,735	\$ (480)	\$ 206,462
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	35,789	8,707	2,016	(385)	46,127
Sales and marketing	17,874	21,827	1,396	(24)	41,073
Research and development	4,345	3,723	28	—	8,096
General and administrative	17,119	2,868	175	(71)	20,091
Depreciation and amortization	8,273	14,430	10	—	22,713
Restructuring (recoveries) charges	(1)	—	3	—	2
	83,399	51,555	3,628	(480)	138,102
Income (loss) from operations	61,112	8,141	(893)	—	68,360
Other (expense) income:					
Interest and other expense	(8,526)	125	(3)	—	(8,404)
Interest and other income	144	17	(51)	—	110
Income (loss) before income taxes and equity income (loss) in consolidated subsidiaries	52,730	8,283	(947)	—	60,066
Provision for income taxes	18,167	2,826	481	—	21,474
Income (loss) before equity income (loss) in consolidated subsidiaries	34,563	5,457	(1,428)	—	38,592
Equity income (loss) in consolidated subsidiaries	4,029	(708)	—	(3,321)	—
Net income (loss)	\$ 38,592	\$ 4,749	\$ (1,428)	\$ (3,321)	\$ 38,592
Comprehensive income (loss)	\$ 38,799	\$ 4,597	\$ (1,222)	\$ (3,321)	\$ 38,853

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2013

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 153,460	\$ 64,422	\$ 3,342	\$ (874)	\$ 220,350
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	40,343	10,372	434	(930)	50,219
Sales and marketing	16,855	24,061	1,025	14	41,955
Research and development	4,394	3,221	1	—	7,616
General and administrative	18,944	1,997	141	42	21,124
Depreciation and amortization	10,158	14,527	5	—	24,690
	90,694	54,178	1,606	(874)	145,604
Income from operations	62,766	10,244	1,736	—	74,746
Other (expense) income:					
Interest and other expense	(5,787)	10	(16)	—	(5,793)
Interest and other income	83	—	4	—	87
Income before income taxes and equity income in consolidated subsidiaries	57,062	10,254	1,724	—	69,040
Provision for income taxes	21,221	3,988	433	—	25,642
Income before equity income in consolidated subsidiaries	35,841	6,266	1,291	—	43,398
Equity income in consolidated subsidiaries	7,557	742	—	(8,299)	—
Net income	\$ 43,398	\$ 7,008	\$ 1,291	\$ (8,299)	\$ 43,398
Comprehensive income	\$ 43,289	\$ 7,008	\$ 1,045	\$ (8,299)	\$ 43,043

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2012
(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 285,311	\$ 116,511	\$ 5,456	\$ (1,234)	\$ 406,044
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	71,468	16,063	4,358	(864)	91,025
Sales and marketing	35,344	41,682	2,575	(175)	79,426
Research and development	8,728	6,885	207	—	15,820
General and administrative	34,659	6,777	(157)	(195)	41,084
Depreciation and amortization	16,504	28,890	25	—	45,419
Restructuring charges (recoveries)	655	—	(131)	—	524
	<u>167,358</u>	<u>100,297</u>	<u>6,877</u>	<u>(1,234)</u>	<u>273,298</u>
Income (loss) from operations	117,953	16,214	(1,421)	—	132,746
Other (expense) income:					
Interest and other expense	(16,973)	155	221	—	(16,597)
Interest and other income	408	33	(102)	—	339
Income (loss) before income taxes and equity income (loss) in consolidated subsidiaries	101,388	16,402	(1,302)	—	116,488
Provision for income taxes	37,480	5,616	838	—	43,934
Income (loss) before equity income in consolidated subsidiaries	63,908	10,786	(2,140)	—	72,554
Equity income (loss) in consolidated subsidiaries	8,646	(1,012)	—	(7,634)	—
Net income (loss)	<u>\$ 72,554</u>	<u>\$ 9,774</u>	<u>\$ (2,140)</u>	<u>\$ (7,634)</u>	<u>\$ 72,554</u>
Comprehensive income (loss)	<u>\$ 72,746</u>	<u>\$ 9,622</u>	<u>\$ (2,138)</u>	<u>\$ (7,634)</u>	<u>\$ 72,596</u>

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2013

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 305,624	\$ 126,558	\$ 6,411	\$ (1,827)	\$ 436,766
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	80,764	19,586	862	(1,696)	99,516
Sales and marketing	34,886	47,104	2,237	(12)	84,215
Research and development	8,420	6,679	1	—	15,100
General and administrative	38,500	3,943	682	(119)	43,006
Depreciation and amortization	20,040	29,303	12	—	49,355
Restructuring charges	2	—	—	—	2
	<u>182,612</u>	<u>106,615</u>	<u>3,794</u>	<u>(1,827)</u>	<u>291,194</u>
Income from operations	123,012	19,943	2,617	—	145,572
Other (expense) income:					
Interest and other expense	(23,345)	15	(25)	—	(23,355)
Interest and other income	219	1	8	—	228
Income before income taxes and equity income in consolidated subsidiaries	99,886	19,959	2,600	—	122,445
Provision for income taxes	36,159	8,526	598	—	45,283
Income before equity income in consolidated subsidiaries	63,727	11,433	2,002	—	77,162
Equity income in consolidated subsidiaries	13,435	1,054	—	(14,489)	—
Net income	<u>\$ 77,162</u>	<u>\$ 12,487</u>	<u>\$ 2,002</u>	<u>\$ (14,489)</u>	<u>\$ 77,162</u>
Comprehensive income	<u>\$ 76,984</u>	<u>\$ 12,487</u>	<u>\$ 1,794</u>	<u>\$ (14,489)</u>	<u>\$ 76,776</u>

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2012

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	\$ 143,211	\$ 41,822	\$ 833	\$ (44,279)	\$ 141,587
Investing activities:					
Purchases of property and equipment	(19,377)	(5,107)	—	—	(24,484)
Sales and maturities of investments	2,380	—	—	—	2,380
Net cash used in investing activities	(16,997)	(5,107)	—	—	(22,104)
Financing activities:					
Decrease of restricted cash	1	—	3	—	4
Payments under notes payable obligations	(3,000)	—	—	—	(3,000)
Principal repayments on capital lease obligations	(1,892)	—	—	—	(1,892)
Proceeds from exercise of common stock options	38,131	—	—	—	38,131
Excess tax benefits from stock-based compensation	8,108	—	15	—	8,123
Repurchase of restricted stock awards	(9,301)	—	—	—	(9,301)
Repurchase of common stock	(48,818)	—	—	—	(48,818)
Distribution to parent	—	(43,669)	(610)	44,279	—
Net cash used in financing activities	(16,771)	(43,669)	(592)	44,279	(16,753)
Effect of foreign exchange rates on cash and cash equivalents	(182)	(152)	2	—	(332)
Net increase (decrease) in cash and cash equivalents	109,261	(7,106)	243	—	102,398
Cash and cash equivalents at beginning of period	103,029	17,136	2,072	—	122,237
Cash and cash equivalents at end of period	\$ 212,290	\$ 10,030	\$ 2,315	\$ —	\$ 224,635

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2013
(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	\$ 138,005	\$ 51,039	\$ 9,053	\$ (63,285)	\$ 134,812
Investing activities:					
Purchases of property and equipment	(23,413)	(1,507)	(4)	—	(24,924)
Sales and maturities of investments	2,118	—	—	—	2,118
Business acquired	(8,500)	—	—	—	(8,500)
Net cash used in investing activities	(29,795)	(1,507)	(4)	—	(31,306)
Financing activities:					
Decrease (increase) of restricted cash	2	248	(7)	—	243
Proceeds from notes payable, net of discount	624,244	—	—	—	624,244
Extinguishment of note payable	(592,500)	—	—	—	(592,500)
Debt issuance costs	(11,410)	—	—	—	(11,410)
Payments under notes payable obligations	(4,062)	—	—	—	(4,062)
Principal repayments on capital lease obligations	(1,492)	—	—	—	(1,492)
Proceeds from exercise of common stock options	12,677	—	—	—	12,677
Excess tax benefits from stock-based compensation	4,666	—	25	—	4,691
Repurchase of restricted stock awards	(6,650)	—	—	—	(6,650)
Repurchase of common stock	(89,204)	—	—	—	(89,204)
Distribution to parent	—	(54,889)	(8,396)	63,285	—
Net cash used in financing activities	(63,729)	(54,641)	(8,378)	63,285	(63,463)
Effect of foreign exchange rates on cash and cash equivalents	65	(2)	(208)	—	(145)
Net increase (decrease) in cash and cash equivalents	44,546	(5,111)	463	—	39,898
Cash and cash equivalents at beginning of period	330,849	5,372	4,034	—	340,255
Cash and cash equivalents at end of period	\$ 375,395	\$ 261	\$ 4,497	\$ —	\$ 380,153

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements, including, without limitation, statements concerning the conditions in our industry, our operations and economic performance, and our business and growth strategy. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. These forward-looking statements are based on estimates and assumptions by our management that we believe to be reasonable but are inherently uncertain and subject to a number of risks and uncertainties. These risks and uncertainties include, without limitation, those described in this report, in Part II, “Item 1A. Risk Factors” and in subsequent filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

Overview

During the second quarter, we continued to experience increased demand for our services. Revenue increased 7% to \$220.4 million as compared to \$206.5 million in the second quarter of 2012. Of this increase, our Carrier Services segment contributed 4%, while our Enterprise Services contributed 1% and Information Services contributed 2%. Within our Carrier Services segment, growth in revenue was driven by a contractual increase of 6.5% in the fixed fee under our contracts to provide number portability services.

Further, we continued to execute our capital allocation strategy of returning cash to shareholders through share repurchases. On May 7, 2013, we commenced a \$250 million share repurchase program, or the 2013 share repurchase program. This program replaced our 2010 share repurchase program. During the second quarter of 2013, we purchased 1.2 million shares of our Class A common stock under the 2013 share repurchase program at an average price of \$47.84 per share for a total price of \$58.3 million. During the second quarter, we purchased a total of 1.5 million shares of our class A common stock under both the 2013 and 2010 repurchase programs at an average price of \$47.09 per share for a total price of \$69.3 million.

On April 5, 2013, we submitted our response to the NAPM's Request for Proposal, or RFP, for the selection of the next local number portability administrator in accordance with the RFP submission requirements and timeline. On July 23, 2013, the NAPM updated its selection timeline for a decision to be made in January 2014. We remain confident in the strength of our response to the NAPM's RFP, and we continue to believe that the high quality of our services provides us the best opportunity to remain the NPAC administrator of local number portability for the communications industry.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our unaudited consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue and expense during a fiscal period. The Securities and Exchange Commission, or SEC, considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the audit committee of our Board of Directors, and the audit committee has reviewed our related disclosures in this report.

Although we believe that our judgments and estimates are appropriate and reasonable, actual results may differ from those estimates. In addition, while we have used our best estimates based on the facts and circumstances available to us at the time, we reasonably could have used different estimates in the current period. Changes in the accounting estimates we use are reasonably likely to occur from period to period, which may have a material impact on the presentation of our financial condition and results of operations. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations could be materially affected. See the information in our filings with the SEC from time to time, including Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2012, for certain matters that may bear on our results of operations.

The following discussion of selected critical accounting policies supplements the information relating to our critical accounting policies described in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2012.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the Compensation – Stock Compensation Topic of the FASB ASC which requires the measurement and recognition of compensation expense for stock-based awards granted to employees based on estimated fair values on the date of grant.

See Note 7 to our Unaudited Consolidated Financial Statements in Item 1 of Part I of this report for information regarding our assumptions related to stock-based compensation and the amount of stock-based compensation expense we incurred for the periods covered in this report.

We estimate the fair value of our restricted stock unit awards based on the fair value of our common stock on the date of grant. Our outstanding restricted stock unit awards are subject to service-based vesting conditions and performance-based vesting conditions. We recognize the estimated fair value of service-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period on a straight-line basis. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee’s continued employment over the vesting period. We recognize the estimated fair value of performance-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period, which considers each performance period or tranche separately, based upon our determination of whether it is probable that the performance targets will be achieved. At each reporting period, we reassess the probability of achieving the performance targets within the related performance period. Determining whether the performance targets will be achieved involves judgment, and the estimate of stock-based compensation expense may be revised periodically based on changes in the probability of achieving the performance targets. If any performance goals specific to the restricted stock unit awards are not met, no compensation cost ultimately is recognized for such awards, and to the extent previously recognized, compensation cost is reversed. As of June 30, 2013, we estimated that the level of achievement of the performance targets for performance vested restricted stock units granted during 2013 was 100%.

Consolidated Results of Operations

Three Months Ended June 30, 2012 Compared to Three Months Ended June 30, 2013

The following table presents an overview of our results of operations for the three months ended June 30, 2012 and 2013:

	Three Months Ended June 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
(unaudited)				
(dollars in thousands, except per share data)				
Revenue:				
Carrier Services	\$ 126,347	\$ 134,733	\$ 8,386	6.6 %
Enterprise Services	42,089	43,791	1,702	4.0 %
Information Services	38,026	41,826	3,800	10.0 %
Total revenue	206,462	220,350	13,888	6.7 %
Operating expense:				
Cost of revenue (excludes depreciation and amortization shown separately below)	46,127	50,219	4,092	8.9 %
Sales and marketing	41,073	41,955	882	2.1 %
Research and development	8,096	7,616	(480)	(5.9)%
General and administrative	20,091	21,124	1,033	5.1 %
Depreciation and amortization	22,713	24,690	1,977	8.7 %
Restructuring charges	2	—	(2)	(100.0)%
	138,102	145,604	7,502	5.4 %
Income from operations	68,360	74,746	6,386	9.3 %
Other (expense) income:				
Interest and other expense	(8,404)	(5,793)	2,611	(31.1)%
Interest and other income	110	87	(23)	(20.9)%
Income before income taxes	60,066	69,040	8,974	14.9 %
Provision for income taxes	21,474	25,642	4,168	19.4 %
Net income	\$ 38,592	\$ 43,398	\$ 4,806	12.5 %
Net income per share:				
Basic	\$ 0.58	\$ 0.66		
Diluted	\$ 0.57	\$ 0.65		
Weighted average common shares outstanding:				
Basic	66,917	65,531		
Diluted	67,887	66,990		

Revenue

Carrier Services. Revenue from our Carrier Services operating segment increased \$8.4 million due to an increase of \$6.8 million in revenue from Numbering Services, an increase of \$2.9 million in revenue from our Order Management Services, or OMS, and a decrease of \$1.3 million in revenue from our IP Services. In particular, the Numbering Services revenue increase was driven by a \$6.7 million increase in the fixed fee established under our contracts to provide NPAC Services. The increase in our OMS revenue was driven by the addition of new customers and increased transactions from existing customers.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$1.7 million due to an increase of \$1.3 million in revenue from Internet Infrastructure Services, or IIS, and an increase of \$0.5 million in revenue from Registry Services. In particular, the IIS revenue increase was driven by higher demand for our managed domain name systems, or DNS, solutions, to direct and manage Internet traffic. In addition, Registry Services revenue increased due to continued growth in the number of common short codes and domain names under management.

Information Services. Revenue from our Information Services operating segment increased \$3.8 million due to an increase of \$3.4 million in revenue from Verification & Analytics Services and an increase of \$0.4 million in revenue from

Local Search & Licensed Data Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions.

Expense

Cost of revenue. Cost of revenue increased \$4.1 million due to an increase of \$2.0 million in personnel and personnel-related expense, an increase of \$1.6 million in costs related to our information technology and systems, an increase of \$0.6 million in royalties, and a decrease of \$1.1 million in deferred costs. In particular, the increase in personnel and personnel-related expense was due to an increase in stock-based compensation and salary and benefits. The increase in stock-based compensation expense was driven by the grant of performance-based equity to a higher number of existing and new employees. The increase in salary and benefits was driven by increased headcount in our technology teams. The increase in costs related to our information technology and systems was driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs.

Sales and marketing. Sales and marketing expense increased \$0.9 million due to an increase of \$2.1 million in personnel and personnel-related expense and a decrease of \$0.9 million in advertising and external marketing costs. In particular, the increase in personnel and personnel-related expense was due to an increase in stock-based compensation and salary and benefits. The increase in stock-based compensation expense was driven by the grant of performance-based equity to a higher number of existing and new employees. The increase in salary and benefits was driven by increased headcount in our sales and marketing teams to support service offerings and the migration of employees to a common benefits plan.

Research and development. Research and development expense for the three months ended June 30, 2012 was comparable to the expense for the three months ended June 30, 2013.

General and administrative. General and administrative expense increased \$1.0 million due to an increase of \$1.4 million in personnel and personnel-related expense driven by increased headcount and an increase in stock-based compensation expense driven by the grant of performance-based equity to a higher number of existing and new employees.

Depreciation and amortization. Depreciation and amortization expense increased \$2.0 million due to an increase of \$2.7 million in depreciation expense related to capitalized software costs. This increase was partially offset by a decrease of \$0.6 million in depreciation expense related to capital leases.

Restructuring charges. Restructuring charges for the three months ended June 30, 2012 were comparable to the charges recorded for the three months ended June 30, 2013.

Interest and other expense. Interest and other expense decreased \$2.6 million due to a decrease in interest expense of \$2.5 million driven by the refinancing of our 2011 Credit Facilities.

Interest and other income. Interest and other income for the three months ended June 30, 2012 was comparable to the income for the three months ended June 30, 2013.

Provision for income taxes. Our effective tax rate increased to 37.1% for the three months ended June 30, 2013 from 35.8% for the three months ended June 30, 2012 primarily due to a discrete benefit for foreign tax credits recorded in the second quarter of 2012. This increase in our effective tax rate was partially offset by benefits from federal research tax credits and a domestic production activities deduction.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to income from operations for the three months ended June 30, 2012 and 2013 (in thousands):

	Three Months Ended June 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
Revenue:				
Carrier Services	\$ 126,347	\$ 134,733	\$ 8,386	6.6 %
Enterprise Services	42,089	43,791	1,702	4.0 %
Information Services	38,026	41,826	3,800	10.0 %
Total revenue	<u>\$ 206,462</u>	<u>\$ 220,350</u>	<u>\$ 13,888</u>	<u>6.7 %</u>
Segment contribution:				
Carrier Services	\$ 110,438	\$ 117,086	\$ 6,648	6.0 %
Enterprise Services	18,866	22,185	3,319	17.6 %
Information Services	16,991	18,111	1,120	6.6 %
Total segment contribution	<u>146,295</u>	<u>157,382</u>	<u>11,087</u>	<u>7.6 %</u>
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	24,741	26,771	2,030	8.2 %
Sales and marketing	6,635	6,085	(550)	(8.3)%
Research and development	4,431	4,544	113	2.6 %
General and administrative	19,413	20,546	1,133	5.8 %
Depreciation and amortization	22,713	24,690	1,977	8.7 %
Restructuring charges	2	—	(2)	(100.0)%
Income from operations	<u>\$ 68,360</u>	<u>\$ 74,746</u>	<u>\$ 6,386</u>	<u>9.3 %</u>

Segment contribution is determined based on internal performance measures used by the chief operating decision maker, or CODM, to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the three months ended June 30, 2012 and 2013:

Carrier Services. Revenue from our Carrier Services operating segment increased \$8.4 million due to an increase of \$6.8 million in revenue from Numbering Services, an increase of \$2.9 million in revenue from our OMS and a decrease of \$1.3 million in revenue from our IP Services. In particular, the Numbering Services revenue increase was driven by a \$6.7 million increase in the fixed fee established under our contracts to provide NPAC Services. The increase in our OMS revenue was driven by the addition of new customers and increased transactions from existing customers. Segment operating costs for Carrier Services totaled \$17.6 million, an increase of \$1.7 million. This increase was due to an increase in information technology and systems costs driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$117.1 million, an increase of \$6.6 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$1.7 million due to an increase of \$1.3 million in revenue from IIS and an increase of \$0.5 million in revenue from Registry Services. In particular, the IIS revenue increase was driven by higher demand for our DNS solutions to direct and manage Internet traffic. In addition, Registry Services revenue increased due to continued growth in the number of common short codes and domain names under management. Segment operating costs for Enterprise Services totaled \$21.6 million, a decrease of \$1.6 million. This decrease in segment operating costs was due to a decrease of \$0.8 million in advertising and external marketing costs. Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$22.2 million, an increase of \$3.3 million.

Information Services. Revenue from our Information Services operating segment increased \$3.8 million due to an increase of \$3.4 million in revenue from Verification & Analytics Services and an increase of \$0.4 million in revenue from

Local Search & Licensed Data Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions. Segment operating costs for Information Services totaled \$23.7 million, an increase of \$2.7 million. This increase in segment operating costs was due to an increase of \$1.9 million in personnel and personnel-related expense and an increase of \$0.7 million in information technology and systems costs. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$18.1 million, an increase of \$1.1 million.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2013

The following table presents an overview of our results of operations for the six months ended June 30, 2012 and 2013:

	Six Months Ended June 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
	(unaudited)			
	(dollars in thousands, except per share data)			
Revenue:				
Carrier Services	\$ 250,720	\$ 266,904	\$ 16,184	6.5 %
Enterprise Services	81,574	88,570	6,996	8.6 %
Information Services	73,750	81,292	7,542	10.2 %
Total revenue	406,044	436,766	30,722	7.6 %
Operating expense:				
Cost of revenue (excludes depreciation and amortization shown separately below)	91,025	99,516	8,491	9.3 %
Sales and marketing	79,426	84,215	4,789	6.0 %
Research and development	15,820	15,100	(720)	(4.6)%
General and administrative	41,084	43,006	1,922	4.7 %
Depreciation and amortization	45,419	49,355	3,936	8.7 %
Restructuring charges	524	2	(522)	(99.6)%
	273,298	291,194	17,896	6.5 %
Income from operations	132,746	145,572	12,826	9.7 %
Other (expense) income:				
Interest and other expense	(16,597)	(23,355)	(6,758)	40.7 %
Interest and other income	339	228	(111)	(32.7)%
Income before income taxes	116,488	122,445	5,957	5.1 %
Provision for income taxes	43,934	45,283	1,349	3.1 %
Net income	\$ 72,554	\$ 77,162	\$ 4,608	6.4 %
Net income per share:				
Basic	\$ 1.08	\$ 1.17		
Diluted	\$ 1.06	\$ 1.15		
Weighted average common shares outstanding:				
Basic	67,060	65,855		
Diluted	68,132	67,301		

Revenue

Carrier Services. Revenue from our Carrier Services operating segment increased \$16.2 million due to an increase of \$14.4 million in revenue from Numbering Services and an increase of \$1.8 million in revenue from our OMS. In particular, the Numbering Services revenue increase was driven by a \$13.3 million increase in the fixed fee established under our contracts to provide NPAC Services.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$7.0 million due to an increase of \$3.7 million in revenue from Registry Services and an increase of \$3.3 million in revenue from IIS. In particular, the Registry Services revenue increase was driven by continued growth in the number of domain names and common short codes under management and an increase in transactions in one of our new registries. In addition, IIS revenue increased due to higher demand for our managed DNS solutions to direct and manage Internet traffic.

Information Services. Revenue from our Information Services operating segment increased \$7.5 million due to an increase of \$6.5 million in revenue from Verification & Analytics Services and an increase of \$1.0 million in revenue from Local Search & Licensed Data Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local

Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions.

Expense

Cost of revenue. Cost of revenue increased \$8.5 million due to an increase of \$4.6 million in personnel and personnel-related expense, an increase of \$3.8 million in costs related to our information technology and systems, an increase of \$1.5 million in royalties, and a decrease of \$1.6 million in deferred costs. In particular, the increase in personnel and personnel-related expense was due to an increase in stock-based compensation and salary and benefits. The increase in stock-based compensation expense was driven by the grant of performance-based equity to a higher number of existing and new employees. The increase in salary and benefits was driven by increased headcount in our technology teams. The increases in royalty expense and costs related to our information technology and systems were driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs.

Sales and marketing. Sales and marketing expense increased \$4.8 million due to an increase of \$5.2 million in personnel and personnel-related expense. In particular, the increase in personnel and personnel-related expense was due to an increase in stock-based compensation and salary and benefits. The increase in stock-based compensation expense was driven by the grant of performance-based equity to a higher number of existing and new employees. The increase in salary and benefits was driven by increased headcount in our sales and marketing teams to support service offerings and the migration of employees to a common benefits plan.

Research and development. Research and development expense for the six months ended June 30, 2012 was comparable to the expense for the six months ended June 30, 2013.

General and administrative. General and administrative expense increased \$1.9 million due to an increase of \$1.8 million in personnel and personnel-related expense. In particular, stock-based compensation expense increased \$2.6 million driven by the grant of performance-based equity to a higher number of existing and new employees. This increase was partially offset by a decrease of \$1.1 million in severance-related costs.

Depreciation and amortization. Depreciation and amortization expense increased \$3.9 million due to an increase of \$5.5 million in depreciation expense related to capitalized software costs. This increase was partially offset by a decrease of \$1.1 million in depreciation expense related to capital leases.

Restructuring charges. Restructuring charges for the six months ended June 30, 2012 were comparable to the charges recorded for the six months ended June 30, 2013.

Interest and other expense. Interest and other expense increased \$6.8 million due to a \$10.9 million loss on debt modification and extinguishment recorded in connection with the refinancing of our 2011 Credit Facilities. This increase was partially offset by \$4.5 million in lower interest expense as a result of the refinancing of our 2011 Credit Facilities.

Interest and other income. Interest and other income for the six months ended June 30, 2012 was comparable to the income for the six months ended June 30, 2013.

Provision for income taxes. Our effective tax rate decreased to 37.0% for the six months ended June 30, 2013 from 37.7% for the six months ended June 30, 2012 primarily due to benefits from federal research tax credits and a domestic production activities deduction. The reduction in our effective tax rate was partially offset by a discrete benefit for foreign tax credits recorded in the second quarter of 2012.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to income from operations for the six months ended June 30, 2012 and 2013 (in thousands):

	Six Months Ended June 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
Revenue:				
Carrier Services	\$ 250,720	\$ 266,904	\$ 16,184	6.5 %
Enterprise Services	81,574	88,570	6,996	8.6 %
Information Services	73,750	81,292	7,542	10.2 %
Total revenue	\$ 406,044	\$ 436,766	\$ 30,722	7.6 %
Segment contribution:				
Carrier Services	\$ 218,884	\$ 231,480	\$ 12,596	5.8 %
Enterprise Services	35,597	43,088	7,491	21.0 %
Information Services	35,005	35,879	874	2.5 %
Total segment contribution	289,486	310,447	20,961	7.2 %
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	49,010	51,932	2,922	6.0 %
Sales and marketing	12,365	12,920	555	4.5 %
Research and development	9,291	8,828	(463)	(5.0)%
General and administrative	40,131	41,838	1,707	4.3 %
Depreciation and amortization	45,419	49,355	3,936	8.7 %
Restructuring charges	524	2	(522)	(99.6)%
Income from operations	\$ 132,746	\$ 145,572	\$ 12,826	9.7 %

Segment contribution is determined based on internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the six months ended June 30, 2012 and 2013:

Carrier Services. Revenue from our Carrier Services operating segment increased \$16.2 million due to an increase of \$14.4 million in revenue from Numbering Services and an increase of \$1.8 million in revenue from our OMS. In particular, the Numbering Services revenue increase was driven by a \$13.3 million increase in the fixed fee established under our contracts to provide NPAC Services. Segment operating costs for Carrier Services totaled \$35.4 million, an increase of \$3.6 million. This increase was due to an increase in information technology and systems costs driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$231.5 million, an increase of \$12.6 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$7.0 million due to an increase of \$3.7 million in revenue from Registry Services and an increase of \$3.3 million in revenue from IIS. In particular, the Registry Services revenue increase was driven by continued growth in the number of domain names and common short codes under management and an increase in transactions in one of our new registries. In addition, IIS revenue increased due to higher demand for our managed DNS solutions to direct and manage Internet traffic. Segment operating costs for Enterprise Services totaled \$45.5 million, a decrease of \$0.5 million. Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$43.1 million, an increase of \$7.5 million.

Information Services. Revenue from our Information Services operating segment increased \$7.5 million due to an increase of \$6.5 million in revenue from Verification & Analytics Services and an increase of \$1.0 million in revenue from Local Search & Licensed Data Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity

management solutions. Segment operating costs for Information Services totaled \$45.4 million, an increase of \$6.7 million. This increase in segment operating costs was due to an increase of \$4.9 million in personnel and personnel-related expense and an increase of \$1.2 million in information technology and systems costs. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$35.9 million, an increase of \$0.9 million.

Liquidity and Capital Resources

Our principal source of liquidity is cash provided by operating activities. Our principal uses of cash have been to fund share repurchases, capital expenditures, and debt service requirements. We anticipate that our principal uses of cash in the future will be for share repurchases, capital expenditures, debt service requirements and acquisitions.

Total cash, cash equivalents and investments were \$381.6 million at June 30, 2013, an increase of \$37.7 million from \$343.9 million at December 31, 2012. This increase in cash, cash equivalents and investments was primarily due to cash provided by operations.

We believe that our existing cash and cash equivalents, short-term investments, and cash from operations will be sufficient to fund our operations for the next twelve months.

Credit Facilities

On January 22, 2013, we entered into a credit facility that provided for a \$325 million senior secured term loan facility, or 2013 Term Facility, and a \$200 million senior secured revolving credit facility, or the 2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities. In addition, we closed an offering of \$300 million aggregate principal amount of senior notes, or Senior Notes. We used the proceeds received from the 2013 Term Facility and Senior Notes to repay our outstanding principal borrowings of \$592.5 million under our existing 2011 Term Facility. We used available borrowings under the new 2013 Revolving Facility for outstanding letters of credit totaling \$7.8 million that were previously secured by our 2011 Revolving Facility. Our 2011 Term Facility and 2011 Revolving Facility were terminated in connection with this refinancing event. For further discussion of this debt refinancing, see Note 6 to our Consolidated Financial Statements in Item 1 of Part I of this report.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of June 30, 2013, we had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.2 million, exclusive of outstanding letters of credit totaling \$7.8 million.

Principal payments under the 2013 Term Facility of \$2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at our option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning on March 31, 2013. As of June 30, 2013, accrued interest under the 2013 Credit Facilities was \$0.1 million.

We may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of the required lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken.

As of June 30, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities was \$9.4 million. Total amortization expense of the deferred financing costs and loan origination fees was \$0.5 million and \$0.9 million for the three and six months ended June 30, 2013, respectively, and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, we closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among us, certain of our domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are the general unsecured senior obligations of us and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest accrues from January 22, 2013. As of June 30, 2013, accrued interest under the Senior Notes was \$5.9 million.

At any time and from time to time prior to July 15, 2016, we may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

After July 15, 2016 and prior to January 15, 2018, we may redeem some or all of the Senior Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, we may redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If we experience certain changes of control together with a ratings downgrade, we will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to, the date of purchase. If we sell certain assets and do not repay certain debt or reinvest the proceeds of such sales within certain time periods, we will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and defaults related to bankruptcy events. The Senior Notes also contain customary negative covenants.

As of June 30, 2013, deferred financing costs related to the Senior Notes was \$14.9 million. Total amortization expense of the deferred financing costs was \$0.3 million and \$0.5 million for the three and six months ended June 30, 2013, respectively, and is reported as interest expense in the consolidated statements of operations.

Discussion of Cash Flows

Cash flows from operations

Net cash provided by operating activities for the six months ended June 30, 2013 was \$134.8 million, as compared to \$141.6 million for the six months ended June 30, 2012. This \$6.8 million decrease in net cash provided by operating activities was the result of an increase in non-cash adjustments of \$22.4 million, partially offset by a decrease in net changes in operating assets and liabilities of \$33.8 million.

Non-cash adjustments increased \$22.4 million driven by a loss on debt modification and extinguishment of \$10.9 million recorded in the first quarter of 2013 related to our debt refinancing, an increase of \$7.1 million in stock-based compensation, an increase of \$3.9 million in depreciation and amortization expense, and an increase of \$3.4 million in excess tax benefits from stock option exercises. These increases in non-cash adjustments were partially offset by a decrease of \$3.3 million in deferred income taxes.

Net changes in operating assets and liabilities decreased \$33.8 million primarily due to a decrease of \$40.2 million in income taxes receivable, a decrease of \$14.6 million in prepaid expenses and other current assets, and a decrease of

\$7.3 million in deferred revenue. These decreases in net changes in operating assets and liabilities were partially offset by an increase of \$11.2 million in accounts and unbilled receivables, an increase of \$10.0 million in accounts payable and accrued expenses, an increase of \$5.0 million in other liabilities, and an increase of \$2.3 million in income taxes payable.

Cash flows from investing

Net cash used in investing activities for the six months ended June 30, 2013 was \$31.3 million, as compared to \$22.1 million for six months ended June 30, 2012. This \$9.2 million increase in net cash used in investing activities was due to an increase of \$8.5 million in cash used for the acquisition of certain assets of a service order administrative business.

Cash flows from financing

Net cash used in financing activities was \$63.5 million for the six months ended June 30, 2013, as compared to \$16.8 million for the six months ended June 30, 2012. This \$46.7 million increase in net cash used in financing activities was primarily due to an increase of \$40.4 million in cash used for the purchase of our Class A common stock under our share repurchase programs, a decrease of \$25.5 million in proceeds from the exercise of stock options, cash used of \$11.4 million for debt issuance costs attributable to our debt refinancing completed in the first quarter of 2012, and a decrease of \$3.4 million in excess tax benefits from stock-based compensation. These increases in cash used were partially offset by net proceeds of \$31.7 million attributable to our debt refinancing, and a decrease of \$2.7 million in cash used for the purchase of restricted stock awards attributable to participants' electing to use stock to satisfy their tax withholdings.

Recent Accounting Pronouncements

See Note 2 to our Unaudited Consolidated Financial Statements in Item 1 of Part 1 of this report for a discussion of the effects of recent accounting pronouncements.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about our market risk, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Our exposure to market risk has not changed materially since December 31, 2012.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2013, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at the reasonable assurance level.

In addition, there were no changes in our internal control over financial reporting that occurred in the second quarter of 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended December 31, 2012, filed with the SEC on February 28, 2013. The risks discussed in our Annual Report on Form 10-K could materially affect our business, financial condition and future results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table is a summary of our repurchases of common stock during each of the three months in the quarter ended June 30, 2013:

Month	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
April 1 through April 30, 2013	253,685	\$ 43.47	251,557	\$ 51,878,865
May 1 through May 31, 2013	600,947	47.23	598,865	221,697,030
June 1 through June 30, 2013	621,869	48.42	620,400	191,645,956
Total	<u>1,476,501</u>	\$ 47.09	<u>1,470,822</u>	\$ 191,645,956

- (1) The number of shares purchased includes shares of common stock tendered by employees to us to satisfy the employees’ minimum tax withholding obligations arising as a result of vesting of restricted stock grants under our stock incentive plan. We purchased these shares for their fair market value on the vesting date.
- (2) The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 5,679 shares, all of which relate to shares surrendered to us by employees to satisfy the employees’ tax withholding obligations arising as a result of vesting of restricted stock grants under our incentive stock plans.
- (3) On July 28, 2010, we announced the adoption of a share repurchase program. The 2010 program authorized the purchase of up to \$300 million of Class A common shares through Rule 10b5-1 programs, open market purchases, privately negotiated transactions or otherwise as market conditions warranted, at prices we deemed appropriate. On May 2, 2013, we announced the adoption of a 2013 share repurchase program, which will expire on December 31, 2013. We may purchase up to \$250 million of Class A common shares under the 2013 program, which replaced the 2010 program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See exhibits listed under the Exhibit Index below.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NeuStar, Inc.

Date: July 30, 2013

By: /s/ Paul S. Lalljie

Paul S. Lalljie

Chief Financial Officer

(Principal Financial and Accounting Officer and Duly Authorized Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation, incorporated herein by reference to Exhibit 3.1 to Amendment No. 7 to NeuStar's Registration Statement on Form S-1, filed June 28, 2005 (File No. 333-123635).
3.2	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed June 25, 2012.
10.1.3	Amendment to the contractor services agreement entered into the 7 th day of November 1997 by and between Neustar, Inc. and North American Portability Management, LLC.*
10.1.4	Amendment to the contractor services agreement entered into the 7 th day of November 1997 by and between Neustar, Inc. and North American Portability Management, LLC.*
10.1.5	Amendment to the contractor services agreement entered into the 7 th day of November 1997 by and between Neustar, Inc. and North American Portability Management, LLC.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

* Confidential treatment has been requested for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _ Yes

Pursuant to Instruction 2 to Item 601 of Regulation S-K, NeuStar, Inc. has filed an agreement with the Northeast Carrier Acquisition Company, LLC, which is one of seven agreements that are substantially identical in all material respects other than the parties to the agreements. North American Portability Management, LLC succeeded to the interests of Northeast Carrier Acquisition Company, LLC and each of the other entities listed below. The following list identifies the other parties to the six agreements that have been omitted pursuant to Instruction 2 to Item 601:

- LNP, LLC (Midwest)

- Southwest Region Portability Company, LLC

- Western Region Telephone Number Portability, LLC

- Southeast Number Portability Administration Company, LLC

- Mid-Atlantic Carrier Acquisition Company, LLC

- West Coast Portability Services, LLC



AMENDED AND RESTATED
AMENDMENT
TO

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

CONTRACTOR SERVICES AGREEMENT FOR NUMBER PORTABILITY ADMINISTRATION CENTER / SERVICE MANAGEMENT SYSTEM

Page 2

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

FOR
INTERMODAL PORTED TELEPHONE NUMBER IDENTIFICATION SERVICE

Page 3

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked "[* * *]" and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

**AMENDED AND RESTATED
AMENDMENT
TO
CONTRACTOR SERVICES AGREEMENT FOR NUMBER PORTABILITY ADMINISTRATION
CENTER/SERVICE MANAGEMENT SYSTEM
FOR
INTERMODAL PORTED TELEPHONE NUMBER IDENTIFICATION SERVICE**

1. PARTIES

This Revision 2 to Amendment No. 48 (this **"Amendment"**) is entered into pursuant to Article 30 of, and upon execution shall be a part of, the Agreement for Number Portability Administration Center/Service Management System, as amended and in effect immediately prior to the Amendment Effective Date (the **"Master Agreement"**), by and between NeuStar, Inc., a Delaware corporation (**"Contractor"**), and the North American Portability Management LLC, a Delaware limited liability company (the **"Customer"**), as the successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC (the **"Subscribing Customer"**).

2. EFFECTIVENESS AND SUBSCRIBING CUSTOMERS

This Amendment shall be effective as of the last date of execution below (the **"Amendment Effective Date"**), conditioned upon execution by Contractor and Customer on behalf of all the limited liability companies listed below for the separate United States Service Areas (the **"Subscribing Customers"**).

- LNP, LLC (Midwest)
- Mid-Atlantic Carrier Acquisition Company, LLC
- Northeast Carrier Acquisition Company, LLC
- Southeast Number Portability Administration Company, LLC
- Southwest Region Portability Company, LLC
- West Coast Portability Services, LLC
- Western Region Telephone Number Portability, LLC

The number in the upper left-hand corner refers to this Amendment. Capitalized terms used herein without definition or which do not specifically reference another agreement shall have the meanings as defined in the Master Agreement.

3. CONSIDERATION RECITAL

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked "[* * *]" and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

In consideration of the terms and conditions set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and Customer agree as set forth in this Amendment.

4. REASON FOR THIS AMENDMENT

4.1 Requests for User Data. The United States Federal Communications Commission (the "FCC") has by order implementing the Telephone Consumer Protection Act of 1991 (the "TCPA") adopted rules, including those set forth in 47 C.F.R. Sec. 64.1200, (together with the TCPA, the "TCPA Rules"), prohibiting the initiation of telephone calls (other than a call made for emergency purposes or made with the prior express consent of the called party) using automatic telephone dialing systems or an artificial or prerecorded voice to telephone numbers assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call (referred to herein as "TCPA Prohibited Conduct"). As a result, for the purpose of avoiding engaging in TCPA Prohibited Conduct, various parties have requested that Contractor provide portions of User Data to them.

4.2 Limitations on Disclosure and Use of Confidential Information and User Data. Both the Master Contract and the User Agreement restrict the disclosure and use of User Data. User Data is provided to Contractor by respective Users pursuant to the terms and conditions of the User Agreement. Pursuant to Section 6.1(k) of the User Agreement, Contractor expressly accepts the obligation to maintain the confidentiality of User Data as provided in Article 15 of the Master Agreement. Further, Section 7.6 of the User Agreement expressly prohibits Users from engaging in specific enumerated conduct with respect to the User Data of other Users. Accordingly, questions have arisen with respect to the allowability under the Master Agreement and the User Agreement of providing any portions of User Data to parties requesting it for the purpose of avoiding engaging in TCPA Prohibited Conduct.

4.3 Background

The Parties executed Amendment No. 48, effective the 2nd day of April, 2004, to amend the Master Agreement to authorize the provision to qualified recipients a defined subset of User Data for the sole and exclusive purpose of avoiding TCPA Prohibited Conduct.

A proposed Revision 1 to Amendment No. 48 for the modification of the compensation structure was previously proposed, but withdrawn by the Parties.

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked "[* * *]" and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

This Revision 2 to Amendment No. 48 amends and restates Amendment No. 48 to clarify in Section 15.7(i)(iv) of the Master Agreement the standard for evaluating the reasonableness and accuracy of Contractor's proposal for ensuring that Contractor's continuing aggregate compensation thereunder satisfies Section 15.7(i).

5. **CLARIFICATION OF OPERATION OF MASTER AGREEMENT AND USER AGREEMENT**

After careful consideration, Customer and Contractor desire to amend the Master Agreement by this Amendment to clarify the operation of the Master Agreement and the User Agreement with respect solely to requests for specified portions of User Data to be used by such requesting parties to avoid engaging in TCPA Prohibited Conduct. Accordingly, the Master Agreement is hereby amended as of the Amendment Effective Date by the addition of new Section 15.7 to follow immediately after existing Section 15.6, such new Section 15.7 to read in its entirety as follows:

15.7 Intermodal Ported TN ID Services

(a) Scope. Notwithstanding the foregoing provisions of this Article 15, Contractor is authorized in accordance with this Section 15.7 to provide certain User Data elements to any entity making a request to Contractor in writing and who satisfies the requirements and conditions set forth in this Section 15.7 (referred to herein as a **"Qualified Limited User Data Recipient"**). The provision of such User Data elements to Qualified Limited User Data Recipients pursuant to the requirements and conditions of this Section 15.7 shall be referred to as the **"Intermodal Ported Telephone Number Identification Service,"** or **"Intermodal Ported TN ID Service,"** for short. The Intermodal Ported TN ID Service contemplated hereunder is neither Services, Additional Services, nor an Enhancement, as those terms are defined in this Agreement. Accordingly, and for all purposes of this Agreement, the Intermodal Ported TN ID Service shall not (1) be considered in the definition of or to constitute Services, NPAC/SMS services, or Additional Services under this Agreement or to constitute access or use of Services, NPAC/SMS services or Additional Services under this Agreement, (2) be subject to the requirements and provisions of Article 13 of this Agreement, (3) be considered in the definition of or to constitute a User Enhancement or a Custom Enhancement under this Agreement. It is the intention of the Customer and the Contractor that the Intermodal Ported TN ID Service is allowable under this Agreement and the User Agreement in furtherance of law, rule, regulation or order of the Federal Communications

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SOW: √ No
 _Yes

Commission or other regulatory agencies having jurisdiction over the NPAC/SMS Service.

(b) Intermodal Ported TN ID Service Agreement. The Intermodal Ported TN ID Service shall only be provided to Qualified Limited User Data Recipients, as determined in accordance with this Section 15.7, after execution and delivery of an agreement satisfying the requirements set forth in Section 15.7(f), in substantially the form of Exhibit O attached hereto and made a part hereof, and as it may be amended from time to time in accordance with or permitted by this Section 15.7 (the “**Intermodal Ported TN ID Service Agreement**”). Contractor shall have the right to amend or to change any provision of the Intermodal Ported TN ID Service Agreement which is not required under Section 15.7(f) and which is not otherwise in violation or breach of this Agreement, including this Section 15.7; provided, however that Contractor shall provide Customer with at least thirty (30) days advance written notice of any such allowable change or revision to the Intermodal Ported TN ID Service Agreement; and provided, further, that changes or amendments to those provisions in the Intermodal Ported TN ID Service Agreement which are required under Section 15.7(f) may be made and shall only be effective upon the advance written agreement of Customer and the Contractor. In consideration for providing the Intermodal Ported TN ID Service in accordance with the Intermodal Ported TN ID Service Agreement and this Section 15.7, Contractor shall be compensated directly and exclusively from each respective Qualified Limited User Data Recipient in accordance with Section 15.7(i). Customer shall not unreasonably withhold consent to Customer requests for the use of alternative versions of the Intermodal Ported TN ID Service Agreement for differently situated Qualified Limited User Data Recipients, so long as those agreements otherwise comply with the requirements of this Section 15.7.

(c) Relationship to User Agreements. Nothing in this Section 15.7 shall supersede the rights of any User under a User Agreement with respect to that User’s User Data and other User’s User Data, and nothing in this Section 15.7 shall alter or otherwise change the acknowledgment and agreement under Section 7.8 of the User Agreement and Section 15.1 of this Agreement that all User Data shall remain the property of the User furnishing it to Contractor. Accordingly, Customer and Contractor hereby agree and acknowledge that a User (and User’s properly authorized agents, attorneys, and legal representatives) may obtain and use User Data pursuant to the terms of the User Agreement for the purpose of ensuring that such User does not

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SOW: √ No
 _Yes

itself engage in TCPA Prohibited Conduct (as defined below in Section 15.7(f)(2)) without being subject to this Section 15.7 or being required to enter into an the Intermodal Ported TN ID Service Agreement and at no additional charge other than as provided in the User Agreement. In addition, Customer and Contractor further hereby agree and acknowledge that a User may obtain and disclose or otherwise make available to a Third Party that is an “**Affiliate**” of the User (referred to as an “**Affiliated Third Party**”) User Data for the purpose of ensuring that such Affiliated Third Party does not itself engage in TCPA Prohibited Conduct (as defined below in Section 15.7(f)(2)), without being subject to this Section 15.7 or being required to enter into an Intermodal Ported TN ID Service Agreement and at no additional charge; provided, however, that the obtaining, disclosure and otherwise making available of such User Data by a User to an Affiliate Third Party shall not be considered in violation of Section 7.6 of the User Agreement and shall be considered in satisfaction of Article 9 of the User Agreement, only so long as such User certifies to Contractor that such Affiliated Third Party is an Affiliate of the User and such Affiliated Third Party executes a confidentiality agreement directly with Contractor, as set forth in Section 15.6 of this Agreement, which confidentiality agreement shall include the substantive restrictions set forth in this Article 15 and shall otherwise be in a form reasonably satisfactory to Contractor and Customer. For purposes of the foregoing sentence, an “**Affiliate**” of a User is any entity, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the respective User, and the term “**control**” for purposes of determining an “**Affiliate**” shall mean either the right to exercise, directly or indirectly, more than ten percent (10%) of the voting rights attributable to the controlled entity or the ownership, directly or indirectly, of more than ten percent (10%) of the total interest in the profits or losses of the controlled entity.

(d) Relationship to NPAC/SMS Services. The Contractor and the Customer expressly agree and acknowledge that the Intermodal Ported TN ID Service shall only be offered so long as it does not adversely affect the operation and performance of the NPAC/SMS and the delivery of Services pursuant to this Agreement, and accordingly, the provision of Services under the terms and conditions of this Agreement other than this Section 15.7 shall take priority to the provision of the Intermodal Ported TN ID Service. Further, in addition to causes for termination of this Agreement and the User Agreement set forth in this Agreement and the User Agreement, the provision of the Intermodal Ported TN ID Service and all Intermodal Ported TN ID Service Agreements may be terminated upon the occurrence of those events

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SOW: √ No
 _Yes

set forth in Section 15.7(l). If Contractor establishes an Intermodal Ported TN ID Service help desk, the telephone number for such help desk shall be different than any current telephone number for a NPAC/SMS help desk and such costs not be included in any charges with respect to the Services.

(e) Inapplicability of Service Levels, GEP Elements and Benchmarking Process. Contractor and Customer expressly agree and acknowledge that Contractor’s provision of the Intermodal Ported TN ID Service hereunder shall not be subject to any separate Service Level Requirements under Article 8 of this Agreement and Exhibit G, to any Benchmarking Process under Article 7 of this Agreement, or to the Gateway Evaluation Process under Article 32 of this Agreement, and thus no separate Service Levels, GEP Elements or Benchmarking Process are hereby established with respect to the provision of the Intermodal Ported TN ID Services. Notwithstanding the foregoing, the effect and consequences on the Services from the provision of the Intermodal Ported TN ID Service shall be included in evaluating the obligations of Contractor with respect to the Service Levels under Article 8 and the GEP Elements under Article 32, including but not limited to all the remedies and recourses resulting from Contractor’s failure or noncompliance under this Agreement and the User Agreement.

(f) Required Provisions of Intermodal Ported TN ID Service Agreement. Each Intermodal Ported TN ID Service Agreement shall be only between the Contractor and the Qualified Limited User Data Recipient and, in addition to containing provisions customary in commercial contracts of this nature, must contain provisions specifying the following:

(i) User Data Elements Provided. Contractor shall make available, by whatever manner and format Contractor considers commercially feasible, and not more frequently than daily, two (2) files consisting of lists of intermodal ports of TNs since November 24, 2003, segregated between wireline to wireless ports and wireless to wireline ports (“**Intermodal Ports**”) for each of the of the 7 Service Areas, on a password secure Web/FTP site for downloading by the Qualified Limited User Data Recipient. The data elements of such Intermodal Ports shall consist exclusively of TNs, and no other User Data elements. Contractor shall not provide the Qualified Limited User Data Recipient direct access to the NPAC or any other User Data elements.

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 _Yes

(ii) Specified Exclusive Use. The United States Federal Communications Commission (the "FCC") has by order implementing the Telephone Consumer Protection Act of 1991 (the "TCPA") adopted rules, including those set forth in 47 C.F.R. Sec. 64.1200, (together with the TCPA, the "TCPA Rules"), prohibiting the initiation of telephone calls (other than a call made for emergency purposes or made with the prior express consent of the called party) using automatic telephone dialing systems or an artificial or prerecorded voice to telephone numbers (TNs) assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call (referred to herein as "**TCPA Prohibited Conduct**"). Accordingly, the Intermodal Ports shall be considered Confidential Information and shall only be provided to a Qualified Limited User Data Recipient for the sole purposes of either (A) permitting that Qualified Limited User Data Recipient to avoid engaging in TCPA Prohibited Conduct by verifying whether TNs are assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call or (B) allowing that Qualified Limited User Data Recipient to disclose, sell, assign, lease or otherwise provide to any other party (referred to as a "**Second Tier Limited User Data Recipient**") to permit such a Second Tier Limited User Data Recipient to avoid engaging in TCPA Prohibited Conduct by verifying whether TNs are assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call. Other than the foregoing, the Qualified Limited User Data Recipient and the Second Tier Limited User Data Recipient shall be absolutely prohibited, subject to damages and injunctive relief, from (a) disclosing, selling, assigning, leasing or otherwise providing to any other party the Intermodal Ports, including to a local service management system or other party or public database, or (b) commercially exploiting the Intermodal Ports in any way, including by way of example and not limitation, for resale or marketing purposes.

(iii) Compliance with Laws. The Qualified Limited User Data Recipient shall be required to comply with all applicable laws, orders

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SOW: √ No
 _Yes

and regulations applicable, including those applicable to the NPAC/SMS, including User Data.

(iv) Acknowledgment of Non-liability of Customer and Users. Both Contractor and the Qualified Limited User Data Recipient shall agree and expressly acknowledge the rights of termination under this Agreement, including by reason of Section 15.7(l), the absolute exclusions from liability with respect to Customer and the exclusion from liability with respect to Users and End-Users for any amounts that would have otherwise been due and payable by such Qualified Limited User Data Recipient under the terms and conditions of the Intermodal Ported TN ID Service Agreements or as a result of the provision the Intermodal Ported TN ID Service upon the termination of the provision the Intermodal Ported TN ID Service (the “**Unpaid Intermodal Charges**”) without an explicit rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Agreement directing the responsibility and liability for payment of those Unpaid Intermodal Charges by Users or End Users.

(v) Other Termination. Both Contractor and the Qualified Limited User Data Recipient shall agree and expressly acknowledge that, in addition to the rights of termination under this Agreement, including by reason of Section 15.7(l), the Intermodal Ported TN ID Service Agreement may be terminated by either Contractor or the Qualified Limited User Data Recipient with sixty (60) days advance written notice for any reason or for no reason at all, but that the restrictions with respect to User Data and Intermodal Ports shall survive such termination.

(vi) Liability, Indemnification and Dispute Resolution. The Intermodal Ported TN ID Service Agreement shall contain liability, indemnification and dispute resolution terms and conditions customary in the industry for like services.

(vii) Compensation. Subject to Section 15.7(i) of this Agreement, Contractor may charge compensation and the Qualified Limited User Data Recipient shall agree to pay such compensation for the provision of the Intermodal Ported TN ID Service.

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SOW: √ No
 _Yes

(viii) Continuing Qualification. The Qualified Limited User Data Recipient agrees to the continuing qualification process set forth in Section 15.7(h)(iii).

(g) Remain User Data. The Intermodal Ports, being provided as part of the Intermodal Ported TN ID Service, being User Data, shall remain User Data and Confidential Information.

(h) Qualification and Continuing Qualification Process. Contractor shall not provide Intermodal Ported TN ID Service to any party, whether a User or otherwise, unless pursuant to this Section 15.7(h) such party qualifies, and continues to qualify during the time such Intermodal Ported TN ID Service is provided to such party, as a Qualified Limited User Data Recipient, and such party enters into and executes the Intermodal Ported TN ID Service Agreement.

(i) Application. Any party requesting the Intermodal Ported TN ID Service shall be required to complete an application. Such an application will require the applying party to identify the User Data which it is requesting, the intended use of the Intermodal Ports to be received through the Intermodal Ported TN ID Service and any all Second Tier Limited User Data Recipients to whom such party intends to disclose, sell, assign, lease or otherwise provide the requested User Data.

(ii) Evaluation of Qualification. Based upon this application, Contractor shall determine, based upon a good-faith, reasonable interpretation of the information provided by such applicant, (A) whether the User Data requested constitutes solely Intermodal Ports, AND (B) whether the intended use of the requested User Data is for the sole purposes of either (I) permitting that applicant as a Qualified Limited User Data Recipient to avoid engaging in TCPA Prohibited Conduct by verifying whether TNs are assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call or (II) allowing that applicant as a Qualified Limited User Data Recipient to disclose, sell, assign, lease or otherwise provide to another third party who qualify as Second Tier Limited User Data Recipients who shall use the User Data only to avoid engaging in TCPA Prohibited Conduct by verifying whether

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SOW: √ No
 _Yes

TNs are assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call. If Contractor is able to make both determinations set forth in clauses (A) and (B) of the preceding sentence AND PROVIDED FURTHER THAT the applicant is otherwise not already a Second Tier Limited User Data Recipient AND no Second Tier Limited User Data Recipient identified in such applicant application is already itself a Qualified Limited User Data Recipient, then upon execution by both Contractor and the applicant of the Intermodal Ported TN ID Service Agreement, such applicant shall be considered a Qualified Limited User Data Recipient. Contractor shall have no duty to investigate the accuracy of any information provided by an applicant on such application. If Contractor is unsure whether a party qualifies as a Qualified Limited User Data Recipient, Contractor shall refer such application to Customer for its decision before entering into an Intermodal Ported TN ID Service Agreement with such party, which shall be binding.

(iii) Continued Qualification Process. Contractor shall require each Qualified Limited User Data Recipient on the anniversary date of its execution of the Intermodal Ported TN ID Service Agreement to certify to Contractor the following: (A) that it is in full compliance with the terms and conditions of the Intermodal Ported TN ID Service Agreement, (B) that it intends in the upcoming year to continue to comply with the terms and conditions of the Intermodal Ported TN ID Service Agreement and (C) if it is providing Intermodal Ports to Second Tier Limited User Data Recipients, that (I) all such Second Tier Limited User Data Recipients have agreed to use the User Data only to avoid engaging in TCPA Prohibited Conduct by verifying whether TNs are assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call and (II) either the identity of those Second Tier Limited User Data Recipients has not changed since the later of the original execution of the Intermodal Ported TN ID Service Agreement or the last preceding certification or listing the additions and deletions to that list of Second Tier Limited User Data Recipients. If a Qualified Limited User Data Recipient fails to deliver such certification on such date to Contractor, or if Contractor determines, by reason of the

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SOW: √ No
 _Yes

certification or otherwise, that such party no longer qualifies as a Qualified Limited User Data Recipient, or if such party breaches any of the obligations of the Intermodal Ported TN ID Service Agreement, then Contractor shall notify Customer and shall take appropriate action, including, without limitation, immediately discontinuing the delivery of Intermodal Ports to such parity, terminating the Intermodal Ported TN ID Service Agreement and seeking appropriate damages and remedies thereunder.

(iv) Quarterly Reports. At no additional charge, Contractor shall provide to Customer a quarterly report listing all applicants for the Intermodal Ported TN ID Service during the preceding quarter, and all current Qualified Limited User Data Recipients and Second Tier Limited User Data Recipients, which report shall set forth in a separate section all new Qualified Limited User Data Recipients and Second Tier Limited User Data Recipients since the last report.

(i) Compensation

(i) Basis for Compensation. Contractor shall not be entitled to compensation of any kind under this Section 15.7 from Customer, Subscribing Customer, Users or End-Users, and shall look solely to the respective Qualified Limited User Data Recipients for any and all compensation for the provision of the Intermodal Ported TN ID Service (referred to as the “**Intermodal Charges**”). Customer and Contractor agree and acknowledge that the Intermodal Ported TN ID Service is not necessary for the provision of number portability. Contractor agrees to compute and to allocate the compensation for the provision of Intermodal Ported TN ID Service in a fair and non-discriminatory manner consistent with the rules, regulations, orders, opinions and decisions of the Federal Communications Commission and other regulatory body having jurisdiction or delegated authority with respect to the NPAC/SMS or this Agreement.

(ii) Cost Plus the Fee. Subject to Section 15.7(i)(i) above and Section 15.7(i)(iv) below, the aggregate amount of Intermodal Charges received by Customer under this Section 15.7(i) since the inception of the Intermodal Ported TN Identification Service and during the Initial Term shall equal not more than the Cost plus the Fee, as more particularly described herein below.

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SOW: √ No
 _Yes

(A) Costs. **"Costs"** means those costs [* * *] or [* * *] and [* * *] or [* * *].

"Direct Costs" costs are those direct costs [* * *] or [* * *] and [* * *] and [* * *].

"Engineering Overhead Costs" are those costs [* * *] and [* * *].

"Administrative Overhead Costs" are those general administrative costs [* * *].

(B) Fee. **"Fee"** is the amount that [* * *] percent [* * *] % [* * *].

(iii) Allocation. In establishing the Intermodal Charges payable by Qualified Limited User Data Recipients, Contractor shall allocate the Cost plus Fee among Qualified Limited User Data Recipients in any manner that is fair and reasonable, which for the purposes of this Section 15.7(i) shall mean usage based, equitably, customary for similar services, commercially reasonable, and which does not discriminate against similarly situated Qualified Limited User Data Recipients. Notwithstanding the foregoing, Contractor and Customer expressly agree and acknowledge that the manner of allocating the Cost plus Fee shall be solely the responsibility of the Contractor, and that Customer assume no responsibility or control with respect to such manner nor does Customer in any way endorse the manner selected by Contractor; subject, however, to the right of the Customer to seek guidance or direction from the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Agreement. Further, no amounts of any Intermodal Charges which, for whatever reason are not recovered by Contractor or allocated and paid for by Qualified Limited User Data Recipients, including by way of inclusion in any cost or overhead computations related to Services under the Master Agreements, any Statements of Work or otherwise, shall be charged or allocated to or assessed and paid by Customer, any Subscribing Customer, any User or any End-User.

(iv) Cost Review. Within ninety (90) days after the end of each calendar year, Contractor will cause its regular independent auditor

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SOW: √ No
 _Yes

(**“Contractor’s Auditor”**) to commence a review of the accuracy and validity of the Costs and related calculations under Section 15.7(ii) (the **“Intermodal Cost Review”**). Within sixty (60) days after commencing the Intermodal Cost Review, Contractor’s Auditor shall issue a sufficiently detailed report (**“Intermodal Cost Report”**) to the Contractor validating the Costs incurred and identifying the Fee received by Contractor. Contractor shall make available to Contractor’s Auditor such documentation necessary to conduct the Intermodal Cost Review and issue the Intermodal Cost Report, including the following: general ledger reports of Intermodal Ported TN Identification Service activity, accounts payable vouchers, invoices, and documents supporting purchases in support of the Intermodal Ported TN Identification Service activity, and other financial records used to support general ledger activity related to the Intermodal Ported TN Identification Service and any other records reasonably requested by Contractor’s Auditor (collectively, the **“Intermodal Review Documents”**).

Contractor shall present Customer with the Intermodal Price Report within thirty (30) days after Contractor’s receipt of the Intermodal Price Report. Upon Customer’s receipt of the Intermodal Price Report, Customer shall have forty-five (45) days to review the Intermodal Price Report and, at Subscribing Customer’s sole cost and expense, do either of the following (i) meet with Contractor’s Auditor to review and explain the Intermodal Price Report, or (ii) inform Contractor in writing that Customer shall employ a separate auditor (**“Customer’s Auditor”**) to conduct a separate review of the accuracy and validity of the Costs incurred under this Section 15.7. Customer’s Auditor will be given reasonable access to the Intermodal Review Documents. Customer’s Auditor shall complete such separate review within ninety (90) days of receipt of the Intermodal Price Report. Before access is given to Customer’s Auditor, Customer’s Auditor will have to execute a non-disclosure agreement with Contractor to prevent the disclosure of Contractor proprietary or confidential information or other information not relevant to verifying the accuracy and validity of the Costs incurred by the Contractor under this Section 15.7.

If it is determined by Contractor’s Auditor or Customer’s Auditor that the compensation Contractor has received since the inception of the

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SOW: √ No
 _Yes

Intermodal Ported TN Identification Service under this Section 15.7 exceeds Cost plus the Fee, Contractor shall propose to Contractor's Auditor and Customer's Auditor, if any, its plan, which may include, but is not limited to, at Contractor's discretion, changes to the Intermodal Charges under Section 15.7(i)(i) and and/or the allocations under Section 15.7(i)(iii), such that its continuing aggregate compensation does not exceed Cost plus the Fee in accordance with Section 15.7(i)(ii). Contractor's Auditor and Customer's Auditor, if any, shall review for reasonableness and adequacy Contractor's proposal (e.g., that such plan's underlying assumptions provide a reasonable basis for Contractor's forecast of revenue and expenditures) and supplement, as necessary, the Intermodal Cost Report. In no event shall Contractor be deemed in violation of Section 15.7(i)(ii) merely because the amount of Intermodal Charges received by Customer under this Section 15.7(i) since the inception of the Intermodal Ported TN Identification Service and during the Initial Term exceeds Cost plus the Fee; provided, however, that Contractor's Auditor and Customer's Auditor, if any, concludes that Contractor's proposal under this paragraph for limiting its aggregate compensation such that it does not exceed the limit set forth in Section 15.7(i)(ii) is reasonable and adequate.

(v) If Customer's Auditor determines that the amount of Intermodal Charges received by Customer under this Section 15.7(i) since the inception of the Intermodal Ported TN Identification Service and during the Initial Term exceeds Cost plus the Fee by more than [* * *] percent [* * *]%, Contractor shall reimburse Customer for the reasonable costs of such review by the Customer's Auditor; provided however that such reimbursement for Customer collectively shall not exceed [* * *] US Dollars [* * *] US \$[* * *].

(j) Audit of Section 15.7 Performance. Subject to Section 15.7(e), Contractor shall annually engage the GEP Auditor separately to audit Contractor's compliance with this Section 15.7 (referred to as the **"Intermodal Services Audit"**), including the maintenance of the certifications and issuance of the reports set forth in Section 15.7(h) and the computation of the Intermodal Services Charge under Section 15.7(i). The costs and expenses of the Intermodal Services Audit shall be charged and accounted for separately from the costs and expenses of the GEP Audit and shall be properly included in **"Direct Costs"** under Section 15.7(i). A report

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SOW: √ No
 _Yes

from the GEP Auditor regarding the results of the Intermodal Services Audit (“Intermodal Services Audit Report”) shall be provided to the Customer and the Contractor for informational purposes only in the same manner that the GEP Audit Report is provided under Section 34.4(e), and such Intermodal Services Audit Report shall be so provided within thirty (30) days after its completion, subject to any review and consideration of a draft of the Intermodal Services Audit Report Draft. If the GEP Auditor is unable alone to determine the methodology and procedures for the Intermodal Services Audit, such Auditor shall determine the methodology and procedures in consultation with the Customer and the Contractor, and the GEP Auditor shall included in such Intermodal Services Audit Report both findings and recommendations to correct and identified deficiencies or failures to comply with the provisions of this Section 15.7. Notwithstanding the foregoing, the Customer and the Contractor agree and acknowledge that neither the Intermodal Services Audit nor this Section 15.7 is intended to result in the imposition of any damages, Performance Credits, TN Porting Price Reductions, subject to Section 15.7(d) above regarding the effect and consequences on the Services from the provision of the Intermodal Ported TN ID Service and the causes for termination of the provision of the Intermodal Ported TN ID Service and all Intermodal Ported TN ID Service Agreements set forth in Section 15.7(l) below.

(k) Neutrality Reviews. In addition to the Intermodal Services Audit, and further subject to Section 15.7(e), the Intermodal Ported TN ID Service shall be included in the Neutrality Review provided for in the Assignment Agreement (Contractor Services Agreement), dated November 30, 1999, by and among Contractor, Lockheed Martin IMS and the Customer (the “**Assignment Agreement**”). If it is determined under and as part of a Neutrality Review that Contractor’s provision of the Intermodal Ported TN ID Service in any way resulted in the violation of a neutrality requirement set forth in the Master Agreement, the User Agreement, the Assignment Agreement, or any applicable rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement. Contractor shall attempt to correct such violation within thirty (30) days following the date of the issuance of the Neutrality Review; provided, however, that where such failure cannot reasonably be cured within such thirty (30) day period, so long as Contractor is diligently pursuing such cure, and regulatory authorities having jurisdiction over such matters (after having reviewed the details of the event

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SOW: √ No
 _Yes

(s) causing Contractor’s failure) have not specifically required Customer to terminate the Intermodal Ported TN ID Service and terminate all Intermodal Ported TN ID Service Agreements, the time for curing such failure shall be extended for such period as may be necessary for Contractor to complete such cure. Notwithstanding the foregoing, the Customer may, at its election but without duty or obligation, and without risk of costs or damages recoverable from Contractor for Customer’s election, seek the guidance and direction of such regulatory authorities if such failure has not been cured with ninety (90) days following the date of the issuance of the Neutrality Review and the Intermodal Ported TN ID Service and all Intermodal Ported TN ID Service Agreements have not been terminated. The costs and expenses of including the Intermodal Ported TN ID Service in the Neutrality Review shall be charged and accounted for separately from the costs and expenses of the Neutrality Review and shall be properly included in “Direct Costs” under Section 15.7(i).

(l) Additional Causes for Termination. In addition to the causes for termination of this Agreement and the User Agreement set forth in this Agreement and the User Agreement, the provision of the Intermodal Ported TN ID Service and all Intermodal Ported TN ID Service Agreements shall immediately be terminated upon the direction of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Agreement or upon an finding or determination of the Federal Communications Commission or any other regulatory body that the continued provision of the Intermodal Ported TN ID Service is contrary to or inconsistent with the duties or roles of the Contractor or the Customer in any way. Contractor shall be responsible for any fines and penalties arising from any noncompliance by Contractor, its subcontractors or agents with any such determinations, findings or rulings or with Contractor’s refusal to terminate the provision of the Intermodal Ported TN ID Service and all Intermodal Ported TN ID Service Agreements.

6. IMPACTS ON MASTER AGREEMENT

The following portions of the Master Agreement are impacted by this Amendment:

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

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SOW: ☒ No
☐ Yes

<input checked="" type="checkbox"/>	Master Agreement
None	Exhibit B Functional Requirements Specification
None	Exhibit C Interoperable Interface Specification
None	Exhibit E Pricing Schedules
None	Exhibit F Project Plan and Test Schedule
None	Exhibit G Service Level Requirements
None	Exhibit H Reporting and Monitoring Requirements
None	Exhibit J User Agreement Form
None	Exhibit K External Design
None	Exhibit L Infrastructure/Hardware
None	Exhibit M Escrow Agreement
None	System Performance Plan for NPAC/SMS Services
<input checked="" type="checkbox"/>	Exhibit O - Intermodal Ported TN Identification Service Agreement
None	Exhibit P - LEAP Service Agreement
None	Exhibit N System Performance Plan for NPAC/SMS Services
None	Disaster Recovery
None	Back-up Plans
None	Gateway Evaluation Process (Article 32 of Master Agreement)

7. MISCELLANEOUS

(a) Neither Customer nor Subscribing Customer shall in any way be liable to any Qualified Limited User Data Recipient or Second Tier Limited User Data Recipient or to Contractor or any User under the Intermodal Ported TN ID Service Agreements or as a result of the provision the Intermodal Ported TN ID Service.

(b) Except as specifically modified and amended hereby, all the provisions of the Master Agreement and the User Agreements entered into with respect thereto, and all exhibits and schedules thereto, shall remain unaltered and in full force and effect in accordance with their terms. From and after the Amendment Effective Date hereof, any reference in the Master Agreement to itself and any Article, Section or subsections thereof or to any Exhibit thereto, or in any User Agreement to itself or to the Master Agreement and applicable to any time from and after the Amendment Effective Date hereof, shall be deemed to be a reference to such agreement, Article, Section, subsection or Exhibit, as modified and amended by this. From and after the Amendment Effective Date, Amendment shall be a part of the Master Agreement, including its Exhibits, and, as such, shall be subject to the terms and conditions therein. Each of the respective Master Agreements with respect to separate Service Areas remains an independent agreement regarding the rights and

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

obligations of each of the Parties thereto with respect to such Service Area, and neither this Amendment nor any other instrument shall join or merge any Master Agreement with any other, except by the express written agreement of the Parties thereto.

(c) If any provision of this Amendment is held invalid or unenforceable the remaining provision of this Amendment shall become null and void and be of no further force or effect. If by rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement, this Amendment is required to be rescinded or is declared ineffective or void in whole or in part, whether temporarily, permanently or ab initio (an **“Ineffectiveness Determination”**), immediately upon such Ineffectiveness Determination and without any requirement on any party to appeal, protest or otherwise seek clarification of such Ineffectiveness Determination, this Amendment shall be rescinded and of no further force or effect retroactively to the Amendment Effective Date. Consequently, the Master Agreement in effect immediately prior to the Amendment Effective Date shall continue in full force and effect in accordance with its terms, unchanged or modified in any way by this Amendment. In the event of an Ineffectiveness Determination, any amounts that would have otherwise been due and payable under the terms and conditions of the Intermodal Ported TN ID Service Agreements or as a result of the provision the Intermodal Ported TN ID Service (the **“Unpaid Intermodal Charges”**) will in no event be charged to allocated to Users or End Users, including by way of inclusion in any cost or overhead computations related to Services under the Master Agreements, any Statements of Work or otherwise, without an explicit rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement directing the responsibility and liability for payment of those Unpaid Intermodal Charges by Users or End Users.

(d) This Amendment may be executed in two or more counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

(e) If at any time hereafter a Customer, other than a Customer that is a party hereto desires to become a party hereto, such Customer may become a party hereto by executing a joinder agreeing to be bound by the terms and conditions of this Amendment, as modified from time to time.

(f) This Amendment is the joint work product of representatives of Customer and Contractor; accordingly, in the event of ambiguities, no inferences will be drawn against either party, including the party that drafted the Agreement in its final form.

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked "[* * *]" and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

(g) This Amendment sets forth the entire understanding between the Parties with regard to the subject matter hereof and supercedes any prior or contemporaneous agreement, discussions, negotiations or representations between the Parties, whether written or oral, with respect thereto. The modifications, amendments and price concessions made herein were negotiated together and collectively, and each is made in consideration of all of the other terms herein. All such modifications, amendments and price concessions are interrelated and are dependent on each other. No separate, additional or different consideration is contemplated with respect to the modifications, amendments and price concessions herein.

(h) This Amendment, the use of the Cost Plus Fee method for determining compensation payable by Qualified Limited User Data Recipients and the composition and details of the Cost Plus Fee method set forth in this Amendment are intended by Contractor and Customer to be separate and distinct from and unrelated to any agreement with respect to Statements of Work under the Master Agreement and the method of determining the cost of such Statements of Work, and shall not be considered to alter, modify, change or amend any such agreements with respect to Statements of Work or to supersede any such agreements with respect to such Statements of Work.

[THIS SPACE INTENTIONALLY LEFT BLANK]

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

IN WITNESS WHEREOF, the undersigned have executed this Amendment:

CONTRACTOR: NeuStar, Inc.

By: _____

Its: _____

Date: _____

CUSTOMER: North American Portability Management, LLC as successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 48 Revision 2 (NE)

SOW: √ No
 _Yes

EXHIBIT O

INTERMODAL PORTED TN IDENTIFICATION SERVICE AGREEMENT

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: √ No
 _ Yes

Pursuant to Instruction 2 to Item 601 of Regulation S-K, NeuStar, Inc. has filed an agreement with the Northeast Carrier Acquisition Company, LLC, which is one of seven agreements that are substantially identical in all material respects other than the parties to the agreements. North American Portability Management, LLC succeeded to the interests of Northeast Carrier Acquisition Company, LLC and each of the other entities listed below. The following list identifies the other parties to the six agreements that have been omitted pursuant to Instruction 2 to Item 601:

- LNP, LLC (Midwest)

- Southwest Region Portability Company, LLC

- Western Region Telephone Number Portability, LLC

- Southeast Number Portability Administration Company, LLC

- Mid-Atlantic Carrier Acquisition Company, LLC

- West Coast Portability Services, LLC



AMENDED AND RESTATED
AMENDMENT
TO

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: √ No
 _ Yes

**CONTRACTOR SERVICES AGREEMENT FOR NUMBER PORTABILITY ADMINISTRATION
CENTER / SERVICE MANAGEMENT SYSTEM**

FOR

LAW ENFORCEMENT AGENCY AND PUBLIC SAFETY ANSWERING POINT ACCESS

Page 2

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked "[* * *]" and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

**AMENDED AND RESTATED
AMENDMENT
TO
CONTRACTOR SERVICES AGREEMENT FOR NUMBER PORTABILITY ADMINISTRATION
CENTER/SERVICE MANAGEMENT SYSTEM
FOR
LAW ENFORCEMENT AGENCY AND PUBLIC SAFETY ANSWERING POINT ACCESS**

1. PARTIES

This Revision 6 to Amendment of, the Contractor Services Agreements for Number Portability Administration Center/Service Management System, as amended and in effect immediately prior to the Amendment Effective Date (each such agreement referred to individually as the **"Master Agreement"** and collectively as the **"Master Agreements"**), and the North American Portability Management LLC, a Delaware limited liability company (the **"Customer"**), as the successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC (the **"Subscribing Customer"**).

2. EFFECTIVENESS AND DEFINED TERMS

This Amendment amends and restates in its entirety Amendment No. 53, as previously amended and restated by Revision 5 thereto, and shall be effective as of the last date of execution below (the **"Amendment Effective Date"**), conditioned upon execution by Contractor and Customer on behalf of all the limited liability companies listed below for the separate United States Service Areas (the **"Subscribing Customers"**).

- Mid-Atlantic Carrier Acquisition Company, LLC
- LNP, LLC (Midwest)
- Northeast Carrier Acquisition Company, LLC
- Southeast Number Portability Administration Company, LLC
- Southwest Region Portability Company, LLC
- West Coast Portability Services, LLC
- Western Region Telephone Number Portability, LLC

The number in the upper left-hand corner refers to this Statement of Work. Capitalized terms used herein without definition or which do not specifically reference another agreement shall have the meanings as defined in the Master Agreements.

3. CONSIDERATION RECITAL

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked "[* * *]" and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

In consideration of the terms and conditions set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and Customer agree as set forth in this Amendment.

4. BACKGROUND

4.1 IVR under SOW 6

As a result of number portability, it is not possible to reliably identify the service provider responsible for a telephone number. However, this service provider information is essential to law enforcement agencies, entities performing public safety answering point (PSAP) functions in the performance of their official duties (and entities authorized or mandated to support either or both). As a result Contractor and Customer issued SOW 6, under which certain data about active ported or pooled numbers – the serving carrier's SPID and name, and the appropriate security contact name and number for the service provider – are available from an Interactive Voice Response ("IVR") system to Users and authorized law enforcement agencies and PSAP providers.

4.2 Request for Improved Access

Law enforcement agencies and PSAP providers approached Contractor and Customer to request a more efficient method of obtaining the same information available from the IVR under SOW 6. Therefore, Customer hereby consents to Contractor agreeing to provide to certain entities an electronic means of accessing the data already available from the IVR under SOW 6 without in any way affecting SOW 6.

4.3 Amendment No. 53

The Parties executed Amendment No. 53, effective June 1, 2006, to amend the Master Agreement to provide qualified law enforcement agencies access to certain portions of User Data to be used by them for lawful activities.

The Parties executed Revision 1 to Amendment No. 53, effective July 1, 2007, to grant PSAP providers authority to access the service provided under Amendment No. 53, and Revision 2 to Amendment No. 53, effective September 1, 2007, to provide for certain historical data to be made available as part of the service provided under Amendment No. 53.

A proposed Revision 3 to Amendment No. 53 for the introduction of a capability named Ported Event Notification Service was previously proposed, but was withdrawn by the Parties. A proposed Revision 4 to Amendment No. 53 for the modification of certain pricing provisions was previously proposed, but was withdrawn by the Parties.

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

The Parties executed Revision 5 to Amendment No 53, effective the 24th day of October, 2012, to modify Amendment No. 53 in three respects. First, in accordance with Section 10 of Amendment No. 70, effective January 28, 2009, it evidenced that such Amendment No. 70 amended the definition of LEAP Data Elements to add the *AltSPID* parameter under the Optional Data field. Second, it added the *Last AltSPID* parameter under the Optional Data field. Third, it added an “Authorized Supporting Organization” as a new category of Qualified Recipient.

This Revision 6 to Amendment No. 53 amends and restates Amendment No. 53 to clarify in Section 15.8(i)(iv) of the Master Agreement the standard for evaluating the reasonableness and accuracy of Contractor’s proposal for ensuring that Contractor’s continuing aggregate compensation thereunder satisfies Section 15.8(i).

5. AUTHORIZATION FOR CONTRACTOR TO PROVIDE CERTAIN USER DATA TO QUALIFIED RECIPIENTS

The Master Agreement is hereby amended as of the Amendment Effective Date by the deletion of Section 15.8, originally introduced by Amendment No. 53, and replacing it in its entirety as follows:

15.8 Law Enforcement Agency and Public Safety Answering Point Entity Access

(a) Scope. Notwithstanding the foregoing provisions of this Article 15, Contractor is authorized in accordance with this Section 15.8 to provide certain information, including User Data elements, to Law Enforcement Agencies, PSAP Providers, and Authorized Supporting Organizations (as those terms are defined in Section 15.8(h) below) including their authorized contractors and agents, making a request to Contractor for access to such information (as more fully described below) in writing and that satisfy the requirements and conditions set forth in this Section 15.8 (such Law Enforcement Agencies to be referred to herein as a **“Qualified LEA”**, such PSAP Providers to be referred to herein as **“Qualified PSAP Provider”**, such Authorized Supporting Organizations to be referred to herein as **“Qualified Authorized Supporting Organization”**, and collectively to be referred to as **“Qualified Recipients”**). The provision of the information identified below in Section 15.8(f)(i) to a Qualified Recipient pursuant to the requirements and conditions of this Section 15.8 shall be accomplished with the use of an LNP Enhanced Analytical Platform (**“LEAP”**) and referred to as the **“LEAP Service.”**

The LEAP Service contemplated hereunder is neither a Service, an Additional Service, nor an Enhancement, as those terms are defined in this Agreement.

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SOW: ☒ No
 ☐ Yes

Accordingly, and for all purposes of this Agreement, the LEAP Service shall not (1) be considered in the definition of or to constitute Services, NPAC/SMS services, or Additional Services under this Agreement, or to constitute access or use of Services, NPAC/SMS services or Additional Services under this Agreement, (2) be subject to the requirements and provisions of Article 13 of this Agreement, (3) be considered in the definition of or to constitute a User Enhancement or a Custom Enhancement under this Agreement. It is the intention of the Customer and the Contractor that the LEAP Service is allowable under this Agreement and the User Agreement in furtherance of law, rule, regulation or order of the Federal Communications Commission or other regulatory agencies having jurisdiction over the NPAC/SMS Service.

Nothing in this Section 15.8 shall affect or otherwise modify SOW 6, concerning the implementation and use of the NPAC SMS IVR system.

Customer and Contractor agree that Contractor will cease providing the LEAP Service upon the issuance of any valid order of the FCC, any other regulatory agency having jurisdiction over the NPAC/SMS service or any court of competent jurisdiction (a) determining that the LEAP Service is inconsistent with or in violation of applicable law or (b) enjoining the provision of the LEAP Service, and that, following any such order, Contractor shall not provide the LEAP Service unless or until such order is rescinded, overturned or modified to permit the provision of the LEAP Service by a final order of the relevant agency, court or a reviewing court.

(b) LEAP Service Agreement. The LEAP Service shall be provided only to a Qualified Recipient, as determined in accordance with this Section 15.8, after execution and delivery of an agreement satisfying the requirements set forth in Section 15.8(f), in substantially the form of Exhibit P attached hereto and made a part hereof, and as it may be amended from time to time in accordance with or permitted by this Section 15.8 (the “**LEAP Service Agreement**”). Contractor shall have the right to amend or to change any provision of the LEAP Service Agreement which is not required under Section 15.8(f) and which is not otherwise in violation or breach of this Agreement, including this Section 15.8; provided, however, that Contractor shall provide Customer with at least thirty (30) days advance written notice of any such allowable change or revision to the LEAP Service Agreement; and provided, further, that changes or amendments to those provisions in the LEAP Service Agreement that are required under Section 15.8(f) may be

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Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

made and shall only be effective upon the advance written agreement of Customer and the Contractor.

In consideration for providing the LEAP Service in accordance with the LEAP Service Agreement and this Section 15.8, Contractor shall be compensated directly and exclusively from each respective Qualified Recipient in accordance with Section 15.8(i). Customer shall not unreasonably withhold consent to Contractor requests for the use of alternative versions of the LEAP Service Agreement for differently situated Qualified Recipients, so long as those agreements otherwise comply with the requirements of this Section 15.8.

(c) Relationship to NPAC/SMS Services. Contractor and Customer expressly agree and acknowledge that the LEAP Service shall be offered only so long as it does not adversely affect the operation and performance of the NPAC/SMS and the delivery of Services pursuant to this Agreement, and accordingly, the provision of Services under the terms and conditions of this Agreement, other than this Section 15.8, shall take priority to the provision of the LEAP Service. Further, in addition to causes for termination of this Agreement set forth in this Agreement and the User Agreement, the provision of the LEAP Service and all LEAP Service Agreements may be terminated upon the occurrence of those events set forth in Section 15.7(l). If Contractor establishes a LEAP Service help desk, the telephone number for such help desk shall be different from any current telephone number for a NPAC/SMS help desk. The costs of any such LEAP Service help desk shall be eligible for inclusion as “Costs” under Section 15.8(i)(ii).

(d) Liability. Contractor shall defend, indemnify and hold harmless Customer, its members and their officers, directors, employees, and agents and their successors and assigns against and from any and all losses, liabilities, suits, damages, claims, demands, and expenses (including, without limitation, reasonable attorneys' fees) included in a settlement (between Contractor and a Third Party) of such suits, claims or demands, or awarded to a Third Party by a court or appropriate administrative agency of competent jurisdiction, including, without limitation, those based on contract or tort arising out of or in conjunction with, but only to the extent that such losses, liabilities, damages claims, demands, and expenses arise out of, or in connection with allegations that the manner in which Contractor provided the LEAP Data Elements (as that term is defined below) as part of the LEAP

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SOW: ☒ No
 ☐ Yes

Service violates a law, rule or regulation, except when the manner in which Contractor provided the LEAP Data Elements was prescribed by Customer.

(e) Inapplicability of Service Levels, GEP Elements and Benchmarking Process. Contractor and Customer expressly agree and acknowledge that Contractor’s provision of the LEAP Service hereunder shall not be subject to any separate Service Level Requirements under Article 8 of this Agreement and Exhibit G, to any Benchmarking Process under Article 7 of this Agreement, or to the Gateway Evaluation Process under Article 32 of this Agreement, and thus no separate Service Levels, GEP Elements or Benchmarking Process are hereby established with respect to the provision of the LEAP Services. Notwithstanding the foregoing, the effect and consequences on the Services from the provision of the LEAP Service shall be included in evaluating the obligations of Contractor with respect to the Service Levels under Article 8 and the GEP Elements under Article 32, including but not limited to all the remedies and recourses resulting from Contractor’s failure or noncompliance under this Agreement and the User Agreement.

(f) Required Provisions of LEAP Service Agreement. Each LEAP Service Agreement shall be only between the Contractor and the Qualified Recipient and, in addition to containing provisions customary in commercial contracts of this nature, must contain provisions specifying the following:

(i) User Data Elements Provided. As part of the LEAP Service, Contractor shall make available:

(A) the NPAC *SPID* of the service provider associated with a telephone number (TN) (i.e., the owner of the Subscription Version for the TN);

(B) the identity of that service provider and of the secondary providers identified in the *AltSPID* and *Last AltSPID* parameters of the Optional Data Field associated with that TN;

(C) the date on which the port(s) from one service provider or secondary provider (by NPAC *SPID*, *Alt SPID*, or *Last AltSPID*) to another service provider (by NPAC *SPID*, *Alt SPID*, or *Last AltSPID*) occurred with respect to that TN;

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SOW: ☒ No
 ☐ Yes

(D) the *AltSPID* parameter under the Optional Data Field associated with that TN;

(E) the *Last AltSPID* parameter under the Optional Data Field associated with that TN; and

(F) the current contact name and number, if available, for each service provider or secondary provider as submitted in any manner to the NPAC by the service provider or secondary provider as its law enforcement and/or emergency contact, and no other User Data elements, for each of the 7 United States Service Areas.

The elements referred in (A), (B), (C), (D), (E), and (F) in the immediately preceding sentence shall be referred to as “**LEAP Data Elements.**”

(ii) LEAP Provisioning. Contractor shall employ an LSMS to provision current and historical LEAP Data Elements into LEAP, where historical LEAP Data Elements means, when feasible for and to the extent available to Contractor, LEAP Data Elements as of January 1, 2004. For Qualified Recipients that qualified solely as PSAP Providers (i.e., not also as an LEA or an Authorized Supporting Organization), historical LEAP Data Elements shall be limited to LEAP Data Elements associated with the current plus the immediately-previous service provider. The LSMS employed by Contractor shall provision a system that is not associated with the NPAC/SMS, which system shall enable the processing of queries for LEAP Data Elements in accordance with this Section 15.8.

(iii) Manner of Access. Qualified Recipients shall access the LEAP Service by virtual private network (machine to machine) or Internet (person to GUI). Qualified Recipients access to LEAP shall be accomplished by authenticated, secure and encrypted means. The LEAP Data Elements may be provided to Qualified Recipients by Contractor through any electronic interface selected by Contractor that otherwise complies with this Section 15.8. LEAP shall not provide Qualified Recipients, either directly or indirectly, access to the NPAC or any NPAC User Data other than the LEAP Data Elements in accordance with this section. A Qualified Recipient may query

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SOW: ☒ No
 ☐ Yes

LEAP an unlimited number of times, but may not request LEAP Data Elements for more than 100 TNs per query.

(iv) Exclusive Use. Contractor may authorize a Qualified Recipient to use LEAP Data Elements received as part of the LEAP Service only for lawful purposes within the statutory authority of the Qualified Recipient. Contractor will require that each Qualified Recipient warrant that it will not (A) disclose, sell, assign, lease or otherwise provide LEAP Data Elements to any other party, including to a local service management system or public database, except as may otherwise be required by applicable federal, state, or local law, rules, regulations, or orders, or (B) commercially exploit the LEAP Data Elements in any way. By way of clarification, and not limitation, the immediately preceding restrictions require that a Qualified Recipient will not share the LEAP Data Elements with other agencies or with other Qualified Recipients or share LEAP Data Elements with officers or employees of other agencies or Qualified Recipients. Notwithstanding the foregoing, a Qualified Recipient may share the LEAP Data Elements to its contractors and, with respect to a PSAP, a subtending or secondary PSAP Provider, for lawful purposes within the statutory authority of the Qualified Recipient.

(v) Compliance with Laws. Contractor shall require that each Qualified Recipient warrant that it will comply with all applicable laws, orders and regulations applicable, including those applicable to the NPAC/SMS, including User Data.

(vi) Acknowledgment of Non-liability of Customer and Users. Both Contractor and the Qualified Recipient shall agree and expressly acknowledge the rights of termination under this Agreement, including by reason of Section 15.8(l), the absolute exclusions from liability with respect to Customer and the exclusion from liability with respect to Users and End-Users for any amounts that would have otherwise been due and payable by such Qualified Recipient under the terms and conditions of the LEAP Service Agreements or as a result of the provision of the LEAP Service upon the termination of the provision the LEAP Service (the “**Unpaid Charges**”) without an explicit rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter

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SOW: ☒ No
 ☐ Yes

of this Agreement directing the responsibility and liability for payment of those Unpaid Charges by Users or End Users.

(vii) Termination. Both Contractor and the Qualified Recipient shall agree and expressly acknowledge that upon any termination of any LEAP Service Agreement, the restrictions with respect to User Data and LEAP Data Elements shall survive such termination.

(viii) Liability, Indemnification and Dispute Resolution. The LEAP Service Agreement shall contain liability, indemnification and dispute resolution terms and conditions customary in the industry for like services.

(ix) Compensation. Subject to Section 15.8(i) of this Agreement, Contractor may charge compensation and the Qualified Recipient shall agree to pay such compensation for the provision of the LEAP Service.

(g) Remain User Data. The LEAP Data Elements, being provided as part of the LEAP Service, being User Data, shall remain User Data and Confidential Information.

(h) Qualification. Contractor shall not provide LEAP Service to any party unless such party first qualifies as a Qualified LEA, Qualified PSAP Provider or Qualified Authorized Supporting Organization pursuant to this Section 15.8(h), and such party enters into and executes the LEAP Service Agreement.

(i) Application. Contractor may entertain only applications from (A) an agency, or officer thereof, of the United States or of a State or political subdivision thereof that is empowered by law to conduct investigations of or to make arrests for violations of federal, state or local laws (“**Law Enforcement Agencies**” or **LEAs**), (B) an entity, including an agency of the United States or of a State or political subdivision thereof, empowered by or contracted under law to operate or administer a PSAP facility to receive 9-1-1 calls, and as appropriate, dispatch emergency response services, or transfers or relays such 9-1-1 calls to another public safety operator (“**PSAP Provider**”), or (C) an entity authorized or mandated by statute of the United States, or a State or political subdivision thereof (“**Express Statutory Mandate**”) to operate as, or to maintain, a clearinghouse

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SOW: ☒ No
 ☐ Yes

of information and data to be shared with LEAs or PSAP Providers, or both, in connection with law enforcement investigations or the administration of a PSAP (“**Authorized Supporting Organization**”).

Notwithstanding the foregoing, Contractor may entertain applications from LEAs through associations and centralized procurement organizations on behalf of the individual LEAs, PSAP Providers or Authorized Supporting Organizations, so long as such LEAs, PSAP Providers and Authorized Supporting Organizations individually meet the qualification requirements set forth in this Section 15.8(h) and such individual LEA PSAP Provider and Authorized Supporting Organization executes a LEAP Service Agreement in accordance with Section 15.8(b).

(ii) Qualification

- a. Contractor shall require that an LEA applicant: (A) certify that it is a Law Enforcement Agency, and (B) provide requester’s name, title, organization, street address, phone number, and e-mail address, and, if applicable, badge number or other applicable ID..
- b. Contractor shall require that a PSAP Provider applicant provide requester’s name, title, organization, street address, phone number, and e-mail address.
- c. Contractor shall require that an Authorized Supporting Organization applicant: (A) certify that it is a Authorized Supporting Organization, and (B) provide requester’s name, title, organization, street address, phone number, and e-mail address.

Upon qualification of a Law Enforcement Agency as a Qualified LEA, a PSAP Provider as a Qualified PSAP Provider or an Authorized Supporting Organization as a Qualified Authorized Supporting Organization, Contractor may require additional information for the purposes of establishing access to the LEAP Service.

(iii) Evaluation

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SOW: ☒ No
 ☐ Yes

- a. LEAs - Based upon the application, Contractor shall determine, based upon a good-faith, reasonable interpretation of the information provided by an LEA applicant, whether the applicant qualifies as a Qualified LEA. Contractor shall verify an LEA applicant’s organization through the National Public Safety Information Source database, or such other similarly authoritative source (the “**LEA Sources**”). Contractor shall independently verify the LEA applicant’s name, title, and, if applicable, badge number or other applicable ID by contacting the identified organization’s contact information set forth in the LEA Sources. Other than the foregoing, Contractor shall have no duty to investigate the accuracy of any information provided by an applicant on such application.
- b. PSAP Providers - Based upon the application, Contractor shall determine, based upon a good-faith, reasonable interpretation of the information provided by a PSAP Provider applicant, whether the applicant qualifies as a Qualified PSAP Provider. Contractor shall verify a PSAP Provider applicant’s organization through the FCC Master PSAP Registry, or such other similarly authoritative source (e.g., National Emergency Number Association (NENA) North American 911 Resource Database (the “**PSAP Sources**”). Contractor shall independently verify the PSAP Provider applicant’s organizational name, state, county, and/or city by contacting the identified organization’s contact information set forth in the PSAP Sources. Other than the foregoing, Contractor shall have no duty to investigate the accuracy of any information provided by an applicant on such application.
- c. Authorized Supporting Organizations – Based upon the application, Contractor shall determine, based upon a good-faith, reasonable interpretation of the information provided by the Authorized Supporting Organization applicant, whether the applicant qualifies as a Qualified Authorized Supporting Organization. Contractor shall

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

verify that an Authorized Supporting Organization is subject to an Express Statutory Mandate to operate as, or to maintain, a clearinghouse of information and data to be shared with LEAs or PSAP Providers, or both, in connection with law enforcement investigations or the administration of a PSAP. Contractor shall independently verify the Authorized Supporting Organization applicant’s organizational name, state, county, and/or city. Other than the foregoing, Contractor shall have no duty to investigate the accuracy of any information provided by an applicant on such application.

(iv) Confirmation Process. Once a calendar year, Contractor shall re-verify each Qualified Recipient’s organization in accordance with Section 15.8(h)(iii) above.

(v) Annual Reports. At no additional charge to Customer, Contractor shall provide to Customer an annual report listing all Qualified LEAs, Qualified PSAP Providers and Qualified Authorized Supporting Organization in effect during the previous twelve-month period, and separately list all Qualified LEAs, Qualified PSAP Providers and Qualified Authorized Supporting Organizations that were newly qualified during the same period.

(i) Compensation

(i) Basis. Contractor shall not be entitled to compensation of any kind under this Section 15.8 from Customer, Subscribing Customers, Users or End-Users, and shall look solely to the respective Qualified Recipient for any and all compensation for the provision of the LEAP Service (referred to as the “**LEAP Charges**”). Customer and Contractor agree and acknowledge that the LEAP Service is not necessary for the provision of number portability. Contractor agrees to compute and to allocate the LEAP Charges in a fair and non-discriminatory manner consistent with the rules, regulations, orders, opinions and decisions of the Federal Communications Commission and other regulatory body having jurisdiction or delegated authority with respect to the NPAC/SMS or this Agreement.

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SOW: ☒ No
 ☐ Yes

(ii) Cost Plus the Fee. Subject to Section 15.8(i)(i) above and Section 15.8(i)(iv) below, the aggregate amount of LEAP Charges received by Contractor under this Section 15.8(i) since the inception of the LEAP Service and during the Initial Term shall equal not more than the Cost plus the Fee, as more particularly described herein below.

(A) Cost. **"Cost"** means those costs [* * *] or [* * *] and [* * *] or [* * *].

"Direct Costs" costs are those direct costs [* * *] or [* * *] and [* * *] and [* * *].

"General and Administrative Overhead Costs" are those general and administrative costs [* * *] percent [* * *] % [* * *].

(B) Fee. **"Fee"** is the amount that [* * *] percent [* * *] % [* * *].

(iii) Allocation. In establishing the LEAP Charges payable by Qualified Recipients, Contractor shall allocate the Cost plus Fee among Qualified Recipients in any manner that is fair and reasonable, which for the purposes of this Section 15.8(i) shall mean usage based, equitably, customary for similar services, commercially reasonable, and which does not discriminate against similarly situated Qualified Recipients. Notwithstanding the foregoing, Contractor and Customer expressly agree and acknowledge that the manner of allocating the Cost plus Fee shall be solely the responsibility of the Contractor, and that Customer assumes no responsibility or control with respect to such manner nor does Customer in any way endorse the manner selected by Contractor; subject, however, to the right of the Customer to seek guidance or direction from the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Agreement. Further, Contractor agrees that no amounts of any LEAP Charges which, for whatever reason are not recovered by Contractor or allocated and paid for by Qualified Recipient, including by way of inclusion in any cost or overhead computations related to Services under the Master Agreement, any Statements of Work or otherwise,

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SOW: ☒ No
 ☐ Yes

shall be charged or allocated to or assessed and paid by Customer, any Subscribing Customer, any User or any End-User.

(iv) Cost Review. Within ninety (90) days after the end of each calendar year, Contractor will cause its regular independent auditor (“**Contractor’s Auditor**”) to commence a review of the accuracy and validity of the Costs and related calculations under Section 15.8(ii) (the “**LEAP Cost Review**”). Within sixty (60) days after commencing the LEAP Cost Review, Contractor’s Auditor shall issue a sufficiently detailed report (“**LEAP Cost Report**”) to the Contractor validating the Costs incurred and identifying the Fee received by Contractor. Contractor shall make available to Contractor’s Auditor such documentation necessary to conduct the LEAP Cost Review and issue the LEAP Cost Report, including the following: general ledger reports of LEAP Service activity, accounts payable vouchers, invoices, and documents supporting purchases in support of the LEAP Service activity, and other financial records used to support general ledger activity related to the LEAP Service and any other records reasonably requested by Contractor’s Auditor (collectively, the “**LEAP Review Documents**”).

Contractor shall present Customer with the LEAP Cost Report within thirty (30) days after Contractor’s receipt of the LEAP Cost Report. Upon Customer’s receipt of the LEAP Cost Report, Customer shall have forty-five (45) days to review the LEAP Cost Report and, at Subscribing Customer’s sole cost and expense, do either of the following (i) meet with Contractor’s Auditor to review and explain the LEAP Cost Report, or (ii) inform Contractor in writing that Customer shall employ a separate auditor (“**Customer’s Auditor**”) to conduct a separate review of the accuracy and validity of the Costs incurred under this Section 15.8. Customer’s Auditor will be given reasonable access to the LEAP Review Documents. Customer’s Auditor shall complete such separate review within ninety (90) days of receipt of the LEAP Cost Report. Before access is given to Customer’s Auditor, Customer’s Auditor will have to execute a non-disclosure agreement with Contractor to prevent the disclosure of Contractor proprietary or confidential information or other information not relevant to verifying the accuracy and validity of the Costs incurred by the Contractor under this Section 15.8.

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SOW: ☒ No
 ☐ Yes

If it is determined by Contractor's Auditor or Customer's Auditor that the compensation Contractor has received since the inception of the LEAP Service under this Section 15.8 exceeds Cost plus the Fee, Contractor shall propose to Contractor's Auditor and Customer's Auditor, if any, its plan, which may include, but is not limited to, at Contractor's discretion, changes to future LEAP Charges under Section 15.8(i)(i) and and/or the allocations under Section 15.8(i)(iii) for future LEAP Services, such that its continuing aggregate compensation does not exceed Cost plus the Fee in accordance with Section 15.8(i)(ii). Contractor's Auditor and Customer's Auditor, if any, shall review for reasonableness and adequacy Contractor's proposal (e.g., that such plan's underlying assumptions provide a reasonable basis for Contractor's forecast of revenue and expenditures) and supplement, as necessary, the LEAP Cost Report. In no event shall Contractor be deemed in violation of Section 15.8(i)(ii) merely because the amount of LEAP Charges received by Customer under this Section 15.8(i) since the inception of the LEAP Service and during the Initial Term exceeds Cost plus the Fee; provided, however, that Contractor's Auditor and Customer's Auditor, if any, concludes that Contractor's proposal under this paragraph for limiting its aggregate compensation such that it does not exceed the limit set forth in Section 15.8(i)(ii) is reasonable and adequate.

If Customer's Auditor determines that the amount of LEAP Charges received by Customer under this Section 15.8(i) since the inception of the LEAP Service and during the Initial Term exceeds Cost plus the Fee by more than [* * *] percent [* * *]%, Contractor shall reimburse Customer for the reasonable costs of such review by the Customer's Auditor; provided however that such reimbursement for Customer collectively shall not exceed [* * *] US Dollars [* * *] US \$[* * *].

(j) Audit of Section 15.8 Performance. Subject to Section 15.8(e), and without duplicating the LEAP Cost Review under Section 15.8(i)(iv), Contractor shall annually engage a third party, reasonably acceptable to both Contractor and Customer, separately to audit (referred to as the "**LEAP Service Audit**") Contractor's compliance with the requirements to (1) qualify, evaluate, confirm, and report on LEAs, PSAP Providers and Authorized Supporting Organizations as Qualified Recipients under

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SOW: ☒ No
 ☐ Yes

Paragraphs (ii), (iii), (iv), and (v) under Section 15.8(h), (2) include in each Qualified Recipient’s LEAP Service Agreement restrictions on the use of data under Section 15.8(f)(iv), (3) ensure there is no interaction between LEAP and the production NPAC under Section 15.8(f)(ii), and (4) charge each Qualified Recipient consistent with its LEAP Service Agreement under 15.8(f)(ix).

The costs and expenses of the LEAP Service Audit shall be charged and accounted for separately from the costs and expenses of the GEP Audit and shall be properly included in Direct Costs under Section 15.8(i). A report from the LEAP Service Auditor regarding the results of the LEAP Service Audit (“**LEAP Service Audit Report**”) shall be provided to the Customer and the Contractor for informational purposes only in the same manner that the GEP Audit Report is provided under Section 34.4(e), and such LEAP Service Audit Report shall be so provided within thirty (30) days after its completion, subject to any review and consideration of a draft of the LEAP Service Audit Report. If the LEAP Service Auditor is unable alone to determine the methodology and procedures for the LEAP Service Audit, such Auditor shall determine the methodology and procedures in consultation with the Customer and the Contractor, and the LEAP Service Auditor shall include in such LEAP Service Audit Report both findings and recommendations to correct identified deficiencies or failures to comply with the provisions of this Section 15.8. Notwithstanding the foregoing, the Customer and the Contractor agree and acknowledge that neither the LEAP Service Audit nor this Section 15.8 is intended to result in the imposition of any damages, Performance Credits, TN Porting Price Reductions, subject to Section 15.8(e) above regarding the effect and consequences on the Services from the provision of the LEAP Service and the causes for termination of the provision of the LEAP Service and all LEAP Service Agreements set forth in Section 15.8(l) below.

(k) Neutrality Reviews. In addition to the LEAP Service Audit, and further subject to Section 15.8(e), the LEAP Service shall be included in the Neutrality Review provided for in the Assignment Agreement (Contractor Services Agreement), dated November 30, 1999, by and among Contractor, Lockheed Martin IMS and the Customer (the “**Assignment Agreement**”). If it is determined under and as part of a Neutrality Review that Contractor’s provision of the LEAP Service in any way resulted in the violation of a neutrality requirement set forth in the Master Agreement, the User Agreement, the Assignment Agreement, or any applicable rule, regulation,

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement, Contractor shall attempt to correct such violation within thirty (30) days following the date of the issuance of the Neutrality Review; provided, however, that where such failure cannot reasonably be cured within such thirty (30) day period, so long as Contractor is diligently pursuing such cure, and regulatory authorities having jurisdiction over such matters (after having reviewed the details of the event(s) causing Contractor’s failure) have not specifically required Customer to terminate the LEAP Service and terminate all LEAP Service Agreements, the time for curing such failure shall be extended for such period as may be necessary for Contractor to complete such cure. Notwithstanding the foregoing, the Customer may, at its election but without duty or obligation, and without risk of costs or damages recoverable from Contractor for Customer’s election, seek the guidance and direction of such regulatory authorities if such failure has not been cured within ninety (90) days following the date of the issuance of the Neutrality Review and the LEAP Service and all LEAP Service Agreements have not been terminated. The costs and expenses of including the LEAP Service in the Neutrality Review shall be charged and accounted for separately from the costs and expenses of the Neutrality Review and shall be properly included in Direct Costs under Section 15.8(i).

(l) Additional Causes for Termination. In addition to the causes for termination of this Agreement and the User Agreement set forth in this Agreement and the User Agreement, the provision of the LEAP Service and all LEAP Service Agreements shall immediately be terminated upon the direction of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Agreement or upon a finding or determination of the Federal Communications Commission or any other regulatory body that the continued provision of the LEAP Service is contrary to or inconsistent with the duties or roles of the Contractor or the Customer in any way. Contractor shall be responsible for any fines and penalties arising from any noncompliance by Contractor, its subcontractors or agents with any such determinations, findings or rulings or with Contractor’s refusal to terminate the provision of the LEAP Service and all LEAP Service Agreements.

7. IMPACTS ON MASTER AGREEMENT

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

The following portions of the Master Agreement are impacted by this Amendment:

☒ Master Agreement
None Exhibit B - Functional Requirements Specification
None Exhibit C - Interoperable Interface Specification
None Exhibit E - Pricing Schedules
None Exhibit F - Project Plan and Test Schedule
None Exhibit G - Service Level Requirements
None Exhibit H - Reporting and Monitoring Requirements
None Exhibit J - User Agreement Form
None Exhibit K - External Design
None Exhibit L - Infrastructure/Hardware
None Exhibit M - Software Escrow Agreement
None Exhibit N - System Performance Plan for NPAC/SMS Services
None Exhibit O - Intermodal Ported TN Identification Service Agreement
☒ Exhibit P - LEAP Service Agreement
None Disaster Recovery
None Back Up Plans
None Gateway Evaluation Process (Article 32 of Master Agreement)

8. MISCELLANEOUS

(a) Neither Customer nor Subscribing Customer shall in any way be liable to any Qualified Recipient or to Contractor or any User under the LEAP Service Agreements or as a result of the provision the LEAP Service.

(b) Except as specifically modified and amended hereby, all the provisions of the Master Agreement and the User Agreements entered into with respect thereto, and all exhibits and schedules thereto, shall remain unaltered and in full force and effect in accordance with their terms. From and after the Amendment Effective Date hereof, any reference in the Master Agreement to itself and any Article, Section or subsections thereof or to any Exhibit thereto, or in any User Agreement to itself or to the Master Agreement and applicable to any time from and after the Amendment Effective Date hereof, shall be deemed to be a reference to such agreement, Article, Section, subsection or Exhibit, as modified and amended by this Amendment. From and after the Amendment Effective Date, Amendment shall be a part of the Master Agreement, including its Exhibits, and, as such, shall be subject to the terms and conditions therein. Each of the respective Master Agreements with respect to separate Service Areas remains an independent agreement regarding the rights and obligations of each of the Parties thereto with respect to such Service Area, and neither this Amendment nor any other instrument shall join or merge any Master Agreement with any other, except by the express written agreement of the Parties thereto.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

(c) If any provision of this Amendment is held invalid or unenforceable, then the remaining provision of this Amendment shall become null and void and be of no further force or effect. If by rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement, this Amendment is required to be rescinded or declared ineffective or void in whole or in part, whether temporarily, permanently or ab initio (an **“Ineffectiveness Determination”**), immediately upon such Ineffectiveness Determination and without any requirement on any party to appeal, protest or otherwise seek clarification of such Ineffectiveness Determination, this Amendment shall be rescinded and of no further force or effect retroactively to the Amendment Effective Date. Consequently, the Master Agreement in effect immediately prior to the Amendment Effective Date shall continue in full force and effect in accordance with its terms, unchanged or modified in any way by this Amendment. In the event of an Ineffectiveness Determination, any amounts that would have otherwise been due and payable under the terms and conditions of the LEAP Service Agreements or as a result of the provision the LEAP Service (the **“Unpaid Charges”**) will in no event be charged or allocated to Users or End Users, including by way of inclusion in any cost or overhead computations related to Services under the Master Agreements, any Statements of Work or otherwise, without an explicit rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement directing the responsibility and liability for payment of those Unpaid Charges by Users or End Users.

(d) This Amendment may be executed in two or more counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

(e) If at any time hereafter a Customer, other than a Customer that is a party hereto desires to become a party hereto, such Customer may become a party hereto by executing a joinder agreeing to be bound by the terms and conditions of this Amendment, as modified from time to time.

(f) This Amendment is the joint work product of representatives of Customer and Contractor; accordingly, in the event of ambiguities, no inferences will be drawn against either party, including the party that drafted the Agreement in its final form.

(g) This Amendment sets forth the entire understanding between the Parties with regard to the subject matter hereof and supercedes any prior or contemporaneous agreement, discussions, negotiations or representations between the Parties, whether written or oral, with respect thereto. The modifications, amendments and price concessions made herein were negotiated together and

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

collectively, and each is made in consideration of all of the other terms herein. All such modifications, amendments and price concessions are interrelated and are dependent on each other. No separate, additional or different consideration is contemplated with respect to the modifications, amendments and price concessions herein.

(h) This Amendment, the use of the Cost Plus Fee method for determining compensation payable by Qualified Recipient and the composition and details of the Cost Plus Fee method set forth in this Amendment are intended by Contractor and Customer to be separate and distinct from and unrelated to any agreement with respect to Statements of Work under the Master Agreement and the method of determining the cost of such Statements of Work, and shall not be considered to alter, modify, change or amend any such agreements with respect to Statements of Work or to supersede any such agreements with respect to such Statements of Work.

[THIS SPACE INTENTIONALLY LEFT BLANK]

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: √ No
 _ Yes

IN WITNESS WHEREOF, the undersigned have executed this Amendment:

CONTRACTOR: NeuStar, Inc.

By: _____

Its: _____

Date: _____

CUSTOMER: North American Portability Management, LLC as successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

Pursuant to 17 CFR 240.24b-2, confidential information has been omitted in places marked “[* * *]” and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

Amendment No. 53 Revision 6 (NE)

SOW: ☒ No
 ☐ Yes

ATTACHMENT 1
TO
AMENDMENT NO. 53
Exhibit P to Master Agreement - LEAP Service Agreement

Page 24

Statement of Work No. 90 (NE)

SOW: ☐ No
☒ Yes

Pursuant to Instruction 2 to Item 601 of Regulation S-K, NeuStar, Inc. has filed an agreement with the Northeast Carrier Acquisition Company, LLC, which is one of seven agreements that are substantially identical in all material respects other than the parties to the agreements. North American Portability Management, LLC succeeded to the interests of Northeast Carrier Acquisition Company, LLC and each of the other entities listed below. The following list identifies the other parties to the six agreements that have been omitted pursuant to Instruction 2 to Item 601:

- LNP, LLC (Midwest)
- Southwest Region Portability Company, LLC
- Western Region Telephone Number Portability, LLC
- Southeast Number Portability Administration Company, LLC
- Mid-Atlantic Carrier Acquisition Company, LLC
- West Coast Portability Services, LLC



STATEMENT OF WORK
UNDER
CONTRACTOR SERVICES AGREEMENT
FOR
NUMBER PORTABILITY ADMINISTRATION CENTER / SERVICE MANAGEMENT SYSTEM

Statement of Work No. 90 (NE)

SOW: ☐ No
☒ Yes

IMPLEMENTATION OF NANC 452
(ETHERNET ACCESS)

Page 2

CONFIDENTIAL

SOW: ☐ No
☒ Yes

STATEMENT OF WORK
UNDER
CONTRACTOR SERVICES AGREEMENT
FOR
NUMBER PORTABILITY ADMINISTRATION CENTER/SERVICE MANAGEMENT SYSTEM
Implementation of NANC 452 (Ethernet Access)

1. PARTIES

This Statement of Work No. 90 (this “**Statement of Work**” or “**SOW**”) is entered into pursuant to Article 13 and Article 30, and upon execution shall be a part of, the Contractor Services Agreements for Number Portability Administration Center/Service Management System, as amended and in effect immediately prior to the SOW Effective Date (each such agreement referred to individually as the “**Master Agreement**” and collectively as the “**Master Agreements**”), by and between NeuStar, Inc., a Delaware corporation (“**Contractor**”), and the North American Portability Management LLC, a Delaware limited liability company (the “**Customer**”), as the successor in interest to and on behalf of the Northeast Carrier Acquisition Company, LLC (the “**Subscribing Customer**”).

2. EFFECTIVENESS AND SUBSCRIBING CUSTOMERS

This Statement of Work shall be effective as of the last date of execution below (the “**SOW Effective Date**”), conditioned upon execution by Contractor and Customer on behalf of all the limited liability companies listed below for the separate United States Service Areas (the “**Subscribing Customers**”).

- LNP, LLC (Midwest)
- Mid-Atlantic Carrier Acquisition Company, LLC
- Northeast Carrier Acquisition Company, LLC
- Southeast Number Portability Administration Company, LLC
- Southwest Region Portability Company, LLC
- West Coast Portability Services, LLC
- Western Region Telephone Number Portability, LLC

The number in the upper left-hand corner refers to this Statement of Work. Capitalized terms used herein without definition or which do not specifically reference another agreement shall have the meanings as defined in the Master Agreement.

3. CONSIDERATION RECITAL

Statement of Work No. 90 (NE)

SOW: ☐ No
☒ Yes

In consideration of the terms and conditions set forth in this Statement of Work, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and Customer agree as set forth in this Statement of Work.

4. APPLICABLE DOCUMENTS

The following internal documents are applicable to the Additional Services contemplated under this SOW:

None Requirements Traceability Matrix
None System Design
None Detailed Design
None Integration Test Plan
None System Test Plan
None NPAC Software Development Process Plan
☒ User Documentation

Effective on the SOW Completion Date (defined below), the term Specifications as used in the Master Agreements shall mean the Specifications as defined therein and as modified and amended pursuant to Statements of Work under the Master Agreements through and including this Statement of Work.

5. IMPACTS ON MASTER AGREEMENT

None Master Agreement
☒ Exhibit B Functional Requirements Specification
None Exhibit C Interoperable Interface Specification
☒ Exhibit E Pricing Schedules
None Exhibit F Project Plan and Test Schedule
None Exhibit G Service Level Requirements
None Exhibit H Reporting and Monitoring Requirements
None Exhibit J User Agreement Form
None Exhibit K External Design
None Exhibit L Infrastructure/Hardware
None Exhibit M Software Escrow Agreement
None Exhibit N System Performance Plan for NPAC/SMS Services
None Exhibit O Intermodal Ported TN Identification Service Agreement
None Exhibit P LEAP Service Agreement
None Disaster Recovery
None Back Up Plans
None Gateway Evaluation Process (Article 32 of Master Agreement)

6. SCOPE OF ADDITIONAL SERVICES

Statement of Work No. 90 (NE)

SOW: No
 ✓Yes

Contractor shall perform the Additional Services set forth herein. The Additional Services under this SOW consist exclusively of the work set forth in this Article 6. The Additional Services under this SOW are not an Enhancement to the NPAC/SMS Software as defined in the Master Agreement.

6.1 Scope

The NPAC/SMS is configured to support dedicated circuits consisting of T1s or Fractional T1s. As implementations of “Next-Generation Networks” increase and the use of Ethernet connectivity expands, Service Providers are beginning to encounter situations where T1 or DS3 connections are not available and the only type of connection option is via Ethernet. In order to support these technological changes, NPAC/SMS connections need to support Ethernet in addition to current T1 technology. Thus, this SOW introduces the capability, as set forth in Section 6.2 below, for mechanized Users to make use of an Ethernet connection for access to the NPAC/SMS, for transport of data between Users' sites and NPAC/SMS data center sites.

In order to meet urgent industry needs, Contractor shall first establish a temporary arrangement for Ethernet access to the NPAC/SMS using Contractor’s corporate Ethernet network. Upon securing long-term access arrangements for Ethernet access, Contractor shall transition Users from Contractor’s corporate Ethernet network to long-term access arrangements.

SLR 7, set forth in Exhibit G of the Agreement, shall not apply to Users availing themselves of this temporary arrangement for Ethernet access. SLR 7 shall, however, apply to Users making use of the long-term access arrangement for Ethernet access.

6.2 Change Order

The NPAC/SMS shall provide the functionality of the NANC change order (“**Change Order**”) 452. The change order provides an Ethernet interface to the NPAC/SMS for mechanized Users.

7. OUT OF SCOPE SERVICES

This SOW contains the agreed upon terms and conditions that shall govern Contractor’s performance of the Additional Services described herein. The Additional Services provided for in this SOW shall not be interpreted, implied, or assumed to include any other service(s), including additional or changed services, not specifically described in Article 6 above. Any and all requested or required services or change orders (hereinafter “**Out of Scope Services**”) may be provided in accordance with Article 13 of the Master Agreement.

8. PROJECT SCHEDULE

The schedule set forth in the following table sets forth a summary of tasks and time frames for implementation of the Change Order:

Statement of Work No. 90 (NE)

SOW: ☐ No
☒ Yes

Phase	Milestone	Date
Phase 0	N/A	SOW Effective Date
Phase 1	Establish Ethernet access via Contractor's corporate network.	1 month after SOW Effective Date
Phase 2	Establish long-term Ethernet access arrangements.	9 months after SOW Effective Date
Phase 3	Transfer Users from access via Contractor's corporate network to long-term arrangements.	10 months after SOW Effective Date

9. ACCEPTANCE

If not accepted sooner by Customer, the Additional Services shall be deemed to have been accepted ("**Acceptance**") upon the absence of written notice from Customer to Contractor identifying a Defect in the Change Order functionality implemented hereunder as of the date that is ten (10) Business Days after its implementation. For purposes of this Section, a "**Defect**" shall mean either a Severity Level 1 or Severity Level 2 defect, as such defects are defined in NPAC Severity Levels1.doc (as amended from time to time), which document may be found on Contractor's Web site at www.npac.com/secure (under NPAC Proprietary Documents, Daily Defect/Unresolved Trouble Ticket Report). The Defect must be reproducible and be one for which no acceptable alternative functionality can be identified.

10. COMPENSATION**10.1 Amendment of Master Agreement**

Effective on the SOW Effective Date, Schedule 1 (Service Element Fees/Unit Pricing) of Exhibit E (Pricing Schedules) of the Master Agreement shall be amended by inserting the following item under Category 1 (Monthly Charges) as follows:

Schedule 1
Service Element Fees/Unit Pricing

Category	Service Element	Unit	Price
I. Monthly Charges			
	Dedicated Ethernet Port to NPAC/SMS network. ¹	Per dedicated line port (up to 100 Mbs)	\$4,000 per month

10.2 Payment

Contractor shall prepare invoices and bill Users for Ethernet access in accordance with the Master Agreement and NPAC/SMS User Agreements thereunder. Contractor shall prepare invoices in accordance with the Master Agreement invoicing, which may include invoicing for charges under

Statement of Work No. 90 (NE)

SOW: ☐ No
☒ Yes

other Statements of Work agreed to pursuant to Article 13 of the Master Agreement, on the last day of a calendar month and shall send such invoice to each User for the amount of its User charges. Contractor shall also prepare and deliver to Customer a report (the **“Monthly Summary of Charges”**) setting forth the billing calculation above. All invoices shall be due and payable within thirty (30) days of the date of the invoice. Late payments will be subject to a one and one-quarter percent (1.25%) interest charge per month, or, if lower, the maximum rate permitted by law.

10.3 Disputes

Any billing disputes shall be promptly presented to Contractor in reasonable detail, in writing. Any requests for adjustment shall not be cause for delay in payment of the undisputed balance due. User may withhold payment of any amounts which are subject to a bona fide dispute; provided it shall pay all undisputed amounts owing to Contractor that have been separately invoiced to User. If re-invoice occurs following the thirty (30) day payment schedule, then such invoice for the undisputed amount shall be paid within ten (10) business days of receipt by User. User and Contractor shall seek to resolve any such disputes expeditiously, but in any event within less than thirty (30) days after receipt of notice thereof. All disputed amounts ultimately paid or awarded to Contractor shall bear interest from the thirtieth (30th) day following the original invoice date.

10.4 Taxes

Each User shall remit to or reimburse Contractor for any taxes that it is obligated to pay by law, rule or regulation or under this SOW, the Master Agreement or its respective NPAC/SMS User Agreement.

11. MISCELLANEOUS

11.1 Except as specifically modified and amended hereby, all the provisions of the Master Agreement and the User Agreements entered into with respect thereto, and all exhibits and schedules thereto, shall remain unaltered and in full force and effect in accordance with their terms. From and after the SOW Effective Date hereof, any reference in the Master Agreement to itself and any Article, Section or subsections thereof or to any Exhibit thereto, or in any User Agreement to itself or to the Master Agreement and applicable to any time from and after the SOW Effective Date hereof, shall be deemed to be a reference to such agreement, Article, Section, subsection or Exhibit, as modified and amended by this SOW. From and after the SOW Effective Date, this Statement of Work shall be a part of the Master Agreement, including its Exhibits, and, as such, shall be subject to the terms and conditions therein. Each of the respective Master Agreements with respect to separate Service Areas remains an independent agreement regarding the rights and obligations of each of the Parties thereto with respect to such Service Area, and neither this SOW nor any other instrument shall join or merge any Master Agreement with any other, except by the express written agreement of the Parties thereto.

Statement of Work No. 90 (NE)

SOW: ☐ No
 ☒ Yes

11.2 If any provision of this SOW is held invalid or unenforceable the remaining provision of this SOW shall become null and void and be of no further force or effect. If by rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this SOW or the Master Agreement, this SOW is required to be rescinded or is declared ineffective or void in whole or in part, whether temporarily, permanently or *ab initio* (an **“Ineffectiveness Determination”**), immediately upon such Ineffectiveness Determination and without any requirement on any party to appeal, protest or otherwise seek clarification of such Ineffectiveness Determination, this SOW shall be rescinded and of no further force or effect retroactively to the Amendment Effective Date. Consequently, the Master Agreement in effect immediately prior to the Amendment Effective Date shall continue in full force and effect in accordance with its terms, unchanged or modified in any way by this SOW. In the event of an Ineffectiveness Determination, any amounts that would have otherwise been due and payable under the terms and conditions of the Master Agreement, in effect immediately prior to the Amendment Effective Date (including, but not limited to any adjustments necessary to retroactively re-price TN Porting Events under Exhibit E from the Amendment Effective Date through the date of the Ineffectiveness Determination, or other amounts or credits, to any party hereunder), shall be invoiced by Contractor at the earliest practical Billing Cycle in accordance with the Master Agreement and shall be due and payable in accordance with the applicable invoice therewith or shall be credited or applied for the benefit of the Customer or any Allocated Payor in accordance with the Master Agreement.

11.3 This SOW may be executed in two or more counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

11.4 If at any time hereafter a Customer, other than a Customer that is a party hereto desires to become a party hereto, such Customer may become a party hereto by executing a joinder agreeing to be bound by the terms and conditions of this SOW, as modified from time to time.

11.5 This SOW is the joint work product of representatives of Customer and Contractor; accordingly, in the event of ambiguities, no inferences will be drawn against either party, including the party that drafted the Agreement in its final form.

11.6 This SOW sets forth the entire understanding between the Parties with regard to the subject matter hereof and supersedes any prior or contemporaneous agreement, discussions, negotiations or representations between the Parties, whether written or oral, with respect thereto. The modifications, amendments and price concessions made herein were negotiated together and collectively, and each is made in consideration of all of the other terms herein. All such modifications, amendments and price concessions are interrelated and are dependent on each other. No separate, additional or different consideration is contemplated with respect to the modifications, amendments and price concessions herein.

Statement of Work No. 90 (NE)

SOW: ☐ No
☒ Yes

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Page 9

CONFIDENTIAL

Statement of Work No. 90 (NE)

SOW: - No
 ✓ Yes

IN WITNESS WHEREOF, the undersigned have executed this Statement of Work:

CONTRACTOR: NeuStar, Inc.

By: _____
Its: _____
Date: _____

CUSTOMER: North American Portability Management LLC, as successor in interest to and on behalf of Northeast Carrier Acquisition Company, LLC

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa A. Hook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NeuStar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2013

/s/ Lisa A. Hook

 Lisa A. Hook
 President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul S. Lalljie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NeuStar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2013

/s/ Paul S. Lalljie

Paul S. Lalljie
Chief Financial Officer
(Principal Accounting Officer)

1. The quarterly report on Form 10-Q of NeuStar, Inc. for the quarter ended June 30, 2013 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NeuStar, Inc.

By: /s/ Lisa A. Hook
Lisa A. Hook
President and Chief Executive Officer

By: /s/ Paul S. Lalljie
Paul S. Lalljie
Chief Financial Officer

A signed original of this written statement has been provided to NeuStar, Inc. and will be retained by NeuStar, Inc. and furnished to the Securities and Exchange Commission or its staff upon request

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-32548

NeuStar, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

52-2141938

(I.R.S. Employer
Identification No.)

21575 Ridgetop Circle

Sterling, Virginia 20166

(Address of principal executive offices) (zip code)

(571) 434-5400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 62,615,875 shares of Class A common stock, \$0.001 par value, and 3,082 shares of Class B common stock, \$0.001 par value, outstanding at October 24, 2013.

NEUSTAR, INC.
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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	September 30, 2013 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 340,255	\$ 352,714
Restricted cash	2,543	1,858
Short-term investments	3,666	—
Accounts receivable, net of allowance for doubtful accounts of \$2,161 and \$2,266, respectively	131,805	142,130
Unbilled receivables	6,372	12,927
Notes receivable	2,740	1,601
Prepaid expenses and other current assets	17,707	20,335
Deferred costs	7,379	6,873
Income taxes receivable	6,596	4,324
Deferred tax assets	6,693	5,285
Total current assets	525,756	548,047
Property and equipment, net	118,513	111,541
Goodwill	572,178	576,038
Intangible assets, net	288,487	257,492
Notes receivable, long-term	1,008	—
Other assets, long-term	20,782	25,585
Total assets	\$ 1,526,724	\$ 1,518,703

See accompanying notes.

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	September 30, 2013 (unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,269	\$ 5,730
Accrued expenses	85,424	79,187
Deferred revenue	49,070	49,343
Notes payable	8,125	7,972
Capital lease obligations	1,686	572
Other liabilities	3,856	2,826
Total current liabilities	157,430	145,630
Deferred revenue, long-term	9,922	10,020
Notes payable, long-term	576,688	610,285
Capital lease obligations, long-term	817	245
Deferred tax liabilities, long-term	114,130	103,545
Other liabilities, long-term	21,129	22,264
Total liabilities	880,116	891,989
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value; 100,000,000 shares authorized; no shares issued and outstanding as of December 31, 2012 and September 30, 2013	—	—
Class A common stock, par value \$0.001; 200,000,000 shares authorized; 85,958,791 and 87,000,157 shares issued; and 66,171,702 and 63,193,693 shares outstanding at December 31, 2012 and September 30, 2013, respectively	86	87
Class B common stock, par value \$0.001; 100,000,000 shares authorized; 3,082 and 3,082 shares issued and outstanding at December 31, 2012 and September 30, 2013, respectively	—	—
Additional paid-in capital	532,743	585,282
Treasury stock, 19,787,089 and 23,806,464 shares at December 31, 2012 and September 30, 2013, respectively, at cost	(604,042)	(800,737)
Accumulated other comprehensive loss	(767)	(1,207)
Retained earnings	718,588	843,289
Total stockholders' equity	646,608	626,714
Total liabilities and stockholders' equity	\$ 1,526,724	\$ 1,518,703

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Revenue:				
Carrier Services	\$ 125,202	\$ 139,477	\$ 375,922	\$ 406,381
Enterprise Services	43,630	44,896	125,204	133,466
Information Services	42,340	43,260	116,090	124,552
Total revenue	211,172	227,633	617,216	664,399
Operating expense:				
Cost of revenue (excluding depreciation and amortization shown separately below)	46,339	51,434	137,364	150,950
Sales and marketing	38,040	40,253	117,466	124,468
Research and development	7,663	7,196	23,483	22,296
General and administrative	20,915	23,751	61,999	66,757
Depreciation and amortization	23,622	24,586	69,041	73,941
Restructuring (recoveries) charges	(32)	—	492	2
	136,547	147,220	409,845	438,414
Income from operations	74,625	80,413	207,371	225,985
Other (expense) income:				
Interest and other expense	(8,517)	(5,496)	(25,114)	(28,851)
Interest and other income	140	64	479	292
Income before income taxes	66,248	74,981	182,736	197,426
Provision for income taxes	20,495	27,442	64,429	72,725
Net income	\$ 45,753	\$ 47,539	\$ 118,307	\$ 124,701
Net income per share:				
Basic	\$ 0.69	\$ 0.74	\$ 1.77	\$ 1.91
Diluted	\$ 0.68	\$ 0.73	\$ 1.74	\$ 1.87
Weighted average common shares outstanding:				
Basic	66,523	63,978	66,880	65,223
Diluted	67,623	65,510	67,961	66,713

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Net income	\$ 45,753	\$ 47,539	\$ 118,307	\$ 124,701
Other comprehensive income (loss), net of tax:				
Available for sale investments, net of tax:				
Change in net unrealized gains, net of tax of \$(21), \$61, \$(64) and \$128, respectively	33	(93)	91	(198)
Reclassification for gains included in net income	—	—	—	—
Net change in unrealized gains on investments, net of tax	33	(93)	91	(198)
Foreign currency translation adjustment, net of tax:				
Change in foreign currency translation adjustment, net of tax of \$(96), \$(40) \$(414) and \$28, respectively	74	39	58	(242)
Reclassification adjustment included in net income	—	—	—	—
Foreign currency translation adjustment, net of tax	74	39	58	(242)
Other comprehensive income (loss), net of tax	107	(54)	149	(440)
Comprehensive income	\$ 45,860	\$ 47,485	\$ 118,456	\$ 124,261

See accompanying notes.

NEUSTAR, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2012	2013
Operating activities:		
Net income	\$ 118,307	\$ 124,701
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,041	73,941
Stock-based compensation	19,987	27,675
Loss on debt modification and extinguishment	—	10,886
Amortization of deferred financing costs and original issue discount on debt	3,020	2,551
Excess tax benefits from stock option exercises	(7,688)	(7,097)
Deferred income taxes	(3,952)	(9,534)
Provision for doubtful accounts	3,117	4,343
Amortization of investment premium (discount), net	420	123
Changes in operating assets and liabilities:		
Accounts receivable	(45,383)	(15,998)
Unbilled receivables	(1,662)	(6,555)
Notes receivable	2,073	2,147
Prepaid expenses and other current assets	11,797	(2,133)
Income taxes receivable	42,282	9,369
Other assets	870	332
Other liabilities	(2,701)	441
Accounts payable and accrued expenses	(14,425)	(3,916)
Deferred revenue	6,266	(254)
Net cash provided by operating activities	201,369	211,022
Investing activities:		
Purchases of property and equipment	(35,630)	(35,259)
Sales and maturities of investments	5,968	3,543
Purchases of investments	(1,494)	—
Business acquired	—	(8,500)
Net cash used in investing activities	(31,156)	(40,216)
Financing activities:		
Decrease of restricted cash	3	685
Proceeds from notes payable, net of discount	—	624,244
Extinguishment of note payable	—	(592,500)
Debt issuance costs	—	(11,410)
Payments under notes payable obligations	(4,500)	(6,094)
Principal repayments on capital lease obligations	(2,886)	(1,686)
Proceeds from exercise of common stock options	52,085	18,225
Excess tax benefits from stock-based compensation	7,688	7,097
Repurchase of restricted stock awards	(9,631)	(6,861)
Repurchase of common stock	(73,803)	(189,834)
Net cash used in financing activities	(31,044)	(158,134)
Effect of foreign exchange rates on cash and cash equivalents	(357)	(213)
Net increase in cash and cash equivalents	138,812	12,459
Cash and cash equivalents at beginning of period	122,237	340,255
Cash and cash equivalents at end of period	\$ 261,049	\$ 352,714

See accompanying notes.

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

NeuStar, Inc. (the Company or Neustar) is a trusted provider of real-time information and analysis using proprietary and hard to replicate data sets. The Company's customers use its services for commercial insights that help them promote and protect their businesses. The Company combines proprietary, third party and customer data sets to develop unique algorithms, models, point solutions and complete work flow solutions. Among other things, chief marketing, security, information and operating officers use these real-time insights to identify who or what is at the other end of a transaction, the geographic context of a transaction and the most appropriate response. The Company provides its services in a trusted and neutral manner. The Company's customers access its databases through standard connections, which the Company believes is the most efficient and cost effective way to exchange operationally essential data in a secured environment that does not favor any particular customer or technology. Today the Company primarily serves customers in the Internet, telecommunications, technology, financial services, retail, and media and advertising verticals.

The Company was founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. The Company provides the authoritative solution that the communications industry relies upon to meet this mandate. Since then, the Company has grown to offer a broad range of innovative services, including database services (telephone number databases, domain names, short-codes and fixed IP addresses), analytics platforms used for Internet security services, caller identification services, web performance monitoring services and real-time information and analytics services.

The Company provides the North American communications industry with real-time information that enables the dynamic routing of virtually all telephone calls and text messages among competing carriers in the United States and Canada. The Company's internet and eCommerce customers use its broad array of domain name systems (DNS) solutions to resolve internet queries in a timely manner and to protect their businesses from malicious attacks. The Company also provides a broad suite of solutions that allows its customers to generate marketing leads, offer more relevant services and improve client conversion rates.

The Company categorizes its services into three reportable segments:

- *Carrier Services.* The Company's carrier services include numbering services, order management services and IP services. Through its set of unique databases and system infrastructure in geographically dispersed data centers, the Company manages the increasing complexity in the communications industry and ensures the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their infrastructure. The Company operates the authoritative databases that manage virtually all telephone area codes and numbers, and enables the dynamic routing of calls and text messages among numerous competing carriers in the United States and Canada. All carriers that offer telecommunications services to the public at large in the United States and Canada must access a copy of the Company's unique database to properly route their customers' calls and text messages. The Company also facilitates order management and work-flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.
- *Enterprise Services.* The Company's enterprise services include Internet infrastructure services (IIS) and registry services. Through the Company's global directory platform, the Company provides a suite of DNS services to its enterprise customers. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. In addition, enterprise customers rely on the Company's services to monitor and load-test websites to help identify issues and optimize performance. The Company also provides fixed IP geolocation services that help enterprises identify the location of their online consumers for a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry. The Company also operates the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers can use to access to their entertainment content.

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

- *Information Services.* The Company's information services include on-demand solutions that help carriers and enterprises identify, verify, evaluate and locate customers and prospective customers. The Company's authoritative databases and solutions enable its clients to return the caller name associated with the calling phone number and to make informed decisions in real time about consumer-initiated interactions on the Internet, over the telephone and at the point of sale, by correlating consumer identifier information with attributes such as demographics, buying behavior surveys and location. This allows the Company's customers to offer consumers more relevant services and products, and leads to higher client conversion rates. Using the Company's proprietary databases, the Company's online display advertising solution allows marketers to display, in real time, advertisements that will be most relevant to online consumers without the need for online behavioral tracking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the full fiscal year. The consolidated balance sheet as of December 31, 2012 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (the 2012 Form 10-K) filed with the Securities and Exchange Commission. Certain prior period amounts have been reclassified to conform to current period presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Significant estimates and assumptions are inherent in the analysis and the measurement of deferred tax assets; the identification and quantification of income tax liabilities due to uncertain tax positions; recoverability of intangible assets, other long-lived assets and goodwill; and the determination of the allowance for doubtful accounts. The Company bases its estimates on historical experience and assumptions that it believes are reasonable. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Financial Instruments requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the accompanying unaudited consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those matrix prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (i.e., coupon rate, maturity, credit rating) (see Note 4). The Company believes the carrying value of its notes receivable approximates fair value as the interest rate approximates a market rate. The Company believes the carrying value of its \$325 million senior secured term loan facility (2013 Term Facility) approximates the fair value of the debt as the terms and interest rates approximate market rates (see Note 6). The Company determines the fair value of its \$300 million aggregate principal amount of 4.50% senior notes due 2013 (Senior Notes) using a secondary market price on the last trading day in each period as quoted by Bloomberg (see Note 6).

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

The estimated fair values of the Company's financial instruments are as follows (in thousands):

	December 31, 2012		September 30, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 340,255	\$ 340,255	\$ 352,714	\$ 352,714
Restricted cash (current assets)	2,543	2,543	1,858	1,858
Short-term investments	3,666	3,666	—	—
Notes receivable (including current portion)	3,748	3,748	1,601	1,601
Marketable securities (other assets, long-term)	4,458	4,458	3,491	3,491
Deferred compensation (other liabilities, long-term)	3,874	3,874	3,599	3,599
2011 Term Facility (including current portion, net of discount)	584,813	584,813	—	—
2013 Term Facility (including current portion, net of discount)	—	—	318,257	318,257
Senior Notes (including current portion)	—	—	300,000	272,063

Restricted Cash

As of December 31, 2012 and September 30, 2013, cash of \$2.5 million and \$1.9 million, respectively, was restricted for deposits on leased facilities.

Recent Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220) — Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This update requires the presentation, either in a single note or parenthetically on the face of the financial statements, of the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. This ASU is effective prospectively for the Company for annual and interim periods beginning January 1, 2013. The adoption of the amended accounting guidance in the first quarter of 2013 impacted the Company's presentation of other comprehensive income and did not have an impact on the Company's consolidated results of operations.

3. INVESTMENTS

The Company's investments were comprised of pre-refunded municipal bonds, secured by an escrow fund of U.S. Treasury securities. These investments were accounted for as available-for-sale securities in the Company's consolidated balance sheet pursuant to the Investments - Debt and Equity Securities Topic of the FASB ASC. As of December 31, 2012, both the amortized cost and estimated fair value of the investments were \$3.7 million. The Company had no investments as of September 30, 2013.

During the three and nine months ended September 30, 2012, the Company sold approximately \$3.6 million and \$6.0 million, respectively, of available-for-sale securities and recognized minimal gains for both periods. During the three and nine months ended September 30, 2013, the Company sold approximately \$1.4 million and \$3.5 million, respectively, of available-for-sale securities and recognized minimal gains for both periods. The Company did not record any impairment charges related to these investments during the three and nine months ended September 30, 2012 and 2013.

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4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosure Topic of FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1. Observable inputs, such as quoted prices in active markets;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company evaluates assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. This determination requires the Company to make significant judgments.

The Company determines the fair value of its investments using third-party pricing sources, which primarily use a consensus price or weighted average price for the fair value assessment. The consensus price is determined by using matrix prices from a variety of industry standard pricing services, data providers, large financial institutions and other third party sources and utilizing those multiple prices as inputs into a distribution-curve-based algorithm to determine the estimated market value. Matrix prices are based on quoted prices for securities with similar terms (*i.e.*, coupon rate, maturity, credit rating). The Company corroborates consensus prices provided by third party pricing sources using reported trade activity, benchmark yield curves, binding broker/dealer quotes or other relevant price information.

The following table sets forth, as of December 31, 2012 and September 30, 2013, the Company's financial and non-financial assets and liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy (in thousands):

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Municipal bonds (maturities less than one year)	\$ —	\$ 3,666	\$ —	\$ 3,666
Marketable securities ⁽¹⁾	4,458	—	—	4,458
Total	\$ 4,458	\$ 3,666	\$ —	\$ 8,124

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Marketable securities ⁽¹⁾	\$ 3,491	\$ —	\$ —	\$ 3,491

- (1) The NeuStar, Inc. Deferred Compensation Plan (the Plan) provides directors and certain employees with the ability to defer a portion of their compensation. The assets of the Plan are invested in marketable securities held in a Rabbi Trust and reported at market value in other assets.

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5. GOODWILL AND INTANGIBLE ASSETS

On May 2, 2013, the Company acquired certain assets of a service order administrative business. Total consideration for this purchase included cash consideration of \$10.0 million, of which \$8.5 million was paid on closing and \$1.5 million was retained by the Company as a reserve fund for satisfaction of potential indemnification claims. The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations have been included within the Carrier Services segment in the Company's consolidated statement of operations since the date of the acquisition. Of the total purchase price, the Company recorded \$6.1 million of definite-lived intangible assets and \$3.9 million of goodwill. Goodwill is expected to be deductible for tax purposes.

Goodwill

The Company's goodwill by operating segment as of December 31, 2012 and September 30, 2013 is as follows (in thousands):

	December 31, 2012	Acquisition	September 30, 2013
Carrier Services:			
Gross goodwill	\$ 222,355	\$ 3,860	\$ 226,215
Accumulated impairments	(93,602)	—	(93,602)
Net goodwill	128,753	3,860	132,613
Enterprise Services:			
Gross goodwill	16,198	—	16,198
Accumulated impairments	—	—	—
Net goodwill	16,198	—	16,198
Information Services:			
Gross goodwill	427,227	—	427,227
Accumulated impairments	—	—	—
Net goodwill	427,227	—	427,227
Total:			
Gross goodwill	665,780	3,860	669,640
Accumulated impairments	(93,602)	—	(93,602)
Net goodwill	\$ 572,178	\$ 3,860	\$ 576,038

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Intangible Assets

Intangible assets consist of the following (in thousands):

	December 31, 2012	September 30, 2013	Weighted- Average Amortization Period (in years)
Intangible assets:			
Customer lists and relationships	\$ 315,098	\$ 320,939	7.9
Accumulated amortization	(69,526)	(97,006)	
Customer lists and relationships, net	245,572	223,933	
Acquired technology	58,859	59,060	4.8
Accumulated amortization	(20,387)	(28,172)	
Acquired technology, net	38,472	30,888	
Trade name	7,630	7,630	3.0
Accumulated amortization	(3,187)	(5,045)	
Trade name, net	4,443	2,585	
Non-compete agreement	—	100	3.0
Non-compete agreement amortization	—	(14)	
Non-compete agreement, net	—	86	
Intangible assets, net	\$ 288,487	\$ 257,492	

Amortization expense related to intangible assets, which is included in depreciation and amortization expense, was approximately \$12.6 million and \$12.4 million for the three months ended September 30, 2012 and 2013, respectively, and \$37.7 million and \$37.1 million for the nine months ended September 30, 2012 and 2013, respectively. Amortization expense related to intangible assets for the years ended December 31, 2013, 2014, 2015, 2016, 2017 and thereafter is expected to be approximately \$49.4 million, \$48.7 million, \$46.7 million, \$44.9 million, \$36.4 million and \$68.5 million, respectively. Intangible assets as of September 30, 2013 will be fully amortized during the year ended December 31, 2021.

6. NOTES PAYABLE

Notes payable consist of the following (in thousands):

	December 31, 2012	September 30, 2013
2011 Term Facility (net of discount)	\$ 584,813	\$ —
2013 Term Facility (net of discount)	—	318,257
Senior Notes	—	300,000
Total	584,813	618,257
Less: current portion, net of discount	(8,125)	(7,972)
Long-term portion	\$ 576,688	\$ 610,285

Debt Refinancing

As of December 31, 2012, the Company's outstanding borrowings, net of discount, under its credit facility were \$584.8 million. This credit facility provided for: (1) a \$600 million senior secured term loan facility (2011 Term Facility); (2) a \$100 million senior secured revolving credit facility (2011 Revolving Facility and together with the 2011 Term Facility, the 2011 Credit Facilities). As of December 31, 2012, available borrowings under the 2011 Revolving Facility were \$92.2 million.

On January 22, 2013, the Company entered into a credit facility that provided for a \$325 million senior secured term loan facility (2013 Term Facility) and a \$200 million senior secured revolving credit facility (2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities). In addition, the Company closed an offering of \$300 million aggregate principal amount of senior notes (Senior Notes). The Company used the proceeds received from the 2013 Term Facility and

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Senior Notes to repay its outstanding principal borrowings of \$592.5 million under the 2011 Term Facility. The Company used available borrowings under the 2013 Revolving Facility to secure outstanding letters of credit totaling \$7.8 million that were previously secured by the 2011 Revolving Facility. The 2011 Credit Facilities were terminated in connection with this refinancing event.

Certain investors of the 2011 Credit Facilities reinvested in either or both of the 2013 Credit Facilities and Senior Notes and the change in the present value of future cash flows between the investments was less than 10%. Accordingly, the Company accounted for this refinancing event for these investors as a debt modification. Certain investors of the 2011 Credit Facilities either did not invest in the 2013 Credit Facilities or Senior Notes or the change in the present value of future cash flows between the investments was greater than 10%. Accordingly, the Company accounted for this refinancing event for these investors as a debt extinguishment. In applying debt modification accounting, during the three months ended March 31, 2013, the Company recorded \$25.8 million in loan origination fees and deferred financing costs, of which \$16.9 million related to investors of the 2011 Credit Facilities that reinvested in either or both of the 2013 Credit Facilities and Senior Notes. This amount is being amortized into interest expense over the term of the 2013 Credit Facilities and Senior Notes using the effective interest method. In addition, the Company recorded \$10.9 million in interest and other expense, comprised of \$9.4 million in loss on debt extinguishment and \$1.5 million in debt modification expense, in connection with this refinancing event.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio (as defined in the 2013 Credit Facilities) on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of September 30, 2013, the Company had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.0 million, exclusive of outstanding letters of credit totaling \$8.0 million.

Principal payments under the 2013 Term Facility are as follows (in thousands):

2013	\$	8,125
2014		8,125
2015		8,125
2016		8,125
2017		8,125
Thereafter		284,375
Total principal payments	\$	325,000

Principal payments under the 2013 Term Facility of \$2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at the Company's option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning on March 31, 2013.

The Company may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of

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the required lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken.

As of September 30, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities were \$8.9 million. Total amortization expense of the deferred financing costs and loan origination fees was \$0.5 million and \$1.5 million for the three and nine months ended September 30, 2013, respectively, and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, the Company closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among the Company, certain of its domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are the general unsecured senior obligations of the Company and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest accrues from January 22, 2013. As of September 30, 2013, accrued interest under the Senior Notes was \$2.8 million. At September 30, 2013, the estimated fair value of the Senior Notes was \$272.1 million and was determined using a secondary market price on the last trading day in each period as quoted by Bloomberg (Level 2 inputs).

At any time and from time to time prior to July 15, 2016, the Company may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

Prior to January 15, 2018, the Company may redeem some or all of the Senior Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, the Company may redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If the Company experiences certain changes of control together with a ratings downgrade, it will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. If the Company sells certain assets and does not repay certain debt or reinvest the proceeds of such sales within certain time periods, it will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and defaults related to bankruptcy events. The Senior Notes also contain customary negative covenants.

As of September 30, 2013, deferred financing costs related to the Senior Notes were \$14.6 million. Total amortization expense of the deferred financing costs was \$0.3 million and \$0.9 million for the three and nine months ended September 30, 2013, respectively, and is reported as interest expense in the consolidated statements of operations.

7. STOCKHOLDERS' EQUITY

Stock-Based Compensation

The Company maintains six compensation plans: the NeuStar, Inc. 1999 Equity Incentive Plan (1999 Plan); the NeuStar, Inc. 2005 Stock Incentive Plan (2005 Plan); the Amended and Restated NeuStar, Inc. 2009 Stock Incentive Plan (2009 Plan); the Targus Information Corporation Amended and Restated 2004 Stock Incentive Plan (TARGUSinfo Plan); the AMACAI Information Corporation 2004 Stock Incentive Plan (AMACAI Plan) (collectively, the Plans), and the Neustar, Inc. Employee

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Stock Purchase Plan (ESPP). The Company may grant to its directors, employees and consultants awards under the 2009 Plan in the form of incentive stock options, nonqualified stock options, stock appreciation rights, shares of restricted stock, restricted stock units, performance vested restricted stock units (PVRsUs) and other stock-based awards. The aggregate number of shares of Class A common stock with respect to which all awards may be granted under the 2009 Plan is 11,911,646, plus the number of shares underlying awards granted under the 1999 Plan, the 2005 Plan, the TARGUSinfo Plan, and the AMACAI Plan that remain undelivered following any expiration, cancellation or forfeiture of such awards. As of September 30, 2013, a total of 5,972,189 shares were available for grant or award under the 2009 Plan.

The Company's ESPP permits employees to purchase shares of common stock at a 15% discount from the market price of the stock at the beginning or at the end of a six-month purchase period, whichever is less. The six-month purchase periods begin on May 1 and November 1 each year. As of September 30, 2013, a total of 600,000 shares were available to be issued under the ESPP from the Company's treasury stock.

Stock-based compensation expense recognized for the three months ended September 30, 2012 and 2013 was \$9.0 million and \$9.7 million, respectively, and \$20.0 million and \$27.7 million for the nine months ended September 30, 2012 and 2013, respectively. As of September 30, 2013, total unrecognized compensation expense related to non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRsUs granted prior to that date was estimated at \$51.5 million, which the Company expects to recognize over a weighted average period of approximately 1.37 years. Total unrecognized compensation expense as of September 30, 2013 is estimated based on outstanding non-vested stock options, non-vested restricted stock awards, non-vested restricted stock units and non-vested PVRsUs. Stock-based compensation expense may increase or decrease in future periods for subsequent grants or forfeitures, and changes in the estimated fair value of non-vested awards granted to consultants.

Stock Options

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock options granted. No options were granted during the three and nine months ended September 30, 2012 and 2013. The following table summarizes the Company's stock option activity:

	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted-Average Remaining Contractual Life (in years)
Outstanding at December 31, 2012	3,296,040	\$ 24.81		
Options granted	—	—		
Options exercised	(744,865)	24.28		
Options forfeited	(330,873)	27.36		
Outstanding at September 30, 2013	2,220,302	\$ 24.61	\$ 55.2	6.31
Exercisable at September 30, 2013	1,373,579	\$ 23.91	\$ 35.1	5.82

The aggregate intrinsic value of options exercised for the nine months ended September 30, 2013 was \$17.8 million.

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Restricted Stock Awards

The following table summarizes the Company's non-vested restricted stock activity for the nine months ended September 30, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2012	305,390	\$ 24.20	
Restricted stock granted	—	—	
Restricted stock vested	(101,520)	25.02	
Restricted stock forfeited	(33,172)	26.43	
Outstanding at September 30, 2013	170,698	\$ 23.28	\$ 8.4

The total aggregate intrinsic value of restricted stock vested during the nine months ended September 30, 2013 was \$4.6 million. During the three and nine months ended September 30, 2013, the Company repurchased 2,866 and 37,301 shares of common stock, respectively, for an aggregate purchase price of \$0.2 million and \$1.7 million, respectively, pursuant to the participants' rights under the Company's stock incentive plans to elect to use common stock to satisfy their tax withholding obligations.

Performance Vested Restricted Stock Units

2012 Long-Term Incentive Program

During the nine months ended September 30, 2013, the Company awarded 99,210 PVRsUs, of which 49,605 PVRsUs were granted with an aggregate fair value of \$2.2 million. During the three months ended March 31, 2013, the Company established the performance goals for the period beginning on January 1, 2013 and ending on December 31, 2013. The establishment of the 2013 performance goals resulted in the grant of 606,456 PVRsUs with an aggregate fair value of \$26.7 million, originally awarded during the year ended December 31, 2012.

For executive management, the awarded PVRsUs are subject to five one-year performance periods, the first of which began on January 1, 2012 and ended December 31, 2012 and the last of which begins on January 1, 2016 and ends on December 31, 2016. Each executive is eligible to earn up to 150% of one-fifth of the award with respect to each annual performance period, subject to the achievement of the respective performance goals for each one-year performance period. For non-executive management, the PVRsUs awarded are subject to three one-year performance periods, the first of which began on January 1, 2012 and ended December 31, 2012 and the last of which begins on January 1, 2014 and ends on December 31, 2014. Each non-executive is eligible to earn up to 150% of one-third of the award with respect to each annual performance period, subject to the achievement of the respective performance goals for each one-year performance period. For both executive and non-executive management, the performance goals for each of the 2012 and 2013 performance periods were and will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned (a) by executive management with respect to the first three performance periods will vest on January 1, 2015 and the portion of the award, if any, earned with respect to the final two performance periods will vest on January 1, 2016 and January 1, 2017, respectively; and (b) by non-executive management with respect to all three performance periods, 75% of the earned amount will vest on the first business day of 2015, and the remaining 25% of the earned amount will vest on the first business day of 2016. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and the length of the vesting period.

2013 Long-Term Incentive Program

During the nine months ended September 30, 2013, the Company awarded 230,840 PVRsUs, of which 65,079 PVRsUs were granted with an aggregate fair value of \$3.1 million.

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The awarded PVRsUs are subject to three one-year performance periods, the first of which begins on January 1, 2013 and ends on December 31, 2013 and the last of which begins on January 1, 2015 and ends on December 31, 2015. Each participant is eligible to earn up to 150% of one-third of the award with respect to each annual performance period, subject to the achievement of the respective performance goals for each one-year performance period. The performance goal for the performance period from January 1, 2013 through December 31, 2013 will be based on: (i) Non-NPAC Revenue, (ii) Total Revenue, and (iii) Adjusted Net Income. The performance goals for the future one-year performance periods will consist of financial measures, weights and payouts to be established no later than 90 days after the beginning of each such period.

Subject to each participant's continued service and to certain other terms and conditions, the portion of the award, if any, earned will vest on March 1 in the year following the respective annual performance period. Compensation expense related to these awards is recognized over the requisite service period based on the Company's estimate of the achievement of the performance target and the length of the vesting period.

Non-Vested PVRsU Activity

The fair value of a PVRsU is measured by reference to the closing market price of the Company's common stock on the date of the grant. Compensation expense is recognized on a straight-line basis over the requisite service period based on the number of PVRsUs expected to vest. As of September 30, 2013, the level of achievement of the performance target awards for PVRsUs performance years 2011, 2012 and 2013 was 134%, 129.5% and 100%, respectively.

The following table summarizes the Company's non-vested PVRsU activity for the nine months ended September 30, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Non-vested December 31, 2012	971,023	\$ 31.72	
Granted	721,140	44.34	
Incremental achieved ⁽¹⁾	170,225	36.32	
Vested	(159,346)	22.85	
Forfeited	(233,140)	35.59	
Non-vested September 30, 2013	1,469,902	\$ 38.79	\$ 72.7

(1) Incremental achieved represents the additional awards in excess of the target grant resulting from the achievement of performance goals at levels above the performance targets established at the grant date.

The total aggregate intrinsic value of PVRsUs vested during the nine months ended September 30, 2013 was approximately \$6.7 million. The Company repurchased 60,075 shares of common stock for an aggregate purchase price of \$2.5 million pursuant to the participants' rights under the Plans to elect to use common stock to satisfy their tax withholding obligations.

Restricted Stock Units

The following table summarizes the Company's restricted stock units activity for the nine months ended September 30, 2013:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2012	922,550	\$ 33.20	
Granted	80,374	48.29	
Vested	(174,065)	38.28	
Forfeited	(73,491)	36.98	
Outstanding at September 30, 2013	755,368	\$ 33.27	\$ 37.4

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During the nine months ended September 30, 2013, the Company granted 80,374 restricted stock units to certain employees with an aggregate fair value of \$3.9 million. Restricted stock units granted to executive management will vest annually in 5 equal installments. Restricted stock units granted to non-executive management will vest annually in 4 equal installments.

The restricted stock units previously issued to non-management directors of the Company's Board of Directors will fully vest on the earlier of the first anniversary of the date of grant or the day preceding the date in the following calendar year on which the Company's annual meeting of stockholders is held. Upon vesting of restricted stock units granted prior to 2011, each director's restricted stock units will automatically be converted into deferred stock units, and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service. Upon vesting of restricted stock units that were granted in 2011 and subsequent periods, each director's restricted stock units will automatically be converted into deferred stock units and will be delivered to the director in shares of the Company's stock six months following the director's termination of board service unless a director elected near-term delivery, in which case the vested restricted stock units will be delivered on August 15 in the year following the initial grant.

Employee Stock Purchase Plan

The Company estimated the fair value of stock-based compensation expense associated with its ESPP using the Black-Scholes option pricing model, with the following assumptions:

	Three and Nine Months Ended September 30, 2013
Dividend yield	—%
Expected volatility	24.05%
Risk-free interest rate	0.08%
Expected life of employee stock purchase plan options (in months)	6

Dividend yield - The Company has never declared or paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future.

Expected volatility - Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company considered the historical volatility of its stock price over a term similar to the expected life of the option to purchase shares under the ESPP during a 6 month purchase period.

Risk-free interest rate - The risk-free interest rate is based on U.S. Treasury bonds issued with similar life terms to the expected life of the ESPP options.

Expected life of ESPP options - The expected life of ESPP options was based on the six-month purchase period.

Share Repurchase Program

Under the 2010 share repurchase program, during the nine months ended September 30, 2013, the Company purchased 0.8 million shares of its Class A common stock at an average price of \$44.09 per share for a total purchase price of \$35.4 million. As of September 30, 2013, a total of 8.0 million shares at an average price of \$31.07 per share had been purchased under the 2010 share repurchase program for an aggregate purchase price of \$248.1 million. All purchased shares are accounted for as treasury shares.

On May 2, 2013, the Company announced that its Board of Directors authorized a \$250 million share repurchase program, commencing in the second quarter of 2013 and expiring on December 31, 2013. This program replaced the 2010 share repurchase program. Under the 2013 share repurchase program, during the three and nine months ended September 30, 2013, the Company purchased 1.8 million and 3.0 million shares, respectively, of its Class A common stock at an average price of \$52.06 and \$50.38 per share, respectively, for a total purchase price of \$96.1 million and \$154.5 million, respectively. All purchased shares are accounted for as treasury shares.

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8. BASIC AND DILUTED NET INCOME PER COMMON SHARE

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted net income per common share (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Computation of basic net income per common share:				
Net income	\$ 45,753	\$ 47,539	\$ 118,307	\$ 124,701
Weighted average common shares and participating securities outstanding – basic	66,523	63,978	66,880	65,223
Basic net income per common share	\$ 0.69	\$ 0.74	\$ 1.77	\$ 1.91
Computation of diluted net income per common share:				
Weighted average common shares and participating securities outstanding – basic	66,523	63,978	66,880	65,223
Effect of dilutive securities:				
Stock-based awards	1,100	1,532	1,081	1,490
Weighted average common shares outstanding – diluted	67,623	65,510	67,961	66,713
Diluted net income per common share	\$ 0.68	\$ 0.73	\$ 1.74	\$ 1.87

Diluted net income per common share reflects the potential dilution of common stock equivalents such as options, warrants and shares issuable under our ESPP, to the extent the impact is dilutive. Stock-based awards to purchase an aggregate of 583,482 and 23,897 shares were excluded from the calculation of the denominator for diluted net income per common share for the three months ended September 30, 2012 and 2013, respectively, due to their anti-dilutive effects. Stock-based awards to purchase an aggregate of 637,385 and 50,703 shares were excluded from the calculation of the denominator for diluted net income per common share for the nine months ended September 30, 2012 and 2013, respectively, due to their anti-dilutive effects.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table provides a reconciliation of the changes in accumulated other comprehensive income, net of tax, by component (in thousands):

	Unrealized Gains and Losses on Investments	Foreign Currency Translation Adjustment	Total
Balance at December 31, 2012	\$ 142	\$ (909)	\$ (767)
Other comprehensive loss before reclassifications	(198)	(242)	(440)
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Net current-period other comprehensive loss	(198)	(242)	(440)
Balance at September 30, 2013	\$ (56)	\$ (1,151)	\$ (1,207)

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10. OTHER (EXPENSE) INCOME

Other (expense) income consists of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Interest and other expense:				
Interest expense	\$ 8,622	\$ 5,809	\$ 25,489	\$ 18,146
Loss on debt modification and extinguishment	—	—	—	10,886
Gain on asset disposals	(31)	(203)	(76)	(248)
Foreign currency transaction gain	(74)	(215)	(299)	(82)
Other	—	105	—	149
Total	\$ 8,517	\$ 5,496	\$ 25,114	\$ 28,851
Interest and other income:				
Interest income	\$ 140	\$ 64	\$ 479	\$ 292
Total	\$ 140	\$ 64	\$ 479	\$ 292

11. INCOME TAXES

The Company's effective tax rate increased to 36.8% for the nine months ended September 30, 2013 from 35.3% for the nine months ended September 30, 2012 primarily due to discrete benefits for the foreign tax credit and domestic production activities deduction recorded in the second and third quarters of 2012.

As of December 31, 2012 and September 30, 2013, the Company had unrecognized tax benefits of \$4.4 million and \$6.3 million, respectively, of which \$4.1 million and \$5.9 million, respectively, would affect the Company's effective tax rate if recognized.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the three months ended September 30, 2012 and 2013, the Company recognized potential interest and penalties of \$8,000 and \$14,000, respectively, and \$98,000 and \$55,000 for the nine months ended September 30, 2012 and 2013, respectively. As of December 31, 2012 and September 30, 2013, the Company had established reserves of approximately \$194,000 and \$249,000, respectively, for accrued potential interest and penalties related to uncertain tax positions. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

The Company files income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. The tax years 2007 through 2012 remain open to examination by the major taxing jurisdictions to which the Company is subject. The IRS has initiated an examination of the Company's 2009 federal income tax return. While the ultimate outcome of the audit is uncertain, management does not currently believe that the outcome will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company anticipates that total unrecognized tax benefits will decrease by approximately \$407,000 over the next 12 months due to the expiration of certain statutes of limitations and settlement of tax audits.

12. SEGMENT INFORMATION

The Company has three operating segments, reflective of the manner in which the chief operating decision maker (CODM) allocates resources and assesses performance: Carrier Services, Enterprise Services, and Information Services. The Company's operating segments are the same as its reportable segments.

The Company's Carrier Services operating segment provides services that ensure the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their customer's infrastructure. The Company enables its carrier customers to use, exchange and share critical resources, such as telephone numbers, to facilitate

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order management and work flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.

The Company's Enterprise Services operating segment provides services to its enterprise customers to meet their respective directory-related needs, as well as Internet infrastructure services. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. The Company provides a suite of DNS services to its enterprise customers built on a global directory platform. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company's services monitor and load-test websites to help identify issues and optimize performance. In addition, the Company provides fixed IP geolocation services that help enterprises identify the location of their consumers used in a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry.

The Company's Information Services segment provides a broad portfolio of real-time information and analytics services that enable clients to identify, verify and score their customers and prospective customers, or prospects, to deliver customized responses to a large number of consumer-initiated queries. As an example, the Company provides marketers with the ability to tailor offers made to consumers over the telephone or on the Internet in real time. The Company is one of the largest non-carrier providers of Caller ID services, and provides a comprehensive market analytics platform that enables clients to segment and score customers and prospects for real-time interactive marketing initiatives. Additionally, the Company's business listings identity management service provides local businesses and local search platforms with a single, trusted source of verified business listings for local searches. The Company's online audience solution enables online advertisers to display relevant advertisements to specific audiences, increasing the effectiveness of online advertising and delivering a more useful online experience for consumers using a database and targeting system that protect a consumer's privacy.

The Company reports segment information based on the "management" approach which relies on the internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with that assessment, the CODM reviews revenues and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from segment contribution.

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

Information for the three and nine months ended September 30, 2012 and 2013 regarding the Company's reportable segments was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Revenue:				
Carrier Services	\$ 125,202	\$ 139,477	\$ 375,922	\$ 406,381
Enterprise Services	43,630	44,896	125,204	133,466
Information Services	42,340	43,260	116,090	124,552
Total revenue	\$ 211,172	\$ 227,633	\$ 617,216	\$ 664,399
Segment contribution:				
Carrier Services	\$ 109,359	\$ 121,288	\$ 328,243	\$ 352,768
Enterprise Services	20,314	22,393	55,911	65,481
Information Services	24,064	21,741	59,069	57,620
Total segment contribution	153,737	165,422	443,223	475,869
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	24,989	26,091	73,999	78,023
Sales and marketing	6,050	6,524	18,415	19,444
Research and development	4,270	4,551	13,561	13,379
General and administrative	20,213	23,257	60,344	65,095
Depreciation and amortization	23,622	24,586	69,041	73,941
Restructuring charges	(32)	—	492	2
Income from operations	\$ 74,625	\$ 80,413	\$ 207,371	\$ 225,985

Assets are not tracked by segment and the CODM does not evaluate segment performance based on asset utilization.

Enterprise-Wide Disclosures

Geographic area revenues and service offering revenues from external customers for the three and nine months ended September 30, 2012 and 2013, and geographic area long-lived assets as of December 31, 2012 and September 30, 2013 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Revenues by geographical areas:				
North America	\$ 200,891	\$ 213,403	\$ 584,486	\$ 627,652
Europe and Middle East	6,391	7,560	20,624	21,487
Other regions	3,890	6,670	12,106	15,260
Total revenues	\$ 211,172	\$ 227,633	\$ 617,216	\$ 664,399

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2013	2012	2013
Revenues by service offerings:				
Carrier Services:				
Numbering Services	\$ 111,726	\$ 119,873	\$ 333,111	\$ 355,693
Order Management Services	10,104	16,299	31,555	39,561
IP Services	3,372	3,305	11,256	11,127
Total Carrier Services	125,202	139,477	375,922	406,381
Enterprise Services:				
Internet Infrastructure Services	22,856	25,026	67,034	72,528
Registry Services	20,774	19,870	58,170	60,938
Total Enterprise Services	43,630	44,896	125,204	133,466
Information Services:				
Identification Services	24,212	23,246	69,888	68,915
Verification & Analytics Services	13,078	14,081	31,135	38,650
Local Search & Licensed Data Services	5,050	5,933	15,067	16,987
Total Information Services	42,340	43,260	116,090	124,552
Total revenues	\$ 211,172	\$ 227,633	\$ 617,216	\$ 664,399

	December 31, 2012	September 30, 2013
Long-lived assets, net		
North America	\$ 406,973	\$ 369,012
Central America	16	9
Europe and Middle East	10	11
Other regions	1	1
Total long-lived assets, net	\$ 407,000	\$ 369,033

13. SUPPLEMENTAL GUARANTOR INFORMATION

The following schedules present condensed consolidating financial information of the Company as of December 31, 2012 and September 30, 2013 and for the three and nine months ended September 30, 2012 and 2013 for (a) Neustar, Inc., the parent company; (b) certain of the Company's 100% owned domestic subsidiaries (collectively, the Subsidiary Guarantors); and (c) certain wholly-owned domestic and foreign subsidiaries of the Company (collectively, the Non-Guarantor Subsidiaries). Investments in subsidiaries are accounted for using the equity method; accordingly, entries necessary to consolidate the parent company and all of the guarantor and non-guarantor subsidiaries are reflected in the eliminations column. Intercompany amounts that will not be settled between entities are treated as contributions or distributions for purposes of these consolidated financial statements. The guarantees, as outlined in Note 6, are full and unconditional and joint and several.

NEUSTAR, INC.
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CONDENSED CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2012

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 330,849	\$ 5,372	\$ 4,034	\$ —	\$ 340,255
Restricted cash	1,481	845	217	—	2,543
Short-term investments	3,666	—	—	—	3,666
Accounts receivable, net	75,849	54,599	1,357	—	131,805
Unbilled receivables	1,221	5,030	121	—	6,372
Notes receivable	2,740	—	—	—	2,740
Prepaid expenses and other current assets	14,306	3,057	344	—	17,707
Deferred costs	6,989	296	94	—	7,379
Income taxes receivable	7,043	—	—	(447)	6,596
Deferred tax assets	3,278	4,020	—	(605)	6,693
Intercompany receivable	16,856	—	—	(16,856)	—
Total current assets	464,278	73,219	6,167	(17,908)	525,756
Property and equipment, net	92,183	26,303	27	—	118,513
Goodwill	80,911	467,538	23,729	—	572,178
Intangible assets, net	18,025	270,462	—	—	288,487
Notes receivable, long-term	1,008	—	—	—	1,008
Net investments in subsidiaries	703,394	—	—	(703,394)	—
Deferred tax assets, long-term	—	—	710	(710)	—
Other assets, long-term	20,224	548	10	—	20,782
Total assets	\$ 1,380,023	\$ 838,070	\$ 30,643	\$ (722,012)	\$ 1,526,724
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 6,117	\$ 2,819	\$ 333	\$ —	\$ 9,269
Accrued expenses	65,956	17,382	2,086	—	85,424
Income taxes payable	—	—	447	(447)	—
Deferred revenue	29,031	18,473	1,566	—	49,070
Notes payable	8,125	—	—	—	8,125
Capital lease obligations	1,686	—	—	—	1,686
Deferred tax liabilities	—	—	605	(605)	—
Other liabilities	2,288	1,432	136	—	3,856
Intercompany payable	—	115	16,741	(16,856)	—
Total current liabilities	113,203	40,221	21,914	(17,908)	157,430
Deferred revenue, long-term	9,234	688	—	—	9,922
Notes payable, long-term	576,688	—	—	—	576,688
Capital lease obligations, long-term	817	—	—	—	817
Deferred tax liabilities, long-term	17,448	97,392	—	(710)	114,130
Other liabilities, long-term	14,772	6,357	—	—	21,129
Total liabilities	732,162	144,658	21,914	(18,618)	880,116
Total stockholders' equity	647,861	693,412	8,729	(703,394)	646,608
Total liabilities and stockholders' equity	\$ 1,380,023	\$ 838,070	\$ 30,643	\$ (722,012)	\$ 1,526,724

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2013

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 346,639	\$ 228	\$ 5,847	\$ —	\$ 352,714
Restricted cash	1,260	595	3	—	1,858
Accounts receivable, net	87,133	53,605	1,392	—	142,130
Unbilled receivables	3,198	7,489	2,240	—	12,927
Notes receivable	1,601	—	—	—	1,601
Prepaid expenses and other current assets	16,427	3,707	201	—	20,335
Deferred costs	6,406	371	96	—	6,873
Income taxes receivable	5,134	—	—	(810)	4,324
Deferred tax assets	4,133	1,974	—	(822)	5,285
Intercompany receivable	12,255	—	—	(12,255)	—
Total current assets	484,186	67,969	9,779	(13,887)	548,047
Property and equipment, net	90,897	20,623	21	—	111,541
Goodwill	84,771	467,538	23,729	—	576,038
Intangible assets, net	21,993	235,499	—	—	257,492
Net investments in subsidiaries	686,209	—	—	(686,209)	—
Deferred tax assets, long-term	—	—	148	(148)	—
Other assets, long-term	24,656	763	166	—	25,585
Total assets	\$ 1,392,712	\$ 792,392	\$ 33,843	\$ (700,244)	\$ 1,518,703
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 4,146	\$ 1,584	\$ —	\$ —	\$ 5,730
Accrued expenses	60,138	15,517	3,532	—	79,187
Income taxes payable	—	—	810	(810)	—
Deferred revenue	30,726	17,682	935	—	49,343
Notes payable	7,972	—	—	—	7,972
Capital lease obligations	572	—	—	—	572
Deferred tax liability	—	—	822	(822)	—
Other liabilities	1,999	817	10	—	2,826
Intercompany payable	—	—	12,255	(12,255)	—
Total current liabilities	105,553	35,600	18,364	(13,887)	145,630
Deferred revenue, long-term	9,354	666	—	—	10,020
Notes payable, long-term	610,285	—	—	—	610,285
Capital lease obligations, long-term	245	—	—	—	245
Deferred tax liabilities, long-term	22,939	80,754	—	(148)	103,545
Other liabilities, long-term	16,302	5,962	—	—	22,264
Total liabilities	764,678	122,982	18,364	(14,035)	891,989
Total stockholders' equity	628,034	669,410	15,479	(686,209)	626,714
Total liabilities and stockholders' equity	\$ 1,392,712	\$ 792,392	\$ 33,843	\$ (700,244)	\$ 1,518,703

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2012
(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 144,913	\$ 64,445	\$ 2,296	\$ (482)	\$ 211,172
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	37,359	7,470	1,895	(385)	46,339
Sales and marketing	20,072	16,691	1,303	(26)	38,040
Research and development	4,076	3,565	22	—	7,663
General and administrative	18,088	2,453	445	(71)	20,915
Depreciation and amortization	8,807	14,806	9	—	23,622
Restructuring recoveries	(32)	—	—	—	(32)
	<u>88,370</u>	<u>44,985</u>	<u>3,674</u>	<u>(482)</u>	<u>136,547</u>
Income (loss) from operations	56,543	19,460	(1,378)	—	74,625
Other (expense) income:					
Interest and other expense	(8,538)	56	(35)	—	(8,517)
Interest and other income	<u>149</u>	<u>10</u>	<u>(19)</u>	<u>—</u>	<u>140</u>
Income (loss) before income taxes and equity income (loss) in consolidated subsidiaries	48,154	19,526	(1,432)	—	66,248
Provision for income taxes	<u>12,643</u>	<u>7,595</u>	<u>257</u>	<u>—</u>	<u>20,495</u>
Income (loss) before equity income (loss) in consolidated subsidiaries	35,511	11,931	(1,689)	—	45,753
Equity income (loss) in consolidated subsidiaries	<u>10,207</u>	<u>(883)</u>	<u>—</u>	<u>(9,324)</u>	<u>—</u>
Net income (loss)	<u>\$ 45,718</u>	<u>\$ 11,048</u>	<u>\$ (1,689)</u>	<u>\$ (9,324)</u>	<u>\$ 45,753</u>
Comprehensive income (loss)	<u>\$ 45,809</u>	<u>\$ 11,048</u>	<u>\$ (1,673)</u>	<u>\$ (9,324)</u>	<u>\$ 45,860</u>

NEUSTAR, INC.
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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2013
(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 156,508	\$ 67,140	\$ 4,942	\$ (957)	\$ 227,633
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	39,493	10,796	1,976	(831)	51,434
Sales and marketing	16,744	22,566	955	(12)	40,253
Research and development	4,463	2,732	1	—	7,196
General and administrative	22,336	1,458	71	(114)	23,751
Depreciation and amortization	10,199	14,383	4	—	24,586
	93,235	51,935	3,007	(957)	147,220
Income from operations	63,273	15,205	1,935	—	80,413
Other (expense) income:					
Interest and other expense	(5,462)	(10)	(24)	—	(5,496)
Interest and other income	59	—	5	—	64
Income before income taxes and equity income in consolidated subsidiaries	57,870	15,195	1,916	—	74,981
Provision for income taxes	20,340	6,619	483	—	27,442
Income before equity income in consolidated subsidiaries	37,530	8,576	1,433	—	47,539
Equity income in consolidated subsidiaries	10,009	617	—	(10,626)	—
Net income	\$ 47,539	\$ 9,193	\$ 1,433	\$ (10,626)	\$ 47,539
Comprehensive income	\$ 47,412	\$ 9,207	\$ 1,492	\$ (10,626)	\$ 47,485

NEUSTAR, INC.
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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2012

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 430,224	\$ 180,956	\$ 7,752	\$ (1,716)	\$ 617,216
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	108,827	23,533	6,253	(1,249)	137,364
Sales and marketing	55,416	58,373	3,878	(201)	117,466
Research and development	12,804	10,450	229	—	23,483
General and administrative	52,747	9,230	288	(266)	61,999
Depreciation and amortization	25,311	43,696	34	—	69,041
Restructuring charges (recoveries)	623	—	(131)	—	492
	<u>255,728</u>	<u>145,282</u>	<u>10,551</u>	<u>(1,716)</u>	<u>409,845</u>
Income (loss) from operations	174,496	35,674	(2,799)	—	207,371
Other (expense) income:					
Interest and other expense	(25,511)	211	186	—	(25,114)
Interest and other income	557	43	(121)	—	479
Income (loss) before income taxes and equity income (loss) in consolidated subsidiaries	149,542	35,928	(2,734)	—	182,736
Provision for income taxes	50,123	13,211	1,095	—	64,429
Income (loss) before equity income (loss) in consolidated subsidiaries	99,419	22,717	(3,829)	—	118,307
Equity income (loss) in consolidated subsidiaries	18,853	(1,895)	—	(16,958)	—
Net income (loss)	<u>\$ 118,272</u>	<u>\$ 20,822</u>	<u>\$ (3,829)</u>	<u>\$ (16,958)</u>	<u>\$ 118,307</u>
Comprehensive income (loss)	<u>\$ 118,555</u>	<u>\$ 20,670</u>	<u>\$ (3,811)</u>	<u>\$ (16,958)</u>	<u>\$ 118,456</u>

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2013

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:	\$ 462,132	\$ 193,698	\$ 11,353	\$ (2,784)	\$ 664,399
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	120,257	30,382	2,838	(2,527)	150,950
Sales and marketing	51,630	69,670	3,192	(24)	124,468
Research and development	12,883	9,411	2	—	22,296
General and administrative	60,836	5,401	753	(233)	66,757
Depreciation and amortization	30,239	43,686	16	—	73,941
Restructuring charges	2	—	—	—	2
	<u>275,847</u>	<u>158,550</u>	<u>6,801</u>	<u>(2,784)</u>	<u>438,414</u>
Income from operations	186,285	35,148	4,552	—	225,985
Other (expense) income:					
Interest and other expense	(28,807)	5	(49)	—	(28,851)
Interest and other income	278	1	13	—	292
Income before income taxes and equity income in consolidated subsidiaries	157,756	35,154	4,516	—	197,426
Provision for income taxes	56,499	15,145	1,081	—	72,725
Income before equity income in consolidated subsidiaries	101,257	20,009	3,435	—	124,701
Equity income in consolidated subsidiaries	23,444	1,671	—	(25,115)	—
Net income	<u>\$ 124,701</u>	<u>\$ 21,680</u>	<u>\$ 3,435</u>	<u>\$ (25,115)</u>	<u>\$ 124,701</u>
Comprehensive income	<u>\$ 124,396</u>	<u>\$ 21,694</u>	<u>\$ 3,286</u>	<u>\$ (25,115)</u>	<u>\$ 124,261</u>

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2012

(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	\$ 203,887	\$ 62,678	\$ 728	\$ (65,924)	\$ 201,369
Investing activities:					
Purchases of property and equipment	(27,830)	(7,800)	—	—	(35,630)
Sales and maturities of investments	5,968	—	—	—	5,968
Purchases of investments	(1,494)	—	—	—	(1,494)
Net cash used in investing activities	(23,356)	(7,800)	—	—	(31,156)
Financing activities:					
Decrease of restricted cash	—	—	3	—	3
Payments under notes payable obligations	(4,500)	—	—	—	(4,500)
Principal repayments on capital lease obligations	(2,886)	—	—	—	(2,886)
Proceeds from exercise of common stock options	52,085	—	—	—	52,085
Excess tax benefits from stock-based compensation	7,676	—	12	—	7,688
Repurchase of restricted stock awards	(9,631)	—	—	—	(9,631)
Repurchase of common stock	(73,803)	—	—	—	(73,803)
Distribution to parent	—	(65,783)	(141)	65,924	—
Net cash used in financing activities	(31,059)	(65,783)	(126)	65,924	(31,044)
Effect of foreign exchange rates on cash and cash equivalents	(224)	(152)	19	—	(357)
Net increase (decrease) in cash and cash equivalents	149,248	(11,057)	621	—	138,812
Cash and cash equivalents at beginning of period	103,029	17,136	2,072	—	122,237
Cash and cash equivalents at end of period	\$ 252,277	\$ 6,079	\$ 2,693	\$ —	\$ 261,049

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2013
(in thousands)

	NeuStar, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	\$ 211,336	\$ 76,858	\$ 10,716	\$ (87,888)	\$ 211,022
Investing activities:					
Purchases of property and equipment	(32,206)	(3,044)	(9)	—	(35,259)
Sales and maturities of investments	3,543	—	—	—	3,543
Business acquired	(8,500)	—	—	—	(8,500)
Net cash used in investing activities	(37,163)	(3,044)	(9)	—	(40,216)
Financing activities:					
Decrease (increase) of restricted cash	444	248	(7)	—	685
Proceeds from notes payable, net of discount	624,244	—	—	—	624,244
Extinguishment of note payable	(592,500)	—	—	—	(592,500)
Debt issuance costs	(11,410)	—	—	—	(11,410)
Payments under notes payable obligations	(6,094)	—	—	—	(6,094)
Principal repayments on capital lease obligations	(1,686)	—	—	—	(1,686)
Proceeds from exercise of common stock options	18,225	—	—	—	18,225
Excess tax benefits from stock-based compensation	7,094	—	3	—	7,097
Repurchase of restricted stock awards	(6,861)	—	—	—	(6,861)
Repurchase of common stock	(189,834)	—	—	—	(189,834)
Distribution to parent	—	(79,206)	(8,682)	87,888	—
Net cash used in financing activities	(158,378)	(78,958)	(8,686)	87,888	(158,134)
Effect of foreign exchange rates on cash and cash equivalents	(5)	—	(208)	—	(213)
Net increase (decrease) in cash and cash equivalents	15,790	(5,144)	1,813	—	12,459
Cash and cash equivalents at beginning of period	330,849	5,372	4,034	—	340,255
Cash and cash equivalents at end of period	\$ 346,639	\$ 228	\$ 5,847	\$ —	\$ 352,714

NEUSTAR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013

13. SUBSEQUENT EVENT

On October 29, 2013, the Company acquired Aggregate Knowledge, Inc., (Aggregate Knowledge), a leading campaign and predictive analytics platform for advertising agencies and brand marketers, for approximately \$119 million in cash consideration. The combination of the Company's real-time, offline and online marketing solutions and Aggregate Knowledge's media intelligence platform provides agencies and marketers the ability to plan, target, engage and measure cross-channel campaigns more effectively in a single view. The comprehensive workflow solution allows marketers to tailor their media spending plans, efficiently reach target audiences, and improve performance and engagement across devices and channels. This privacy-by-design marketing suite will help clients drive greater campaign success and increase return on investment. The purchase will be accounted for under the acquisition method of accounting in accordance with the Business Combinations Topic of the FASB ASC and the results of operations will be included within the Information Services segment. The purchase was funded with cash on hand.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements, including, without limitation, statements concerning the conditions in our industry, our operations and economic performance, and our business and growth strategy. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. These forward-looking statements are based on estimates and assumptions by our management that we believe to be reasonable but are inherently uncertain and subject to a number of risks and uncertainties. These risks and uncertainties include, without limitation, those described in this report, in Part II, “Item 1A. Risk Factors” and in subsequent filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

Overview

During the third quarter, we continued to experience increased demand for our services. Revenue increased 8% to \$227.6 million as compared to \$211.2 million in the third quarter of 2012. Our Carrier Services segment contributed 7% of this increase, driven by a contractual increase of 6.5% in the fixed fee under our contracts to provide number portability services.

Further, we continued to execute our capital allocation strategy of returning cash to shareholders through share repurchases. During the third quarter of 2013, we purchased 1.8 million shares of our Class A common stock under the 2013 share repurchase program at an average price of \$52.06 per share for a total price of \$96.1 million.

As previously disclosed, in the second quarter of 2013, we submitted our response to the NAPM's Request for Proposal, or RFP, for the selection of the next local number portability administrator in accordance with the RFP submission requirements and timeline. In August 2013, the NAPM announced the commencement of a best and final offer process. The NAPM's timeline remains unchanged with vendor selection expected to be made in January 2014. We remain confident in the strength of our response to the NAPM's RFP, and we continue to believe that the high quality of our services provides us the best opportunity to remain the NPAC administrator of local number portability for the communications industry.

On October 29, 2013, we acquired Aggregate Knowledge, Inc., or Aggregate Knowledge, a leading campaign and predictive analytics platform for advertising agencies and brand marketers, for approximately \$119 million in cash consideration. The combination of our real-time, offline and online marketing solutions and Aggregate Knowledge's media intelligence platform provides agencies and marketers the ability to plan, target, engage and measure cross-channel campaigns more effectively in a single view. The comprehensive workflow solution allows marketers to tailor their media spending plans, efficiently reach target audiences, and improve performance and engagement across devices and channels. This privacy-by-design marketing suite will help clients drive greater campaign success and increase return on investment. The purchase was funded with cash on hand.

As part of our 2013 strategic planning update, we continue to evolve the way in which we serve our clients and the way in which we go to market with solutions. As part of this planning process, we have been evaluating and continue to evaluate how we manage our business to most effectively serve our clients.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our unaudited consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue and expense during a fiscal period. The Securities and Exchange Commission, or SEC, considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the audit committee of our Board of Directors, and the audit committee has reviewed our related disclosures in this report.

Although we believe that our judgments and estimates are appropriate and reasonable, actual results may differ from those estimates. In addition, while we have used our best estimates based on the facts and circumstances available to us at the time, we reasonably could have used different estimates in the current period. Changes in the accounting estimates we use are reasonably likely to occur from period to period, which may have a material impact on the presentation of our financial condition and results of operations. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations could be materially affected. See the information in our filings with the SEC from time to time, including Part I, “Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, for certain matters that may bear on our results of operations.

The following discussion of selected critical accounting policies supplements the information relating to our critical accounting policies described in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2012.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the Compensation – Stock Compensation Topic of the FASB ASC which requires the measurement and recognition of compensation expense for stock-based awards granted to employees based on estimated fair values on the date of grant.

See Note 7 to our Unaudited Consolidated Financial Statements in Item 1 of Part I of this report for information regarding our assumptions related to stock-based compensation and the amount of stock-based compensation expense we incurred for the periods covered in this report.

We estimate the fair value of our restricted stock unit awards based on the fair value of our common stock on the date of grant. Our outstanding restricted stock unit awards are subject to service-based vesting conditions and performance-based vesting conditions. We recognize the estimated fair value of service-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period on a straight-line basis. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee’s continued employment over the vesting period. We recognize the estimated fair value of performance-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period, which considers each performance period or tranche separately, based upon our determination of whether it is probable that the performance targets will be achieved. At each reporting period, we reassess the probability of achieving the performance targets within the related performance period. Determining whether the performance targets will be achieved involves judgment, and the estimate of stock-based compensation expense may be revised periodically based on changes in the probability of achieving the performance targets. If any performance goals specific to the restricted stock unit awards are not met, no compensation cost ultimately is recognized for such awards, and to the extent previously recognized, compensation cost is reversed. As of September 30, 2013, we estimated that the level of achievement of the performance targets for performance vested restricted stock units granted during 2013 was 100%.

Consolidated Results of Operations

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2013

The following table presents an overview of our results of operations for the three months ended September 30, 2012 and 2013:

	Three Months Ended September 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
(unaudited)				
(dollars in thousands, except per share data)				
Revenue:				
Carrier Services	\$ 125,202	\$ 139,477	\$ 14,275	11.4 %
Enterprise Services	43,630	44,896	1,266	2.9 %
Information Services	42,340	43,260	920	2.2 %
Total revenue	211,172	227,633	16,461	7.8 %
Operating expense:				
Cost of revenue (excludes depreciation and amortization shown separately below)	46,339	51,434	5,095	11.0 %
Sales and marketing	38,040	40,253	2,213	5.8 %
Research and development	7,663	7,196	(467)	(6.1)%
General and administrative	20,915	23,751	2,836	13.6 %
Depreciation and amortization	23,622	24,586	964	4.1 %
Restructuring recoveries	(32)	—	32	(100.0)%
	136,547	147,220	10,673	7.8 %
Income from operations	74,625	80,413	5,788	7.8 %
Other (expense) income:				
Interest and other expense	(8,517)	(5,496)	3,021	(35.5)%
Interest and other income	140	64	(76)	(54.3)%
Income before income taxes	66,248	74,981	8,733	13.2 %
Provision for income taxes	20,495	27,442	6,947	33.9 %
Net income	\$ 45,753	\$ 47,539	\$ 1,786	3.9 %
Net income per share:				
Basic	\$ 0.69	\$ 0.74		
Diluted	\$ 0.68	\$ 0.73		
Weighted average common shares outstanding:				
Basic	66,523	63,978		
Diluted	67,623	65,510		

Revenue

Carrier Services. Revenue from our Carrier Services operating segment increased \$14.3 million due to an increase of \$8.1 million in revenue from Numbering Services and an increase of \$6.2 million in revenue from our Order Management Services, or OMS. In particular, the Numbering Services revenue increase was driven by a \$6.7 million increase in the fixed fee established under our contracts to provide NPAC Services and an increase of \$1.8 million in revenue from international local number portability, or LNP. The increase in our OMS revenue was driven by the addition of new customers and increased transactions from existing customers.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$1.3 million due to an increase of \$2.2 million in revenue from Internet Infrastructure Services, or IIS, and a decrease of \$0.9 million in revenue from Registry Services. In particular, the IIS revenue increase was driven by higher demand for our managed domain name systems, or DNS, solutions, to direct and manage Internet traffic. The decrease in our Registry Services revenue was driven by a reduction in revenue from system enhancements, partially offset by continued growth in the number of domain names under management.

Information Services. Revenue from our Information Services operating segment increased \$0.9 million due to an increase of \$1.0 million in revenue from Verification & Analytics Services, an increase of \$0.9 million in revenue from Local Search & Licensed Data Services, and a decrease of \$1.0 million in Identification Services. In particular, the Verification & Analytics Services revenue increase was driven by new clients and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions.

Expense

Cost of revenue. Cost of revenue increased \$5.1 million due to an increase of \$2.9 million in costs related to our information technology and systems and an increase of \$1.4 million in deferred costs. The increase in costs related to our information technology and systems was driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs.

Sales and marketing. Sales and marketing expense increased \$2.2 million due to an increase of \$3.2 million in advertising and marketing costs and a decrease of \$1.0 million in personnel and personnel-related expense. In particular, the increase in advertising and marketing costs was driven by costs incurred to promote awareness of our services and outsourced fees incurred to support our long-term sales strategy.

Research and development. Research and development expense for the three months ended September 30, 2012 was comparable to the expense for the three months ended September 30, 2013.

General and administrative. General and administrative expense increased \$2.8 million due to an increase of \$2.1 million in professional fees. The increase in professional fees was driven by costs incurred to support business growth, strategic planning and to pursue new business opportunities.

Depreciation and amortization. Depreciation and amortization expense increased \$1.0 million due to an increase of \$1.7 million in depreciation expense related to capitalized software costs. This increase was partially offset by a decrease of \$0.6 million in depreciation expense related to capital leases.

Restructuring recoveries. Restructuring recoveries for the three months ended September 30, 2012 were minimal. We did not incur any restructuring charges or recoveries for the three months ended September 30, 2013.

Interest and other expense. Interest and other expense decreased \$3.0 million due to a decrease in interest expense of \$2.8 million driven by the refinancing of our 2011 Credit Facilities.

Interest and other income. Interest and other income for the three months ended September 30, 2012 was comparable to the income for the three months ended September 30, 2013.

Provision for income taxes. Our effective tax rate increased to 36.6% for the three months ended September 30, 2013 from 30.9% for the three months ended September 30, 2012. In the third quarter of 2012 we recorded \$5.2 million in discrete tax benefits, primarily due to a net tax benefit associated with our domestic production activities deduction. Excluding discrete tax benefits, our effective tax rate was approximately 38.8% and 37.9% for the three months ended September 30, 2012 and 2013, respectively.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to income from operations for the three months ended September 30, 2012 and 2013 (in thousands):

	Three Months Ended September 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
Revenue:				
Carrier Services	\$ 125,202	\$ 139,477	\$ 14,275	11.4 %
Enterprise Services	43,630	44,896	1,266	2.9 %
Information Services	42,340	43,260	920	2.2 %
Total revenue	\$ 211,172	\$ 227,633	\$ 16,461	7.8 %
Segment contribution:				
Carrier Services	\$ 109,359	\$ 121,288	\$ 11,929	10.9 %
Enterprise Services	20,314	22,393	2,079	10.2 %
Information Services	24,064	21,741	(2,323)	(9.7)%
Total segment contribution	153,737	165,422	11,685	7.6 %
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	24,989	26,091	1,102	4.4 %
Sales and marketing	6,050	6,524	474	7.8 %
Research and development	4,270	4,551	281	6.6 %
General and administrative	20,213	23,257	3,044	15.1 %
Depreciation and amortization	23,622	24,586	964	4.1 %
Restructuring charges	(32)	—	32	(100.0)%
Income from operations	\$ 74,625	\$ 80,413	\$ 5,788	7.8 %

Segment contribution is determined based on internal performance measures used by the chief operating decision maker, or CODM, to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the three months ended September 30, 2012 and 2013:

Carrier Services. Revenue from our Carrier Services operating segment increased \$14.3 million due to an increase of \$8.1 million in revenue from Numbering Services and an increase of \$6.2 million in revenue from our OMS. In particular, the Numbering Services revenue increase was driven by a \$6.7 million increase in the fixed fee established under our contracts to provide NPAC Services and an increase of \$1.8 million in revenue from international LNP. The increase in our OMS revenue was driven by the addition of new customers and increased transactions from existing customers. Segment operating costs for Carrier Services totaled \$18.2 million, an increase of \$2.3 million. This increase in segment operating costs was due to an increase of \$1.7 million in royalty expense and an increase of \$1.5 million in information technology and systems costs. These increases were partially offset by a decrease of \$1.0 million in personnel and personnel-related expense. The increase in royalty expense was driven by revenue growth. The increase in information and technology and systems costs was driven by increased data processing, telecommunications and maintenance costs. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$121.3 million, an increase of \$11.9 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$1.3 million due to an increase of \$2.2 million in revenue from IIS and a decrease of \$0.9 million in revenue from Registry Services. In particular, the IIS revenue increase was driven by higher demand for our managed DNS solutions, to direct and manage Internet traffic. The decrease in our Registry Services revenue was driven by a reduction in revenue from system enhancements, partially offset by continued growth in the number of domain names under management. Segment operating costs for Enterprise Services totaled \$22.5 million, a decrease of \$0.8 million. This decrease in segment operating costs was due to a decrease of \$1.8 million in personnel and personnel-related expense, partially offset by an increase of \$0.7 million in advertising and marketing costs.

Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$22.4 million, an increase of \$2.1 million.

Information Services. Revenue from our Information Services operating segment increased \$0.9 million due to an increase of \$1.0 million in revenue from Verification & Analytics Services, an increase of \$0.9 million in revenue from Local Search & Licensed Data Services, and a decrease of \$1.0 million in Identification Services. In particular, the Verification & Analytics Services revenue increase was driven by new clients and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions. Segment operating costs for Information Services totaled \$21.5 million, an increase of \$3.2 million. This increase in segment operating costs was due to an increase of \$1.9 million in personnel and personnel-related expense and an increase of \$1.2 million in information technology and systems costs. In particular, the increase in personnel and personnel-related expense was driven by increased headcount in sales and marketing. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$21.7 million, a decrease of \$2.3 million.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2013

The following table presents an overview of our results of operations for the nine months ended September 30, 2012 and 2013:

	Nine Months Ended September 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
	(unaudited)			
	(dollars in thousands, except per share data)			
Revenue:				
Carrier Services	\$ 375,922	\$ 406,381	\$ 30,459	8.1 %
Enterprise Services	125,204	133,466	8,262	6.6 %
Information Services	116,090	124,552	8,462	7.3 %
Total revenue	617,216	664,399	47,183	7.6 %
Operating expense:				
Cost of revenue (excludes depreciation and amortization shown separately below)	137,364	150,950	13,586	9.9 %
Sales and marketing	117,466	124,468	7,002	6.0 %
Research and development	23,483	22,296	(1,187)	(5.1)%
General and administrative	61,999	66,757	4,758	7.7 %
Depreciation and amortization	69,041	73,941	4,900	7.1 %
Restructuring charges	492	2	(490)	(99.6)%
	409,845	438,414	28,569	7.0 %
Income from operations	207,371	225,985	18,614	9.0 %
Other (expense) income:				
Interest and other expense	(25,114)	(28,851)	(3,737)	14.9 %
Interest and other income	479	292	(187)	(39.0)%
Income before income taxes	182,736	197,426	14,690	8.0 %
Provision for income taxes	64,429	72,725	8,296	12.9 %
Net income	\$ 118,307	\$ 124,701	\$ 6,394	5.4 %
Net income per share:				
Basic	\$ 1.77	\$ 1.91		
Diluted	\$ 1.74	\$ 1.87		
Weighted average common shares outstanding:				
Basic	66,880	65,223		
Diluted	67,961	66,713		

Revenue

Carrier Services. Revenue from our Carrier Services operating segment increased \$30.5 million due to an increase of \$22.6 million in revenue from Numbering Services and an increase of \$8.0 million in revenue from our OMS. In particular, the Numbering Services revenue increase was driven by a \$20.0 million increase in the fixed fee established under our contracts to provide NPAC Services. The increase in our OMS revenue was driven by increased transactions from existing customers and the addition of new customers.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$8.3 million due to an increase of \$5.5 million in revenue from IIS and an increase of \$2.8 million in revenue from Registry Services. In particular, the IIS revenue increase was driven by higher demand for our managed DNS solutions to direct and manage Internet traffic. The increase in our Registry Services revenue was due to continued growth in the number of domain names under management.

Information Services. Revenue from our Information Services operating segment increased \$8.5 million due to an increase of \$7.5 million in revenue from Verification & Analytics Services, an increase of \$1.9 million in revenue from Local Search & Licensed Data Services, and a decrease of \$0.9 million in revenue from Identification Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that

provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions.

Expense

Cost of revenue. Cost of revenue increased \$13.6 million due to an increase of \$6.7 million in costs related to our information technology and systems, an increase of \$3.8 million in personnel and personnel-related expense, and an increase of \$2.3 million in royalties. The increase in costs related to our information technology and systems was driven by revenue growth that resulted in increased data processing, telecommunications and maintenance costs. The increase in personnel and personnel-related expense was due to an increase in stock-based compensation and salary. The increase in stock-based compensation expense was driven by the grant of performance-based equity to a higher number of existing and new employees.

Sales and marketing. Sales and marketing expense increased \$7.0 million due to an increase of \$4.2 million in personnel and personnel-related expense and an increase of \$2.7 million in advertising and marketing costs. In particular, the increase in personnel and personnel-related expense was due to an increase in stock-based compensation and salary and benefits. The increase in stock-based compensation expense was driven by the grant of performance-based equity to a higher number of existing and new employees. The increase in salary and benefits was driven by increased headcount in our sales and marketing teams to support service offerings and the migration of employees to a common benefits plan. The increase in advertising and marketing costs was driven by costs incurred to promote awareness of our services and outsourced fees incurred to support our long-term sales strategy.

Research and development. Research and development expense decreased \$1.2 million due to a decrease of \$1.1 million in personnel and personnel-related expense.

General and administrative. General and administrative expense increased \$4.8 million due to an increase of \$2.5 million in personnel and personnel-related expense, an increase of \$1.2 million in bad debt expense, and an increase of \$0.5 million in general facilities costs. In particular, stock-based compensation expense increased \$3.4 million driven by the grant of performance-based equity to a higher number of existing and new employees.

Depreciation and amortization. Depreciation and amortization expense increased \$4.9 million due to an increase of \$7.2 million in depreciation expense related to capitalized software costs. This increase was partially offset by a decrease of \$1.7 million in depreciation expense related to capital leases.

Restructuring charges. Restructuring charges for the nine months ended September 30, 2012 were comparable to the charges recorded for the nine months ended September 30, 2013.

Interest and other expense. Interest and other expense increased \$3.7 million due to a \$10.9 million loss on debt modification and extinguishment recorded in connection with the refinancing of our 2011 Credit Facilities. This increase was partially offset by \$7.3 million in lower interest expense as a result of the refinancing of our 2011 Credit Facilities.

Interest and other income. Interest and other income for the nine months ended September 30, 2012 was comparable to the income for the nine months ended September 30, 2013.

Provision for income taxes. Our effective tax rate increased to 36.8% for the nine months ended September 30, 2013 from 35.3% for the nine months ended September 30, 2012. During the nine months ended September 30, 2012, we recorded \$6.4 million of discrete tax benefits, primarily due to a net tax benefit associated with our domestic production activities deduction and utilization of foreign tax credits against federal income taxes. Excluding discrete tax benefits, our effective tax rate was approximately 38.8% and 37.9% for the nine months ended September 30, 2012 and 2013, respectively.

Summary of Operating Segments

The following table presents a summary of our operating segments' revenue, contribution and the reconciliation to income from operations for the nine months ended September 30, 2012 and 2013 (in thousands):

	Nine Months Ended September 30,			
	2012	2013	2012 vs. 2013	
	\$	\$	\$ Change	% Change
Revenue:				
Carrier Services	\$ 375,922	\$ 406,381	\$ 30,459	8.1 %
Enterprise Services	125,204	133,466	8,262	6.6 %
Information Services	116,090	124,552	8,462	7.3 %
Total revenue	\$ 617,216	\$ 664,399	\$ 47,183	7.6 %
Segment contribution:				
Carrier Services	\$ 328,243	\$ 352,768	\$ 24,525	7.5 %
Enterprise Services	55,911	65,481	9,570	17.1 %
Information Services	59,069	57,620	(1,449)	(2.5)%
Total segment contribution	443,223	475,869	32,646	7.4 %
Indirect operating expenses:				
Cost of revenue (excluding depreciation and amortization shown separately below)	73,999	78,023	4,024	5.4 %
Sales and marketing	18,415	19,444	1,029	5.6 %
Research and development	13,561	13,379	(182)	(1.3)%
General and administrative	60,344	65,095	4,751	7.9 %
Depreciation and amortization	69,041	73,941	4,900	7.1 %
Restructuring charges	492	2	(490)	(99.6)%
Income from operations	\$ 207,371	\$ 225,985	\$ 18,614	9.0 %

Segment contribution is determined based on internal performance measures used by the CODM to assess the performance of each operating segment in a given period. In connection with this assessment, the CODM reviews revenue and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from the segment contribution.

The following is a discussion of our operating segment results for the nine months ended September 30, 2012 and 2013:

Carrier Services. Revenue from our Carrier Services operating segment increased \$30.5 million due to an increase of \$22.6 million in revenue from Numbering Services and an increase of \$8.0 million in revenue from our OMS. In particular, the Numbering Services revenue increase was driven by a \$20.0 million increase in the fixed fee established under our contracts to provide NPAC Services. The increase in our OMS revenue was driven by increased transactions from existing customers and the addition of new customers. Segment operating costs for Carrier Services totaled \$53.6 million, an increase of \$5.9 million. This increase in segment operating costs was due to an increase of \$4.2 million in information technology and systems costs and an increase of \$2.4 million in royalty expense. The increase in information and technology and systems costs was driven by increased data processing, telecommunications and maintenance costs. The increase in royalty expense was driven by revenue growth. Carrier Services segment revenue less its segment operating costs resulted in a segment contribution of \$352.8 million, an increase of \$24.5 million.

Enterprise Services. Revenue from our Enterprise Services operating segment increased \$8.3 million due to an increase of \$5.5 million in revenue from IIS and an increase of \$2.8 million in revenue from Registry Services. In particular, the IIS revenue increase was driven by higher demand for our managed DNS solutions to direct and manage Internet traffic. The increase in our Registry Services revenue was due to continued growth in the number of domain names under management. Segment operating costs for Enterprise Services totaled \$68.0 million, a decrease of \$1.3 million. This decrease in segment operating costs was due to a decrease of \$2.2 million in personnel and personnel-related expense, partially offset by an increase of \$0.8 million in advertising and marketing costs. Enterprise Services segment revenue less its segment operating costs resulted in a segment contribution of \$65.5 million, an increase of \$9.6 million.

Information Services. Revenue from our Information Services operating segment increased \$8.5 million due to an increase of \$7.5 million in revenue from Verification & Analytics Services, an increase of \$1.9 million in revenue from Local Search & Licensed Data Services, and a decrease of \$0.9 million in revenue from Identification Services. In particular, the Verification & Analytics Services revenue increase was driven by new customers and continued demand for our services that provide customized commercial insights. In addition, Local Search & Licensed Data Services revenue increased due to higher demand for our online local business listing identity management solutions. Segment operating costs for Information Services totaled \$66.9 million, an increase of \$9.9 million. This increase in segment operating costs was due to an increase of \$6.8 million in personnel and personnel-related expense and an increase of \$2.4 million in information technology and systems costs. In particular, the increase in personnel and personnel-related expense was driven by increased headcount in sales and marketing. Information Services segment revenue less its segment operating costs resulted in a segment contribution of \$57.6 million, a decrease of \$1.4 million.

Liquidity and Capital Resources

Our principal source of liquidity is cash provided by operating activities. Our principal uses of cash have been to fund share repurchases, capital expenditures, and debt service requirements. We anticipate that our principal uses of cash in the future will be for acquisitions, share repurchases, capital expenditures and debt service requirements.

Total cash, cash equivalents and investments were \$352.7 million at September 30, 2013, an increase of \$8.8 million from \$343.9 million at December 31, 2012. This increase in cash, cash equivalents and investments was primarily due to cash provided by operations.

We believe that our existing cash and cash equivalents, short-term investments, cash from operations and available borrowings under our credit facilities will be sufficient to fund our operations for the next twelve months.

Credit Facilities

On January 22, 2013, we entered into a credit facility that provided for a \$325 million senior secured term loan facility, or 2013 Term Facility, and a \$200 million senior secured revolving credit facility, or the 2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities. In addition, we closed an offering of \$300 million aggregate principal amount of senior notes, or Senior Notes. We used the proceeds received from the 2013 Term Facility and Senior Notes to repay our outstanding principal borrowings of \$592.5 million under our existing 2011 Term Facility. We used available borrowings under the new 2013 Revolving Facility to secure outstanding letters of credit totaling \$7.8 million that were previously secured by our 2011 Revolving Facility. Our 2011 Term Facility and 2011 Revolving Facility were terminated in connection with this refinancing event. For further discussion of this debt refinancing, see Note 6 to our Consolidated Financial Statements in Item 1 of Part I of this report.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) \$100 million is available for the issuance of letters of credit and (b) \$25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed \$400 million or (b) the Consolidated Secured Leverage Ratio on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of September 30, 2013, we had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were \$192.0 million, exclusive of outstanding letters of credit totaling \$8.0 million.

Principal payments under the 2013 Term Facility of \$2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of \$284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at our option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning on March 31, 2013.

We may voluntarily prepay the Loans at any time in minimum amounts of \$1 million or an integral multiple of \$500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of the required lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken.

As of September 30, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities were \$8.9 million. Total amortization expense of the deferred financing costs and loan origination fees was \$0.5 million and \$1.5 million for the three and nine months ended September 30, 2013, respectively, and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, we closed an offering of \$300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among us, certain of our domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are the general unsecured senior obligations of us and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest accrues from January 22, 2013. As of September 30, 2013, accrued interest under the Senior Notes was \$2.8 million.

At any time and from time to time prior to July 15, 2016, we may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

Prior to January 15, 2018, we may redeem some or all of the Senior Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, we may redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If we experience certain changes of control together with a ratings downgrade, we will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to, the date of purchase. If we sell certain assets and do not repay certain debt or reinvest the proceeds of such sales within certain time periods, we will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and defaults related to bankruptcy events. The Senior Notes also contain customary negative covenants.

As of September 30, 2013, deferred financing costs related to the Senior Notes were \$14.6 million. Total amortization expense of the deferred financing costs was \$0.3 million and \$0.9 million for the three and nine months ended September 30, 2013, respectively, and is reported as interest expense in the consolidated statements of operations.

Discussion of Cash Flows

Cash flows from operations

Net cash provided by operating activities for the nine months ended September 30, 2013 was \$211.0 million, as compared to \$201.4 million for the nine months ended September 30, 2012. This \$9.6 million increase in net cash provided by operating activities was the result of an increase in net income of \$6.4 million, and increase in non-cash adjustments of \$18.9 million, partially offset by a decrease in net changes in operating assets and liabilities of \$15.7 million.

Non-cash adjustments increased \$18.9 million driven by a loss on debt modification and extinguishment of \$10.9 million recorded in the first quarter of 2013 related to our debt refinancing, an increase of \$7.7 million in stock-based compensation, an increase of \$4.9 million in depreciation and amortization expense, and an increase of \$1.2 million in bad debt expense. These increases in non-cash adjustments were partially offset by a decrease of \$5.6 million in deferred income taxes.

Net changes in operating assets and liabilities decreased \$15.7 million primarily due to a decrease of \$32.9 million in income taxes receivable, a decrease of \$13.9 million in prepaid expenses and other current assets, and a decrease of \$6.5 million in deferred revenue. These decreases in net changes in operating assets and liabilities were partially offset by an increase of \$24.5 million in accounts and unbilled receivables, an increase of \$10.5 million in accounts payable and accrued expenses, and an increase of \$3.1 million in other liabilities.

Cash flows from investing

Net cash used in investing activities for the nine months ended September 30, 2013 was \$40.2 million, as compared to \$31.2 million for nine months ended September 30, 2012. This \$9.0 million increase in net cash used in investing activities was due to an increase of \$8.5 million in cash used for the acquisition of certain assets of a service order administrative business.

Cash flows from financing

Net cash used in financing activities was \$158.1 million for the nine months ended September 30, 2013, as compared to \$31.0 million for the nine months ended September 30, 2012. This \$127.1 million increase in net cash used in financing activities was primarily due to an increase of \$116.0 million in cash used for the purchase of our Class A common stock under our share repurchase programs, a decrease of \$33.9 million in proceeds from the exercise of stock options, and cash used of \$11.4 million for debt issuance costs attributable to our debt refinancing completed in the first quarter of 2013. These increases in cash used were partially offset by net proceeds of \$31.7 million attributable to our debt refinancing, and a decrease of \$2.8 million in cash used for the purchase of restricted stock awards attributable to participants' electing to use stock to satisfy their tax withholdings.

Recent Accounting Pronouncements

See Note 2 to our Unaudited Consolidated Financial Statements in Item 1 of Part 1 of this report for a discussion of the effects of recent accounting pronouncements.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about our market risk, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Our exposure to market risk has not changed materially since December 31, 2012.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 30, 2013, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at the reasonable assurance level.

In addition, there were no changes in our internal control over financial reporting that occurred in the third quarter of 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results.

Item 1A. Risk Factors

The following sets forth risk factors associated with our business. The risks set forth below could materially affect our business, financial condition and future results and are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or operating results.

Risks related to our business

The loss of, or damage to, a data center or any other failure or interruption to our network infrastructure could materially harm our revenue and impair our ability to conduct our operations.

Because virtually all of the services we provide require our customers to query a copy of our continuously updated databases and directories to obtain necessary routing, operational and marketing data, the integrity of our data centers, including network elements managed by third parties throughout the world, and the systems through which we deliver our services are essential to our business. Notably, certain of our data centers and related systems are essential to the orderly operation of the U.S. telecommunications system because they enable carriers to ensure that telephone calls are routed to the appropriate destinations.

Our system architecture is integral to our ability to process a high volume of transactions in a timely and effective manner. Moreover, both we and our customers rely on hardware, software and other equipment developed, supported and maintained by third-party providers. We could experience failures or interruptions of our systems and services, or other problems in connection with our operations, as a result of, for example:

- damage to, or failure of, our computer software or hardware or our connections to, and outsourced service arrangements with, third parties;
- failure of, or defects in, the third-party systems, software or equipment on which we or our customers rely to access our data centers and other systems;
- errors in the processing of data by our systems;
- computer viruses, malware or software defects;
- physical or electronic break-ins, sabotage, distributed denial of service, or DDoS, penetration attacks, intentional acts of vandalism and similar events;
- increased capacity demands or changes in systems requirements of our customers;
- virtual hijacking of traffic destined to our systems;
- power loss, communications failures, pandemics, wars, acts of terrorism, political unrest or other man-made or natural disasters; and
- successful DDoS attacks.

We may not have sufficient redundant systems or back-up facilities to allow us to receive and process data if one of the foregoing events occurs. Further, increases in the scope of services that we provide increase the complexity of our network infrastructure. As the scope of services we provide expands or changes in the future, we may be required to make significant expenditures to establish new data centers and acquire additional network capacity from which we may provide services. Moreover, as we add customers, expand our service offerings and increase our visibility in the market we may become a more likely target of attacks similar to those listed in the bullets above. The number of electronic attacks and viruses grows

significantly every year, as does the sophistication of these attacks. For example, undetected attackers may be able to monitor unencrypted Internet traffic anywhere in the world and modify it before it reaches our destination, and these attackers may harm our customers by stealing personal or proprietary information, Internet email or IP addresses. If we are not able to react to threats quickly and effectively and stop attackers from exploiting vulnerabilities or circumventing our security measures, the integrity of our systems and networks, and those of our customers and trading partners, may be adversely affected. If we cannot adequately secure and protect the ability of our data centers, offices, networks and related systems to perform consistently at a high level and without interruptions, or if we otherwise fail to meet our customers' expectations:

- our reputation may be damaged, which may adversely affect our ability to market our services and attract or retain customers;
- we may be subject to significant penalties or damages claims, under our contracts or otherwise;
- we may be required to make significant expenditures to repair or replace equipment, third-party systems or an entire data center, to establish new data centers and systems from which we may provide services or to take other required corrective action; or
- one or more of our significant contracts may be terminated early, or may not be renewed.

Any of these consequences would adversely affect our revenue, performance and business prospects.

If our security measures are breached and personally identifiable information is obtained by an unauthorized person, we may be subject to litigation and our services may also be perceived as not being secure and customers may curtail or stop using our services.

Many of our products and services, such as our registry, UltraViolet™, mobile and information service offerings may involve the storage and transmission of consumer information, such as names, addresses, email addresses and other personally identifiable information, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. If someone obtains unauthorized access to consumers' data, as a result of third-party action, technical malfunctions, employee error, malfeasance or otherwise, our reputation, brands and competitive position will be damaged, the adoption of our products and services could be severely limited, and we could incur costly litigation and significant liability, any of which may cause our business to suffer. Accordingly, we may need to expend significant resources to protect against security breaches, including encrypting personal information, or remedy breaches after they occur, including notifying each person whose personal data may have been compromised. The risk that these types of events could seriously harm our business is likely to increase as we expand the scale and scope of information services we offer and the number of Internet or DNS-based products and services we offer, and increase the number of countries in which we operate. Even a perceived breach of our security measures could damage the market perception of the effectiveness of our security measures and our reputation, and we could lose sales, existing and future business opportunities and customers, and potentially face costly litigation.

Our seven contracts with North American Portability Management LLC represent in the aggregate a substantial portion of our revenue, are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and we may not win a competitive procurement.

Our seven contracts with North American Portability Management LLC, or NAPM, an industry group that represents all carriers in the United States, to provide NPAC Services are not exclusive and could be terminated or modified in ways unfavorable to us. These seven separate contracts, each of which represented between 4.5% and 9.2% of our total revenue in 2012, represented in the aggregate approximately 49.4% of our total revenue in 2012. These contracts have finite terms and are currently scheduled to expire in June 2015.

NAPM has initiated a selection process for the administration of NPAC services at the expiration of the current contract. The FCC Wireline Competition Bureau has released a Request for Proposal, or RFP. The most recent selection timeline published by NAPM anticipates that the NAPM will make a recommendation to the FCC in November 2013 with the FCC approval of the recommendation to be completed in January 2014. These dates are subject to change.

We expect that there will be significant competition as a result of this process. We may not win this competitive procurement if another provider offers to provide the same or similar services at a lower cost. The failure to win the competitive procurement would have a material adverse effect on our business, prospects, financial condition and results of operations. Even if we win the competitive procurement, the new contracts may have different pricing structures or performance requirements than are currently in effect, which could negatively affect our operating performance and may result in additional costs and expenses and possibly lower revenues.

In addition, under our current contracts, NAPM could, at any time, solicit or receive proposals from other providers to provide services that are the same as or similar to ours. These contracts can be terminated or modified in advance of their scheduled expiration date in limited circumstances, most notably if we are in default of these agreements. Although these contracts do not contain cross-default provisions, conditions leading to a default by us under one of our contracts could lead to a default under others, or all seven. If these contracts are terminated or modified in a manner that is adverse to us, it would have a material adverse effect on our business, prospects, financial condition and results of operations.

A significant decline in the volume of transactions we handle could have a material adverse effect on our results of operations.

Under our contracts with NAPM, we earn revenue for NPAC Services on an annual, fixed-fee basis. However, in the event that the volume of transactions in a given year is above or below the contractually established volume range for that year, the fixed-fee may be adjusted up or down, respectively, with any such adjustment being applied to the following year's invoices. In addition, under our contract with the Canadian LNP Consortium Inc., we earn revenue on a per transaction basis. As a result, if industry participants in the United States reduce their usage of our services in a particular year to levels below the established volume range for that year or if industry participants in Canada reduce their usage of our services from their current levels, our revenue and results of operations may suffer. For example, consolidation in the industry could result in a decline in transactions if the remaining carriers decide to handle changes to their networks internally rather than use the services that we provide. Moreover, if customer turnover among carriers in the industry stabilizes or declines, or if carriers do not compete vigorously to lure customers away from their competitors, use of our telephone number portability and other services may decline. If carriers develop internal systems to address their infrastructure needs, or if the cost of such transactions makes it impractical for a given carrier to use our services for these purposes, we may experience a reduction in transaction volumes. Carriers might be able to charge consumers directly for our services, which could also have an adverse impact on transaction volumes. Finally, the trends that we believe will drive the future demand for our services, such as the emergence of IP services, growth of wireless services, consolidation in the industry, and pressure on carriers to reduce costs, may not actually result in increased demand for our existing services or for the ancillary directory services that we expect to offer, which would harm our future revenue and growth prospects.

Certain of our other contracts may be terminated or modified at any time prior to their completion, which could lead to an unexpected loss of revenue and damage our reputation.

In addition to our contracts with NAPM, we provide other services that generate revenue and bolster our reputation as a premier data services, infrastructure, and solutions provider to the communications sector, other major enterprises in a wide variety of sectors, trade associations, and government agencies. For example, we serve as the provider of NPAC Services in Canada; as operator of the .biz registry under contract with ICANN; as operator of the registry of U.S. Common Short Codes; as the provider of DNS services to a wide variety of major corporations, and as a provider of data services to major retailers and marketers. Each of these contracts provides for early termination in limited circumstances, most notably if we are in default. In addition, our contracts to serve as the North American Numbering Plan Administrator and as the National Pooling Administrator, each of which is with the U.S. government, may be terminated by the government at will. If we fail to meet the expectations of the FCC, the U.S. Department of Commerce or any of our other major customers for any reason, including for performance-related or other reasons, the customers may unilaterally terminate or modify the contracts. A termination arising out of our default could expose us to liability, adversely affect our operating performance and lead to an unexpected loss of revenue. Further, the loss or significant modification of a major contract could cause us to suffer a loss of reputation that would make it more difficult for us to compete for contracts to provide similar services in the future.

Failure to comply with neutrality requirements could result in loss of significant contracts.

Pursuant to orders and regulations of the U.S. government and provisions contained in our material contracts, we must continue to comply with certain neutrality requirements, meaning generally that we cannot favor any particular telecommunications service provider, telecommunications industry segment or technology or group of telecommunications consumers over any other telecommunications service provider, industry segment, technology or group of consumers in the conduct of our business. The FCC oversees our compliance with the neutrality requirements applicable to us in connection with some of the services we provide. We provide to the FCC and the North American Numbering Council, a federal advisory committee established by the FCC to advise and make recommendations on telephone numbering issues, regular certifications relating to our compliance with these requirements. Our ability to comply with the neutrality requirements to which we are subject may be affected by the activities of our stockholders or lenders. For example, if the ownership of our capital stock subjects us to undue influence by parties with a vested interest in the outcome of numbering administration, the FCC could determine that we are not in compliance with our neutrality obligations. Our failure to continue to comply with the neutrality requirements to which we are subject under applicable orders and regulations of the U.S. government and commercial contracts

may result in fines, corrective measures, termination of our contracts, or exclusion from bidding on future contracts, any one of which could have a material adverse effect on our results of operations.

Regulatory and statutory changes that affect us or the communications industry in general may increase our costs or otherwise adversely affect our business.

Certain of our domestic operations and many of our customers' operations are subject to regulation by the FCC and other federal, state and local agencies. As communications technologies and the communications industry continue to evolve, the statutes governing the communications industry or the regulatory policies of the FCC may change. If this were to occur, the demand for many of our services could change in ways that we cannot predict and our revenue could decline. These risks include the ability of the federal government, most notably the FCC and the Department of Commerce, to:

- increase or change regulatory oversight over services we provide;
- adopt or modify statutes, regulations, policies, procedures or programs in ways that are disadvantageous to the services we provide, or that are inconsistent with our current or future plans, or that require modification of the terms of our existing contracts or contracts like the NPAC that are subject to a competitive procurement process, including the manner in which we charge for certain of our services. For example,
 - in November 2005 and in 2010, major carriers filed petitions with the FCC seeking changes in the way our customers are billed for services provided by us under our contracts with North American Portability Management LLC; Verizon Corporation filed a similar petition with the FCC in May 2011, and
 - after the amendment of our contracts with North American Portability Management LLC in September 2006, Telcordia Technologies, Inc. filed a petition with the FCC requesting an order that would require North American Portability Management LLC to conduct a new bidding process to appoint a provider of telephone number portability services in the United States. In response to our amendment of these contracts in January 2009, Telcordia filed another petition asking that the FCC abrogate these contracts and initiate a government managed procurement in their place. If successful, either of these petitions could result in the loss of one or more of our contracts with North American Portability Management LLC or otherwise frustrate our strategic plans. Although the FCC has not initiated a formal rulemaking process on either of the Telcordia petitions, the FCC's Wireline Competition Bureau issued orders on March 8, 2011 and May 16, 2011 for NAPM to complete a selection process for the administration of NPAC Services at the expiration of the current contracts. See "*Our seven contracts with North American Portability Management LLC represent in the aggregate a substantial portion of our revenue, are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and we may not win a competitive procurement*";
 - prohibit us from entering into new contracts or extending existing contracts to provide services to the communications industry based on actual or suspected violations of our neutrality requirements, business performance concerns, or other reasons;
 - adopt or modify statutes, regulations, policies, procedures or programs in a way that could cause changes to our operations or costs or the operations of our customers (e.g., regulatory changes to support migration of public switched telephone network to IP Carrier Interconnect);
 - appoint, or cause others to appoint, substitute or add additional parties to perform the services that we currently provide including abrogation of our contracts to provide NPAC Services; and
 - prohibit or restrict the provision or export of new or expanded services under our contracts, or prevent the introduction of other services not under the contracts based upon restrictions within the contracts or in FCC policies.

In addition, we are subject to risks arising out of the delegation of the Department of Commerce's responsibilities for the domain name system to ICANN. Changes in the regulations or statutes to which our customers are subject could cause our customers to alter or decrease the services they purchase from us. We cannot predict when, or upon what terms and conditions, further regulation, deregulation or litigation designed to delay or prevent the introduction of new top-level domains might occur or the effect future regulation or deregulation may have on our business.

If we are unable to protect our intellectual property rights adequately, the value of our services and solutions could be diminished.

Our success is dependent in part on obtaining, maintaining and enforcing our proprietary rights and our ability to avoid infringing on the proprietary rights of others. While we take precautionary steps to protect our technological advantages and intellectual property and rely in part on patent, trademark, trade secret and copyright laws, we cannot assure that the precautionary steps we have taken will completely protect our intellectual property rights. Effectively policing our intellectual property is time consuming and costly, and the steps taken by us may not prevent infringement of our intellectual property or proprietary rights in our products, technology and trademarks, particularly in foreign countries where in many instances the local laws or legal systems do not offer the same level of protection as in the United States. Further, because patent applications in the United States are maintained in secrecy until either the patent application is published or a patent is issued, we may not be aware of third-party patents, patent applications and other intellectual property relevant to our services and solutions that may block our use of our intellectual property or may be used by third-parties who compete with our services and solutions. As we expand our business and introduce new services and solutions, there may be an increased risk of infringement and other intellectual property claims by third-parties. From time to time, we and our customers may receive claims alleging infringement of intellectual property rights, or may become aware of certain third-party patents that may relate to our services and solutions.

Additionally, some of our customer agreements require that we indemnify our customers for infringement claims resulting from their use of our intellectual property embedded in their products. Any litigation regarding patents or other intellectual property could be costly and time consuming and could divert our management and key personnel from our business operations. The complexity of the technology involved, and the number of parties holding intellectual property within the communications industry, increase the risks associated with intellectual property litigation. Moreover, the commercial success of our services and solutions may increase the risk that an infringement claim may be made against us. Royalty or licensing arrangements, if required, may not be available on terms acceptable to us, if at all. Any infringement claim successfully asserted against us or against a customer for which we have an obligation to defend could result in costly litigation, the payment of substantial damages, and an injunction that prohibits us from continuing to offer the service or solution in question, any of which could have a material adverse effect on our business, operating results and financial condition.

The market for our carrier, enterprise and information services is competitive, and if we do not adapt to rapid technological change, we could lose customers or market share.

We compete against well-funded providers of carrier, enterprise and information services, communications software companies and system integrators that provide systems and services used by carriers and enterprises to manage their networks and internal operations in connection with telephone number portability and other communications transactions. In addition, our industry is characterized by rapid technological change and frequent new service offerings. Significant technological changes could make our technology and services obsolete. We must adapt to our rapidly changing market by continually improving the features, functionality, reliability and responsiveness of our services, and by developing new features, services and applications to meet changing customer needs. Our ability to take advantage of opportunities in the market may require us to invest in development and incur other expenses well in advance of our ability to generate revenue from these services. We cannot guarantee that we will be able to adapt to these challenges or respond successfully or in a cost-effective way, particularly in the early stages of launching a new service. Further, we may experience delays in the development of one or more features of our solutions, which could materially reduce the potential benefits to us for providing these services. In addition, there can be no assurance that our solutions will be adopted by potential customers, or that we will be able to reach acceptable contract terms with customers to provide these services. Our failure to adapt to meet market demand in a cost-effective manner could adversely affect our ability to compete and retain customers or market share.

If we are not able to obtain the data required to provide our information services, or we obtain inaccurate data, our operating results could be adversely affected.

Much of the data that we use in connection with our Information Services segment is purchased or licensed from third parties, obtained from public record sources or provided to us as part of a broader business relationship with a customer. If we are not able to obtain this data on favorable economic terms or otherwise, or if the data we obtain is inaccurate, our ability to provide information services to our clients could be materially adversely impacted, which could result in decreased revenues, net income and earnings per share.

Regulatory and statutory requirements, changes in requirements regarding privacy and data protection or public perceptions of data usage may increase our costs or otherwise adversely affect our business.

Our business operations are subject to a variety of complex privacy and data protection laws and regulations in the United States and in other jurisdictions. These statutory and regulatory requirements are evolving and may change significantly. Judicial and regulatory application and interpretation of these statutory and regulatory requirements are often uncertain. In addition, data usage both by governments and corporations is currently a matter of keen public concern and press attention. We may need to incur significant costs or modify our business practices and/ or our services in order to comply with existing or revised laws and regulations, or to adapt to changing public attitudes about data usage. Any such costs or changes could have a material adverse effect on our results of operations or prospects. If we are not able to comply with applicable laws, we may be subject to significant monetary penalties and/or orders demanding that we cease alleged noncompliant activities. These or other remedies could have a material adverse effect on our results of operation or financial condition. Our failure or alleged failure to comply with privacy and data protection laws, or with public attitudes about data usage, could harm our reputation, result in legal actions against us by governmental authorities or private claimants or cause us to lose customers, any of which could have a material adverse effect on our results of operations or prospects.

In addition, new legislation may be passed or judicial interpretations may be issued that restrict our use of data to provide information services to our clients. Any restrictions on our ability to provide these services to our clients could have a material adverse effect on our business, results of operation, financial condition and prospects.

If we are unable to manage our costs, our profits could be adversely affected.

Historically, sustaining our growth has placed significant demands on our management as well as on our administrative, operational and financial resources. For us to continue to manage our expanded operations, as well as any future growth, we must continue to improve our operational, financial and management information systems and expand, motivate and manage our workforce. If our quality of service is compromised because we are unable to successfully manage our costs, or if new systems that we implement to assist in managing our operations do not produce the expected benefits, we may experience higher turnover in our customer base and our revenue and profits could be adversely affected.

Changes in our tax rates or exposure to additional income tax liabilities could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.

We are subject to income taxes in the U.S. and in various non-U.S. jurisdictions. Our effective tax rate can be affected by changes in our mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, establishment of accruals related to contingent tax liabilities and period-to-period changes in such accruals, the expiration of statutes of limitations, the implementation of tax planning strategies and changes in tax laws. The impact of these factors may be substantially different from period to period. Due to the ambiguity of tax laws and the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. In addition, our income tax returns are subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in payments or assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities, which may negatively affect our results of operations.

Our operating results and margins could fluctuate due to factors relating to stock-based compensation.

Similar to many other companies, we use stock awards as a form of compensation for certain employees and non-employee directors. We must recognize the fair value of all stock-based awards, including grants of employee stock options, in our financial statements. The valuation model we use to estimate the fair value of our stock-based awards requires us to make several estimates and assumptions, such as the expected holding period of the awards and expected price volatility of our common stock. The amount we recognize for stock-based compensation expense could vary materially depending on changes in these estimates and assumptions. Other factors that could impact the amount of stock-based compensation expense we recognize include changes in the mix and type of stock-based awards we grant, changes in our compensation plans or tax rate, changes in the award forfeiture rate and differences in our company's actual operating results compared to management's estimates for performance-based awards.

Changes in accounting principles and guidance, or their interpretation, could result in unfavorable accounting charges or effects, including changes to previously filed financial statements.

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles, or GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate

accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant effect on our reported results and may retroactively affect previously reported results.

We must recruit and retain skilled employees to succeed in our business, and our failure to recruit and retain qualified employees could harm our ability to maintain and grow our business.

We believe that an integral part of our success is our ability to recruit and retain employees who have advanced skills in the services and solutions that we provide and who work well with our customers. In particular, we must hire and retain employees with the technical expertise and industry knowledge necessary to maintain and continue to develop our operations and who can effectively manage our growing sales and marketing organization to ensure the growth of our operations. Our future success depends on the ability of the employees in our sales and marketing organization to establish direct sales channels and to develop multiple distribution channels. The employees with the skills we require are in great demand and are likely to remain a limited resource in the foreseeable future. If we are unable to recruit and retain a sufficient number of these employees at all levels, our ability to maintain and grow our business could be negatively impacted.

Any adverse change in reputation, whether as a result of decreases in revenue, an unfavorable outcome in the competitive procurement process for the new contracts with NAPM, a decline in the market price of our common stock or for any other reason, could impair our ability to retain existing employees or attract additional qualified employees with the requisite experience, expertise and knowledge.

Our failure to achieve or sustain market acceptance of our services at desired pricing levels could impact our ability to maintain profitability or positive cash flow.

Our competitors and customers may cause us to reduce the prices we charge for our services and solutions. The primary sources of pricing pressure include:

- competitors offering our customers services at reduced prices, or bundling and pricing services in a manner that makes it difficult for us to compete. For example, a competing provider of Internet infrastructure services might offer its services at lower rates than we do, or a competing domain name registry provider may reduce its prices for domain name registration;
- customers with a significant volume of transactions may have enhanced leverage in pricing negotiations with us; and
- if our prices are too high, potential customers may find it economically advantageous to handle certain functions internally instead of using our services.

We may not be able to offset the effects of any price reductions by increasing the number of transactions we handle or the number of customers we serve, by generating higher revenue from enhanced services or by reducing our costs.

Our expansion into international markets may be subject to uncertainties that could increase our costs to comply with regulatory requirements in foreign jurisdictions, disrupt our operations, and require increased focus from our management.

We currently provide services to customers located in various international locations such as Brazil, Taiwan and China. We intend to pursue additional international business opportunities. International operations and business expansion plans are subject to numerous additional risks, including:

- economic and political risks in foreign jurisdictions in which we operate or seek to operate;
- difficulties in enforcing contracts and collecting receivables through foreign legal systems;
- differences in foreign laws and regulations, including foreign tax, intellectual property, privacy, labor and contract law, as well as unexpected changes in legal and regulatory requirements;
- differing technology standards and pace of adoption;
- export restrictions on encryption and other technologies;
- fluctuations in currency exchange rates and any imposition of currency exchange controls;
- increased competition by local, regional, or global companies; and
- difficulties associated with managing a large organization spread throughout various countries.

If we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

If we are not successful in growing our new Information Services business at the rate that we anticipate, our operating results could be negatively impacted.

The operations of Targus Information Corporation (“TARGUSinfo”), which we acquired in November 2011, comprise our new Information Services segment. We are shifting our business to focus increasingly on sales of information services in addition to our carrier and enterprise services. Our ability to successfully grow our information services business depends on a number of different factors, including market acceptance of our information services, the expansion of our information services capabilities and geographic coverage, and continued public and regulatory acceptance of data usage for the provision of our information services, among others. If we are not successful in growing our information services business at the rate that we anticipate, we may not meet expected growth and gross margin projections or expectations, and our operating results, prospects and the market price of our securities could be adversely affected.

We may be unable to complete acquisitions, or we may undertake acquisitions that increase our costs or liabilities or are disruptive to our business.

We have made a number of acquisitions in the past, and one of our strategies is to pursue acquisitions selectively in the future. We may not be able to locate acquisition candidates at prices that we consider appropriate or on terms that are satisfactory to us. If we do identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of the acquisition or, if the acquisition occurs, integrate the acquired business into our existing business. Acquisitions of businesses or other material operations may require additional debt or equity financing, resulting in additional leverage or dilution to our stockholders.

Integration of acquired business operations is a time consuming process that could disrupt our business by diverting significant management attention and resources away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. It is also possible that the integration process could result in the loss of key employees, the disruption of each company’s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, suppliers, distributors, creditors, or lessors, or to achieve the anticipated benefits of the acquisition. Further, if we cannot successfully integrate an acquired company’s internal control over financial reporting, the reliability of our financial statements may be impaired and we may not be able to meet our reporting obligations under applicable law. Any such impairment or failure could cause investor confidence and, in turn, the market price of our common stock, to be materially adversely affected.

Even if we are able to integrate acquired businesses successfully, there can be no assurance that we will realize the full benefits of the cost efficiencies or synergies or other benefits that we anticipated when selecting our acquisition candidates or that these benefits will be achieved within a reasonable period of time, and we may be required to invest significant capital and resources after acquisition to maintain or grow the businesses that we acquire. In addition, we may need to record write-downs from impairments of goodwill, intangible assets, or long-lived assets, or record adjustments to the purchase price that occur after the closing of the transaction, which could reduce our future reported earnings. If we fail to successfully integrate and support the operations of the businesses we acquire, or if anticipated revenue enhancements and cost savings are not realized from these acquired businesses, our business, results of operations and financial condition would be materially adversely affected. Further, acquired businesses may have unforeseen liabilities, neutrality-related risks or adverse operating issues that we fail to discover through due diligence prior to the acquisition. These liabilities could include employment, retirement or severance-related obligations under applicable law, other benefits arrangements, legal claims, warranty or similar liabilities to customers, claims by or amounts owed to vendors, tax liabilities or other amounts owed by the acquired companies. The failure to discover such issues prior to such acquisition, should they be significant, could have a material adverse effect on our business and results of operations.

Risks related to financial market conditions

We may be unable to raise additional capital, if needed, or to raise capital on favorable terms.

The general economic and capital market conditions in the United States and other parts of the world have deteriorated significantly since 2008 and have adversely affected access to capital and increased the cost of capital. If funds generated by our operations or available under our 2013 Credit Facilities are insufficient to fund our future activities, including acquisitions, organic business ventures, or capital expenditures, we may need to raise additional funds through public or private equity or debt financing. If unfavorable capital market conditions exist when we seek additional financing, we may not be able to raise

sufficient capital on favorable terms or at all. Failure to obtain capital on a timely basis could have a material adverse effect on our results of operations and we may not be able to fund further organic and inorganic growth of our business.

Risks related to the notes and our other indebtedness

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

As of September 30, 2013, borrowings under our 2013 Credit Facilities and Senior Notes was approximately \$618.3 million, and we had unused revolving commitments of \$192.0 million (after giving effect to \$8.0 million of outstanding letters of credit). In addition, the 2013 Term Facility allows us to request one or more increases to the available term commitments under such facility. We are entitled to request such increases in an amount such that, after giving effect to such increases, either (a) the aggregate amount of increases does not exceed \$400 million or (b) our consolidated secured leverage ratio on a pro forma basis after giving effect to any such increase is below 2.50 to 1.00. As of September 30, 2013, the total amount of such potential incremental increases we could request was approximately \$748.8 million.

Subject to the limits contained in the credit agreement that governs our 2013 Term Facility, the indenture that governs the Senior Notes and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance investments or acquisitions, or for other general corporate purposes. If we do so, the risks related to our level of debt could intensify. Specifically, our level of debt could have important consequences to the holders of our securities, including the following:

- making it more difficult for us to satisfy our obligations with respect to the Senior Notes and our other debt;
- limiting our ability to obtain additional financing to fund future acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our 2013 Term Facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the indenture that governs the Senior Notes and the credit agreement that governs our 2013 Term Facility contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreement that governs our 2013 Term Facility and the indenture that governs the Senior Notes restricts our ability to dispose of assets and use the proceeds from those dispositions and also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations would materially and adversely affect our financial position and results of operations and our ability to satisfy our debt obligations.

If we cannot make scheduled payments on our debt, we will be in default and holders of the Senior Notes could declare all outstanding principal and interest to be due and payable, the lenders under our 2013 Term Facility could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our 2013 Term Facility will be at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming all loans are fully drawn, each quarter point change in interest rates would result in a \$1.3 million change in annual interest expense on our indebtedness under our 2013 Term Facility. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any downgrade by either Standard & Poor's or Moody's could increase the interest rate on the 2013 Credit Facilities, result in higher borrowing costs and decrease earnings. Any future adverse changes to our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing.

Risks Related to Our Common Stock

Our common stock price may be volatile.

The market price of our Class A common stock may fluctuate widely. Fluctuations in the market price of our Class A common stock could be caused by many things, including:

- our perceived prospects and the prospects of the telephone, Internet and data analytics industries in general;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general valuations for communications companies;
- adoption or modification of regulations, policies, procedures or programs applicable to our business;
- sales of our Class A common stock by our officers, directors or principal stockholders;
- sales of significant amounts of our Class A common stock in the public market, or the perception that such sales may occur;
- sales of our Class A common stock due to a required divestiture under the terms of our certificate of incorporation; and
- changes in general economic or market conditions and broad market fluctuations.

Each of these factors, among others, could have a material adverse effect on the market price of our Class A common stock. Recently, the stock market in general has experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of the specific companies. Some companies that have had volatile market prices for their securities have had securities class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial costs and a diversion of our management's attention and resources. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, and the market price of our Class A common stock may be lower as a result.

We are a Delaware corporation, and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our certificate of incorporation and bylaws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our certificate of incorporation and bylaws:

- authorize the issuance of “blank check” preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- prohibit cumulative voting in the election of directors, which would otherwise enable holders of less than a majority of our voting securities to elect some of our directors;
- establish a classified Board of Directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election;
- require that directors only be removed from office for cause;
- provide that vacancies on the Board of Directors, including newly-created directorships, may be filled only by a majority vote of directors then in office;
- disqualify any individual from serving on our board if such individual’s service as a director would cause us to violate our neutrality requirements;
- limit who may call special meetings of stockholders;
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominating candidates for election to the Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In order to comply with our neutrality requirements, our certificate of incorporation contains ownership and transfer restrictions relating to telecommunications service providers and their affiliates, which may inhibit potential acquisition bids that our stockholders may consider favorable, and the market price of our Class A common stock may be lower as a result.

In order to comply with neutrality requirements imposed by the FCC in its orders and rules, no entity that qualifies as a “telecommunications service provider” or affiliate of a telecommunications service provider, as defined under the Communications Act of 1934 and FCC rules and orders, may beneficially own 5% or more of our capital stock. In general, a telecommunications service provider is an entity that offers telecommunications services to the public at large, and is, therefore, providing telecommunications services on a common carrier basis. Moreover, a party will be deemed to be an affiliate of a telecommunications service provider if that party controls, is controlled by, or is under common control with, a telecommunications service provider. A party is deemed to control another if that party, directly or indirectly:

- owns 10% or more of the total outstanding equity of the other party;
- has the power to vote 10% or more of the securities having ordinary voting power for the election of the directors or management of the other party; or
- has the power to direct or cause the direction of the management and policies of the other party.

As a result of this regulation, subject to limited exceptions, our certificate of incorporation (a) prohibits any telecommunications service provider or affiliate of a telecommunications service provider from beneficially owning, directly or indirectly, 5% or more of our outstanding capital stock and (b) empowers our Board of Directors to determine whether any particular holder of our capital stock is a telecommunications service provider or an affiliate of a telecommunications service provider. Among other things, our certificate of incorporation provides that:

- if one of our stockholders experiences a change in status or other event that results in the stockholder violating this restriction, or if any transfer of our stock occurs that, if effective, would violate the 5% restriction, we may elect to

purchase the excess shares (i.e., the shares that cause the violation of the restriction) or require that the excess shares be sold to a third-party whose ownership will not violate the restriction;

- pending a required divestiture of these excess shares, the holder whose beneficial ownership violates the 5% restriction may not vote the shares in excess of the 5% threshold; and
- if our Board of Directors, or its permitted designee, determines that a transfer, attempted transfer or other event violating this restriction has taken place, we must take whatever action we deem advisable to prevent or refuse to give effect to the transfer, including refusal to register the transfer, disregard of any vote of the shares by the prohibited owner, or the institution of proceedings to enjoin the transfer.

Any person who acquires, or attempts or intends to acquire, beneficial ownership of our stock that will or may violate this restriction must notify us as provided in our certificate of incorporation. In addition, any person who becomes the beneficial owner of 5% or more of our stock must notify us and certify that such person is not a telecommunications service provider or an affiliate of a telecommunications service provider. If a 5% stockholder fails to supply the required certification, we are authorized to treat that stockholder as a prohibited owner — meaning, among other things, that we may elect to require that the excess shares be sold. We may request additional information from our stockholders to ensure compliance with this restriction. Our board will treat any “group,” as that term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as a single person for purposes of applying the ownership and transfer restrictions in our certificate of incorporation.

Nothing in our certificate of incorporation restricts our ability to purchase shares of our capital stock. If a purchase by us of shares of our capital stock results in a stockholder’s percentage interest in our outstanding capital stock increasing to over the 5% threshold, such stockholder must deliver the required certification regarding such stockholder’s status as a telecommunications service provider or affiliate of a telecommunications service provider. In addition, to the extent that a repurchase by us of shares of our capital stock causes any stockholder to violate the restrictions on ownership and transfer contained in our certificate of incorporation, that stockholder will be subject to all of the provisions applicable to prohibited owners, including required divestiture and loss of voting rights.

These restrictions and requirements may:

- discourage industry participants that might have otherwise been interested in acquiring us from making a tender offer or proposing some other form of transaction that could involve a premium price for our shares or otherwise be in the best interests of our stockholders; and
- discourage investment in us by other investors who are telecommunications service providers or who may be deemed to be affiliates of a telecommunications service provider, which may decrease the demand for our Class A common stock and cause the market price of our Class A common stock to be lower.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table is a summary of our repurchases of common stock during each of the three months in the quarter ended September 30, 2013:

Month	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
July 1 through July 31, 2013	639,031	\$ 51.80	637,850	\$ 158,594,100
August 1 through August 31, 2013	626,386	52.92	624,450	125,536,341
September 1 through September 30, 2013	585,075	51.42	584,150	95,485,046
Total	1,850,492	\$ 52.06	1,846,450	\$ 95,485,046

- (1) The number of shares purchased includes shares of common stock tendered by employees to us to satisfy the employees’ minimum tax withholding obligations arising as a result of vesting of restricted stock grants under our stock incentive plan. We purchased these shares for their fair market value on the vesting date.
- (2) The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 4,042 shares, all of which relate to shares surrendered to us by employees to satisfy the

employees' tax withholding obligations arising as a result of vesting of restricted stock grants under our incentive stock plans.

- (3) On July 28, 2010, we announced the adoption of a share repurchase program. The 2010 program authorized the purchase of up to \$300 million of Class A common shares through Rule 10b5-1 programs, open market purchases, privately negotiated transactions or otherwise as market conditions warranted, at prices we deemed appropriate. On May 2, 2013, we announced the adoption of a 2013 share repurchase program, which will expire on December 31, 2013. We may purchase up to \$250 million of Class A common shares under the 2013 program, which replaced the 2010 program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See exhibits listed under the Exhibit Index below.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NeuStar, Inc.

Date: October 30, 2013

By: /s/ Paul S. Lalljie

Paul S. Lalljie

Chief Financial Officer

(Principal Financial and Accounting Officer and Duly Authorized Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation, incorporated herein by reference to Exhibit 3.1 to Amendment No. 7 to NeuStar's Registration Statement on Form S-1, filed June 28, 2005 (File No. 333-123635).
3.2	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed June 25, 2012.
101.1.6	Amendment to the contractor services agreement entered into the 7th day of November 1997 by and between Neustar, Inc. and North American Portability Management, LLC.*
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

* Confidential treatment has been requested for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

Amendment No. 91 (NE)

SOW: ✓ No
 – Yes

Pursuant to Instruction 2 to Item 601 of Regulation S-K, NeuStar, Inc. has filed an agreement with the Northeast Carrier Acquisition Company, LLC, which is one of seven agreements that are substantially identical in all material respects other than the parties to the agreements. North American Portability Management, LLC succeeded to the interests of Northeast Carrier Acquisition Company, LLC and each of the other entities listed below. The following list identifies the other parties to the six agreements that have been omitted pursuant to Instruction 2 to Item 601:

- LNP, LLC (Midwest)

- Southwest Region Portability Company, LLC
- Western Region Telephone Number Portability, LLC
- Southeast Number Portability Administration Company, LLC
- Mid-Atlantic Carrier Acquisition Company, LLC
- West Coast Portability Services, LLC



**AMENDMENT
TO
CONTRACTOR SERVICES AGREEMENT
FOR
NUMBER PORTABILITY ADMINISTRATION CENTER / SERVICE
MANAGEMENT SYSTEM**

DEFINITION OF SERVICE PROVIDER

Page 1

CONFIDENTIAL

Amendment No. 91 (NE)

SOW: ☒ No
 ☐ Yes

AMENDMENT
TO
CONTRACTOR SERVICES AGREEMENT
FOR
NUMBER PORTABILITY ADMINISTRATION CENTER/SERVICE MANAGEMENT SYSTEM

Definition of Service Provider

1. PARTIES

This Amendment No. 91 (this “**Amendment**”) is entered into pursuant to Article 30, and upon execution shall be a part of, the Contractor Services Agreements for Number Portability Administration Center/Service Management System, as amended and in effect immediately prior to the Amendment Effective Date (each such agreement referred to individually as the “**Master Agreement**” and collectively as the “**Master Agreements**”), by and between NeuStar, Inc., a Delaware corporation (“**Contractor**”), and the North American Portability Management LLC, a Delaware limited liability company (the “**Customer**”), as the successor in interest to and on behalf of the Northeast Carrier Acquisition Company, LLC (the “**Subscribing Customer**”).

2. EFFECTIVENESS AND SUBSCRIBING CUSTOMERS

This Amendment shall be effective as of the last date of execution below (the “**Amendment Effective Date**”), conditioned upon execution by Contractor and Customer on behalf of all the limited liability companies listed below for the separate United States Service Areas (the “**Subscribing Customers**”).

- LNP, LLC (Midwest)
- Mid-Atlantic Carrier Acquisition Company, LLC
- Northeast Carrier Acquisition Company, LLC
- Southeast Number Portability Administration Company, LLC
- Southwest Region Portability Company, LLC
- West Coast Portability Services, LLC
- Western Region Telephone Number Portability, LLC

The number in the upper left-hand corner refers to this Amendment. Capitalized terms used herein without definition or which do not specifically reference another agreement shall have the meanings as defined in the Master Agreement.

3. CONSIDERATION RECITAL

In consideration of the terms and conditions set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

Amendment No. 91 (NE)

SOW: ☒ No
 ☐ Yes

Contractor and Customer agree as set forth in this Amendment.

4. IMPACTS ON MASTER AGREEMENT

The following portions of the Master Agreement are affected by this Amendment:

<u>None</u>	Master Agreement
<u>None</u>	Exhibit B Functional Requirements Specification
<u>None</u>	Exhibit C Interoperable Interface Specification
<u>None</u>	Exhibit E Pricing Schedules
<u>None</u>	Exhibit F Project Plan and Test Schedule
<u>None</u>	Exhibit G Service Level Requirements
<u>None</u>	Exhibit H Reporting and Monitoring Requirements
<input checked="" type="checkbox"/>	Exhibit J User Agreement Form
<u>None</u>	Exhibit K External Design
<u>None</u>	Exhibit L Infrastructure/Hardware
<u>None</u>	Exhibit M Software Escrow Agreement
<u>None</u>	Exhibit N System Performance Plan for NPAC/SMS Services
<u>None</u>	Exhibit O Intermodal Ported TN Identification Service Agreement
<u>None</u>	Exhibit P LEAP Service Agreement
<u>None</u>	Disaster Recovery
<u>None</u>	Back Up Plans
<u>None</u>	Gateway Evaluation Process (Article 32 of Master Agreement)

5. DEFINITION OF SERVICE PROVIDER

5.1 Reasons for Amending Master Agreement

Article 1 of the Master Agreement sets forth the definition of a “User”. That definition encompasses two distinct entities: “Service Providers” and “providers of telecommunications-related services” (**PTRS**). In order to qualify as a Service Provider for purposes of becoming a User, that Article requires that an entity must be “a facilities-based carrier intending to provide telecommunications services within the Service Area”.

Heretofore, interconnected voice over Internet Protocol (**VoIP**) providers could qualify as Users under the Master Agreement only as a PTRS because such providers are not typically facilities-based carriers providing telecommunications services. That meant that with respect to the NPAC an interconnected VoIP User could only obtain access and operational privileges associated with a PTRS.

On April 18, 2013, the United States Federal Communications Commission (“**Commission**”) issued a Notice of Proposed Rulemaking seeking comment on allowing interconnected VoIP providers to obtain telephone numbers directly from the North American Plan Administrator and the Pooling Administrator, subject to certain requirements. The Commission also issued an Order establishing a six-month technical trial of direct access to telephone numbers by granting a conditional waiver to a number of interconnected VoIP providers that have pending petitions for waiver of section 52.15(g)(2)(i) of the Commission’s rules.

Amendment No. 91 (NE)

SOW: ☒ No
 ☐ Yes

On June 17, 2013, the Commission's Wireline Competition Bureau concluded that certain interconnected VoIP providers met the Commission's requirements to participate in the limited direct access to numbers trial. As a result, these interconnected VoIP providers with direct access to numbering resources must now access the NPAC in the same manner, and with the same operational privileges, as a Service Provider.

Because the definition of Service Provider in the Master Agreement focuses on whether a User is a facilities-based carrier providing telecommunications services, and not on whether the User has direct access to numbering resources, the Customer has determined that the Master Agreement must be amended to reflect that a User is categorized as a Service Provider only because of its direct access to numbering resources.

5.2 Amendment to Master Agreement

The definition of "Service Provider" set forth in Article 1 of the Master Agreement is hereby deleted in its entirety and replaced with the following:

The term "Service Provider" means an entity which (i) has obtained or is eligible to obtain North American Numbering Plan numbering resources associated with the Service Area and (ii) has entered into an NPAC/SMS User Agreement with Contractor to receive Services under this Agreement.

6. MISCELLANEOUS

6.1 Except as specifically modified and amended hereby, all the provisions of the Master Agreement and the User Agreements entered into with respect thereto, and all exhibits and schedules thereto, shall remain unaltered and in full force and effect in accordance with their terms. From and after the Amendment Effective Date hereof, any reference in the Master Agreement to itself and any Article, Section or subsections thereof or to any Exhibit thereto, or in any User Agreement to itself or to the Master Agreement and applicable to any time from and after the Amendment Effective Date hereof, shall be deemed to be a reference to such agreement, Article, Section, subsection or Exhibit, as modified and amended by this Amendment. From and after the Amendment Effective Date, this Amendment shall be a part of the Master Agreement, including its Exhibits, and, as such, shall be subject to the terms and conditions therein. Each of the respective Master Agreements with respect to separate Service Areas remains an independent agreement regarding the rights and obligations of each of the Parties thereto with respect to such Service Area, and neither this Amendment nor any other instrument shall join or merge any Master Agreement with any other, except by the express written agreement of the Parties thereto.

6.2 If any provision of this Amendment is held invalid or unenforceable the remaining provision of this Amendment shall become null and void and be of no further force or effect. If by rule, regulation, order, opinion or decision of the Federal Communications Commission or any other regulatory body having jurisdiction or delegated authority with respect to the subject matter of this Amendment or the Master Agreement, this Amendment is required to be rescinded or is declared ineffective or void in whole or in part, whether temporarily, permanently or ab

Amendment No. 91 (NE)

SOW: ☒ No
 ☐ Yes

initio (an “**Ineffectiveness Determination**”), immediately upon such Ineffectiveness Determination and without any requirement on any party to appeal, protest or otherwise seek clarification of such Ineffectiveness Determination, this Amendment shall be rescinded and of no further force or effect retroactively to the Amendment Effective Date. Consequently, the Master Agreement in effect immediately prior to the Amendment Effective Date shall continue in full force and effect in accordance with its terms, unchanged or modified in any way by this Amendment. In the event of an Ineffectiveness Determination, any amounts that would have otherwise been due and payable under the terms and conditions of the Master Agreement, in effect immediately prior to the Amendment Effective Date (including, but not limited to any adjustments necessary to retroactively re-price TN Porting Events under Exhibit E from the Amendment Effective Date through the date of the Ineffectiveness Determination, or other amounts or credits, to any party hereunder), shall be invoiced by Contractor at the earliest practical Billing Cycle in accordance with the Master Agreement and shall be due and payable in accordance with the applicable invoice therewith or shall be credited or applied for the benefit of the Customer or any Allocated Payor in accordance with the Master Agreement.

6.3 This Amendment may be executed in two or more counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

6.4 If at any time hereafter a Customer, other than a Customer that is a party hereto desires to become a party hereto, such Customer may become a party hereto by executing a joinder agreeing to be bound by the terms and conditions of this Amendment, as modified from time to time.

6.5 This Amendment is the joint work product of representatives of Customer and Contractor; accordingly, in the event of ambiguities, no inferences will be drawn against either party, including the party that drafted the Agreement in its final form.

6.6 This Amendment sets forth the entire understanding between the Parties with regard to the subject matter hereof and supersedes any prior or contemporaneous agreement, discussions, negotiations or representations between the Parties, whether written or oral, with respect thereto. The modifications, amendments and price concessions made herein were negotiated together and collectively, and each is made in consideration of all of the other terms herein. All such modifications, amendments and price concessions are interrelated and are dependent on each other. No separate, additional or different consideration is contemplated with respect to the modifications, amendments and price concessions herein.

[THIS SPACE INTENTIONALLY LEFT BLANK]

Amendment No. 91 (NE)

SOW: ☒ No
 ☐ Yes

IN WITNESS WHEREOF, the undersigned have executed this Amendment:

CONTRACTOR: NeuStar, Inc.

By: /s/ Bradley D. Smith

Its: Controller

Date: 10/13/13

**CUSTOMER: North American Portability Management LLC, as successor in interest to
and on behalf of Northeast Carrier Acquisition Company, LLC**

By: /s/ Timothy Decker

Its: NAPM LLC CO-CHAIR

Date: 9/26/2013

By: /s/ Tim Kagele

Its: NAPM LLC

Date: 9/26/13

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa A. Hook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NeuStar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 30, 2013

/s/ Lisa A. Hook

 Lisa A. Hook
 President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul S. Lalljie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NeuStar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 30, 2013

/s/ Paul S. Lalljie

Paul S. Lalljie
Chief Financial Officer
(Principal Accounting Officer)

**CERTIFICATION
PURSUANT TO 18 U.S.C. 1350**

Pursuant to 18 U.S.C. 1350, each of the undersigned certifies that, to the best of his/her knowledge:

1. The quarterly report on Form 10-Q of NeuStar, Inc. for the quarter ended September 30, 2013 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NeuStar, Inc.

October 30, 2013

By: /s/ Lisa A. Hook

Lisa A. Hook
President and Chief Executive Officer

October 30, 2013

By: /s/ Paul S. Lalljie

Paul S. Lalljie
Chief Financial Officer

A signed original of this written statement has been provided to NeuStar, Inc. and will be retained by NeuStar, Inc. and furnished to the Securities and Exchange Commission or its staff upon request

FAR Report

Certification for: NeuStar, Inc.

DUNS: 112403295

Certification Validity From: Wed Feb 06 16:38:56 EST 2013

To : Thu Feb 06 16:38:57 EST 2014

I have read each of the FAR and DFARS provisions presented below. By submitting this certification, I, James Casey, am attesting to the accuracy of the representations and certifications contained herein, including the entire NAICS table. I understand that I may be subject to penalties if I misrepresent NeuStar, Inc. in any of the below representations or certifications to the Government.

FAR 52.203-2 Certificate of Independent Price Determination (Apr 1985)

- (a) The offeror certifies that-
- (1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to-
- (i) Those Prices
 - (ii) The intention to submit an offer, or
 - (iii) The methods or factors used to calculate the prices offered.
- (2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and
 - (3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

- (b) Each signature on the offer is considered to be a certification by the signatory that the signatory-
- (1) Is the person in the offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this provision; or
 - (2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this provision Bradley D Smith, Controller;
 - (ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) of this provision have not participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this provision; and
 - (iii) As an agent, has not personally participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this provision.

- (c) If the offeror deletes or modifies paragraph (a)(2) of this provision, the offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure.

(End of Provision)

FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (Sep 2007)

(a) Definitions. As used in this provision-"Lobbying contact" has the meaning provided at 2 U.S.C. 1602(8). The terms "agency," "influencing or attempting to influence," "officer or employee of an agency," "person," "reasonable compensation," and "regularly employed" are defined in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions"(52.203-12).

(b) Prohibition. The prohibition and exceptions contained in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12) are hereby incorporated by reference in this provision.

(c) Certification. The offeror, by signing its offer, hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract.

(d) Disclosure. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.

(e) Penalty. Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by 31 U.S.C. 1352. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

(End of Provision)

FAR 52.204-3 Taxpayer Identification (Oct 1998)

(a) Definitions

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All offerors must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.

(d) Taxpayer Identification Number (TIN).

* ☒ TIN on file.

* ☐ TIN has been applied for.

* TIN is not required because:

* ☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States; ,

* ☐ Offeror is an agency or instrumentality of a foreign government; ,

* ☐ Offeror is an agency or instrumentality of the Federal Government.

(e) Type of organization.

* ☐ sole proprietorship;

* ☐ Partnership;

* ☒ Corporate entity (not tax-exempt);

* ☐ Corporate entity (tax-exempt);

* ☐ Government entity (Federal, State, or local);

* ☐ Foreign government;

* ☐ International organization per 26 CFR 1.6049-4;

* ☐ Other

(f) Common parent.

* ☒ Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.

* ☐ Name:

TIN:

(End of Provision)

FAR 52.204-5 Women-Owned Business (Other Than Small Business) (May 1999)

(a) Definition. "Women-owned business concern," as used in this provision, means a concern that is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

(b) Representation. [Complete only if the offeror is a women-owned business concern and has not represented itself as a small business concern in paragraph (b)(1) of FAR 52.219-1, Small Business Program Representations, of this solicitation.] The offeror represents that it [] is a women-owned business concern.

(End of Provision)

FAR 52.209-2 Prohibition on Contracting with Inverted Domestic Corporations-Representation (May 2011)

(a) Definitions. Inverted domestic corporation and subsidiary have the meaning given in the clause of this contract entitled Prohibition on Contracting with Inverted Domestic Corporations (52.209-10).

(b) Relation to Internal Revenue Code. An inverted domestic corporation as herein defined does not meet the definition of an inverted domestic corporation as defined by the Internal Revenue Code at 26 U.S.C. 7874.

(c) Representation. By submission of its offer, the offeror represents that-

- (1) It is not an inverted domestic corporation; and
- (2) It is not a subsidiary of an inverted domestic corporation.

(End of Provision)

FAR 52.209-5 Certification Regarding Responsibility Matters (Apr 2010)

(a) (1) The Offeror certifies, to the best of its knowledge and belief, that-

(i) The Offeror and/or any of its Principals-

(A) Are ☐ Are not ☒ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have ☐ Have not ☒ , within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) contract or subcontract; violation of Federal or State antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property (if offeror checks "have", the offeror shall also see 52.209-7, if included in this solicitation);

(C) Are ☐ Are not ☒ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (a)(1)(i)(B) of this provision.

(D) Have ☐ Have not ☒ , within a three-year period preceding this offer, been notified of any delinquent Federal Taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied.

(1) Federal taxes are considered delinquent if both of the following criteria apply:

(i) The tax liability is finally determined. The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(ii) The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

(2) Examples:

(i) The taxpayer has received a statutory notice of deficiency, under I.R.C.Â 6212, which entitles the taxpayer to seek Tax Court review of a proposed tax deficiency. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek Tax Court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(ii) The IRS has filed a notice of Federal tax lien with respect to an assessed tax liability, and the taxpayer has been issued a notice under I.R.C. 6320 entitling the taxpayer to request a hearing with the IRS Office of Appeals contesting the lien filing, and to further appeal to the Tax Court if the IRS determines to sustain the lien filing. In the course of the hearing, the taxpayer is entitled to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability because the taxpayer has had no prior opportunity to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek tax court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(iii) The taxpayer has entered into an installment agreement pursuant to I.R.C.Â 6159. The taxpayer is making timely payments and is in full compliance with the agreement terms. The taxpayer is not delinquent because the taxpayer is not currently required to make full payment.

(iv) The taxpayer has filed for bankruptcy protection. The taxpayer is not delinquent because enforced collection action is stayed under 11 U.S.C 362 (the Bankruptcy Code).

(ii) The Offeror has ☐ , has not ☒ , within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(2)

"Principals," for the purposes of this certification, means an officer, director, owner, partner, or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division or business segment; and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

(b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.

(d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

(End of Provision)

FAR 52.212-3 Offeror Representations and Certifications - Commercial Items (Alternate 1 and 2) (Dec 2012)

The NAICS for which you are identified as small are shown in the table below; and serves to complete the representation in 52.212-3(c)(1). You are certifying to all of the NAICS in the table so please review it in its entirety. These Y/N answers are located in the "Small Business?" column where a "Y" indicates "Small" and "N" indicates "Other than Small". This status is derived from the SBA's size standards.

An offeror shall complete only paragraph (b) of this provision if the offeror has completed the annual representations and certifications electronically at <https://www.acquisition.gov>. If an offeror has not completed the annual representations and certifications electronically at the ORCA website, the offeror shall complete only paragraphs (c) through (o) of this provision.

(a) Definitions. As used in this provision-

"Economically disadvantaged women-owned small business (EDWOSB) concern" means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States and who are economically disadvantaged in accordance with 13 CFR part 127. It automatically qualifies as a women-owned small business eligible for the WOSB Program.

"Forced or indentured child labor" means all work or service-

(1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or

(2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

"Inverted domestic corporation", as used in this section, means a foreign incorporated entity which is treated as an inverted domestic corporation under 6 U.S.C. 395(b), i.e., a corporation that used to be incorporated in the United States, or used to be a partnership in the United States, but now is incorporated in a foreign country, or is a subsidiary whose parent corporation is incorporated in a foreign country, that meets the criteria specified in 6 U.S.C. 395(b), applied in accordance with the rules and definitions of 6 U.S.C. 395(c). An inverted domestic corporation as herein defined does not meet the definition of an inverted domestic corporation as defined by the Internal Revenue Code at 26 U.S.C. 7874.

"Manufactured end product" means any end product in Federal Supply Classes (FSC) 1000-9999, except-

- (1) FSC 5510, Lumber and Related Basic Wood Materials;
- (2) Federal Supply Group (FSG) 87, Agricultural Supplies;
- (3) FSG 88, Live Animals;
- (4) FSG 89, Food and Related Consumables;
- (5) FSC 9410, Crude Grades of Plant Materials;
- (6) FSC 9430, Miscellaneous Crude Animal Products, Inedible;
- (7) FSC 9440, Miscellaneous Crude Agricultural and Forestry Products;
- (8) FSC 9610, Ores;
- (9) FSC 9620, Minerals, Natural and Synthetic; and
- (10) FSC 9630, Additive Metal Materials.

"Place of manufacture" means the place where an end product is assembled out of components, or otherwise made or processed from raw materials into the finished product that is to be provided to the Government. If a product is disassembled and reassembled, the place of reassembly is not the place of manufacture.

"Restricted business operations" means business operations in Sudan that include power production activities, mineral extraction activities, oil-related activities, or the production of military equipment, as those terms are defined in the Sudan Accountability and Divestment Act of 2007 (Pub. L. 110-174). Restricted business operations do not include business operations that the person (as that term is defined in Section 2 of the Sudan Accountability and Divestment Act of 2007) conducting the business can demonstrate-

- (1) Are conducted under contract directly and exclusively with the regional government of southern Sudan;
- (2) Are conducted pursuant to specific authorization from the Office of Foreign Assets Control in the Department of the Treasury, or are expressly exempted under Federal law from the requirement to be conducted under such authorization;
- (3) Consist of providing goods or services to marginalized populations of Sudan;
- (4) Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;
- (5) Consist of providing goods or services that are used only to promote health or education; or
- (6) Have been voluntarily suspended.

"Sensitive technology"-

- (1) Means hardware, software, telecommunications equipment, or any other technology that is to be used specifically-
 - (i) To restrict the free flow of unbiased information in Iran; or
 - (ii) To disrupt, monitor, or otherwise restrict speech of the people of Iran; and
- (2) Does not include information or informational materials the export of which the President does not have the authority to regulate or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)).

"Service - disabled veteran - owned small business concern"-

- (1) Means a small business concern-
 - (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
 - (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
- (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and size standards in this solicitation.

"Subsidiary" means an entity in which more than 50 percent of the entity is owned-

- (1) Directly by a parent corporation; or
- (2) Through another subsidiary of a parent corporation.

"Veteran owned small business concern" means a small business concern-

- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

"Women-owned small business concern" means a small business concern-

- (1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
- (2) Whose management and daily business operations are controlled by one or more women.

"Women-owned small business (WOSB) concern eligible under the WOSB Program" (in accordance with 13 CFR part 127), means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States.

(b)

(1) Annual Representations and Certifications. Any changes provided by the offeror in paragraph (b)(2) of this provision do not automatically change the representations and certifications posted on the Online Representations and Certifications Application (ORCA) website.

(2) The offeror has completed the annual representations and certifications electronically via the ORCA website at <https://www.acquisition.gov>. After reviewing the ORCA database information, the offeror verifies by submission of this offer that the representations and certifications currently posted electronically at FAR 52.212-3, Offeror Representations and Certifications-Commercial Items, have been entered or updated in the last 12 months, are current, accurate, complete, and applicable to this solicitation (including the business size standard applicable to the NAICS code referenced for this solicitation), as of the date of this offer and are incorporated in this offer by reference (see FAR 4.1201), except for paragraphs _____.

[Offeror to identify the applicable paragraphs at (c) through (o) of this provision that the offeror has completed for the purposes of this solicitation only, if any.

These amended representation(s) and/or certification(s) are also incorporated in this offer and are current, accurate, and complete as of the date of this offer.

Any changes provided by the offeror are applicable to this solicitation only, and do not result in an update to the representations and certifications posted electronically on ORCA.]

(c) Offerors must complete the following representations when the resulting contract is to be performed inside the United States or its outlying areas. Check all that apply.

NAICS Code	Name	NAICS Exception	Size Standard	Small Business?
518210	DATA PROCESSING, HOSTING, AND RELATED SERVICES		\$30000000	N
541519	Other Computer Related Services	1	\$25500000	N
541519	Information Technology Value Added Resellers18	2	150	N

- (1)* Small business concern. The offeror represents as part of its offer that it [X] is, [] is not a small business concern.
- (2)* Veteran-owned small business concern. The offeror represents as part of its offer that it [] is, [X] is not a veteran-owned small business concern.
- (3)* Service-disabled veteran-owned small business concern. The offeror represents as part of its offer that it [] is, [X] is not a service-disabled veteran-owned small business concern.
- (4) Small disadvantaged business concern. The offeror represents, for general statistical purposes, that it [] is, [X] is not a small disadvantaged business concern as defined in 13 CFR 124.1002.
- (5)* Women-owned small business concern. The offeror represents that it [] is, [X] is not a women-owned small business concern.
- *Small business concern, Veteran-owned small business concern, Service-disabled veteran-owned small business concern, and Women-owned small business concern status was calculated based on the NAICS codes, Number of Employees, and Average Annual Gross Revenues listed in the CCR Registration for "Company Name" along with the Small Business Administration size standard for each NAICS code.
- (6)** Women-owned small business (WOSB) concern eligible under the WOSB Program. [Complete only if the offeror represented itself as a women-owned small business concern in paragraph (c)(5) of this provision] The offeror represents that:
- (i) It [] is, [] is not a WOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and
- (ii) It [] is, [] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (c)(6)(i) of this provision is accurate in reference to the WOSB concern or concerns that are participating in the joint venture. [The offeror shall enter the name or names of the WOSB concern or concerns that are participating in the joint venture:] Each WOSB concern participating in the joint venture shall submit a separate signed copy of the WOSB representation.
- (7)** Economically disadvantaged women-owned small business (EDWOSB) concern. [Complete only if the offeror represented itself as a WOSB concern eligible under the WOSB Program in (c)(6) of this provision.] The offeror represents that:
- (i) It [] is, [] is not an EDWOSB concern, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and
- (ii) It [] is, [] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (c)(7)(i) of this provision is accurate for each EDWOSB concern participating in the joint venture. [The offeror shall enter the name or names of the EDWOSB concern and other small businesses that are participating in the joint venture:] Each EDWOSB concern participating in the joint venture shall submit a separate signed copy of the EDWOSB representation.
- Note: Complete paragraphs (c)(8) and (c)(9) only if this solicitation is expected to exceed the simplified acquisition threshold.
- (8) Women-owned business concern (other than small business concern). [Complete only if the offeror is a women-owned business concern and did not represent itself as a small business concern in paragraph (c)(1) of this provision.] The offeror represents that it [] is a women-owned business concern.
- (9) Tie bid priority for labor surplus area concerns. If this is an invitation for bid, small business offerors may identify the labor surplus areas in which costs to be incurred on account of manufacturing or production (by offeror or first-tier subcontractors) amount to more than 50 percent of the contract price:
- State Eligible Labor Surplus: Civil Jurisdictions Included:

- (10) (i) General. The offeror represents that either-
- (A) [] is, [X] is not certified by the Small Business Administration as a small disadvantaged business concern and identified, on the date of this representation, as a certified small disadvantaged business concern in the CCR Dynamic Small Business Search database maintained by the Small Business Administration, and that no material change in disadvantaged ownership and control has occurred since its certification, and, where the concern is owned by one or more individuals claiming disadvantaged status, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); or sss
- (B) It [] has, [X] has not submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.
- (ii) [] Joint Ventures under the Price Evaluation Adjustment for Small Disadvantaged Business Concerns. The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements in 13 CFR 124.1002(f) and that the representation in paragraph (c) (10)(i) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture [The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture:].
- (11) HUBZone small business concern. The offeror represents, as part of its offer, that-
- (i) It [] is, [X] is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified in accordance with 13 CFR part 126; and
- (ii) It [] is, [X] is not a HUBZone joint venture that complies with the requirements of 13 CFR part 126, and the representation in paragraph (c)(11)(i) of this provision is accurate for each HUBZone small business concern participating in the HUBZone joint venture. [The offeror shall enter the names of each of the HUBZone small business concerns participating in the HUBZone joint venture:] Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.

- (d) Representations required to implement provisions of Executive Order 11246-
- (1) Previous contracts and compliance. The offeror represents that-
- (i) It [X] has [] has not, participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation; and
- (ii) It [X] has [] has not, filed all required compliance reports.
- (2) Affirmative Action Compliance. The offeror represents that-
- (i) It [X] has developed and has on file, [] has not developed and does not have on file, at each establishment, affirmative action programs required by rules and regulations of the Secretary of Labor (41 cfr parts 60-1 and 60-2), or
- (ii) It [] has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

(e) Certification Regarding Payments to Influence Federal Transactions (31 U.S.C. 1352). (Applies only if the contract is expected to exceed \$150,000.) By submission of its offer, the offeror certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress on his or her behalf in connection with the award of any resultant contract. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.

(f) Buy American Act Certificate. (Applies only if the clause at Federal Acquisition Regulation (FAR) 52.225-1, Buy American Act-Supplies, is included in this solicitation.)

(1) The offeror certifies that each end product, except those listed in paragraph (f)(2) of this provision, is a domestic end product and that for other than COTS items, the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The offeror shall list as foreign end products those end products manufactured in the United States that do not qualify as domestic end products, i.e., an end product that is not a COTS item and does not meet the component test in paragraph (2) of the definition of "domestic end product." The terms "commercially available off-the-shelf (COTS) item," "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Supplies."

(2) Foreign End Products:

(3) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.

(g) (1) Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate. (Applies only if the clause at FAR 52.225-3, Buy American Act- Free Trade Agreements-Israeli Trade Act, is included in this solicitation.)

(i) The offeror certifies that each end product, except those listed in paragraph (g)(1)(ii) or (g)(1)(iii) of this provision, is a domestic end product and that for other than COTS items, the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The terms "Bahrainian, Moroccan, Omani, Panamanian, or Peruvian end product," "commercially available off-the-shelf (COTS) item," "component," "domestic end product," "end product," "foreign end product," "Free Trade Agreement country," "Free Trade Agreement country end product," "Israeli end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act."

(ii) The offeror certifies that the following supplies are Free Trade Agreement country end products (other than Bahrainian, Moroccan, Omani, Panamanian, or Peruvian end products) or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act- Free Trade Agreements-Israeli Trade Act": Free Trade Agreement Country End Products (Other than Bahrainian, Moroccan, Omani, Panamanian, or Peruvian End Products) or Israeli End Products:

(iii) The offeror shall list those supplies that are foreign end products (other than those listed in paragraph (g)(1)(ii) of this provision) as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act." The offeror shall list as other foreign end products those end products manufactured in the United States that do not qualify as domestic end products, i.e., an end product that is not a COTS item and does not meet the component test in paragraph (2) of the definition of "domestic end product."

Other Foreign End Products:

(iv) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.

(2) Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate, Alternate I. If Alternate I to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:

(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products as defined in the clause of this solicitation entitled "Buy American Act- Free Trade Agreements-Israeli Trade Act": Canadian End Products:

(3) Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate, Alternate II. If Alternate II to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:

(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act": Canadian or Israeli End Products:

(4) Buy American Act-Free Trade Agreements- Israeli Trade Act Certificate, Alternate III. If Alternate III to the clause at 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision: (g)(1)(ii) The offeror certifies that the following supplies are Free Trade Agreement country end products (other than Bahrainian, Korean, Moroccan, Omani, Panamanian, or Peruvian end products)

or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act": Free Trade Agreement Country End Products (Other than

Bahrainian, Korean, Moroccan, Omani, Panamanian, or Peruvian End Products) or Israeli End Products:

(5) Trade Agreements Certificate. (Applies only if the clause at FAR 52.225-5, Trade Agreements, is included in this solicitation.)

(i) The offeror certifies that each end product, except those listed in paragraph (g)(5)(ii) of this provision, is a U.S.-made, or designated country, end product, as defined in the clause of this solicitation entitled "Trade Agreements."

(ii) The offeror shall list as other end products those end products that are not U.S.-made, or designated country, end products.

Other End Products:

(iii) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25. For line items covered by the WTO GPA, the Government will evaluate offers of U.S.-made, or designated country, end products without regard to the restrictions of the Buy American Act. The Government will consider for award only offers of U.S.-made, or designated country, end products unless the Contracting Officer determines that there are no offers for such products or that the offers for such products are insufficient to fulfill the requirements of the solicitation.

(h) Certification Regarding Responsibility Matters (Executive Order 12689). (Applies only if the contract value is expected to exceed the simplified acquisition threshold.) The offeror certifies, to the best of its knowledge and belief, that the offeror and/or any of its principals-

(1) ☐ Are ☒ Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency; and

(2) ☐ Have ☒ Have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property; and

(3) ☐ Are ☒ Are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses (h)(2) of this clause.

(4) ☐ Have ☒ Have not within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied.

(i) Taxes are considered delinquent if both of the following criteria apply:

(A) The tax liability is finally determined. The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(B) The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

(ii) Examples:

(A) The taxpayer has received a statutory notice of deficiency, under I.R.C.Â 6212, which entitles the taxpayer to seek Tax Court review of a proposed tax deficiency. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek Tax Court Review, this will not be a final tax liability under the taxpayer has exercised all judicial appeal rights.

(B) The IRS has filed a notice of Federal tax lien with respect to an assessed tax liability, and the taxpayer has been issued a notice under I.R.C.Â 6320 entitling the taxpayer to request a hearing with the IRS Office of Appeals contesting the lien filing, and to further appeal to the Tax Court if the IRS determines to sustain the lien filing. In the course of the hearing, the taxpayer is entitled to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek tax court review, this will not be a final tax liability until the tax payer has exercised all judicial appeal rights.

(C) The taxpayer has entered into an installment agreement pursuant to I.R.C.Â 6159. The taxpayer is making timely payments and is in full compliance with the agreement terms. The taxpayer is not delinquent because the taxpayer is not currently required to make full payment.

(D) The taxpayer has filed for bankruptcy protection. The taxpayer is not delinquent because enforced collection action is stayed under 11 U. S. C 362 (the Bankruptcy Code).

(i) Certification Regarding Knowledge of Child Labor for Listed End Products (Executive Order 13126). [The Contracting Officer must list in paragraph (i)(1) any end products being acquired under this solicitation that are included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, unless excluded at 22.1503(b).]

(1) Listed end products.

Listed End Products	Listed Country of Origin
Bamboo	Burma
Beans (green, soy, yellow)	Burma
Brazil Nuts/Chestnuts	Bolivia
Bricks	Burma, China, India, Nepal, Pakistan
Carpets	Nepal, Pakistan
Charcoal	Brazil
Coal	Pakistan
Coca (stimulant plant)	Colombia
Cocoa	Cote d'Ivoire, Nigeria
Coffee	Cote d'Ivoire
Cotton	Benin, Burkina Faso, China, Tajikistan, Uzbekistan
Cottonseed (hybrid)	India
Diamonds	Sierra Leone
Electronics	China
Embroidered Textiles (zari)	India, Nepal
Garments	Argentina, India, Thailand
Gold	Burkina Faso
Granite	Nigeria
Gravel (crushed stones)	Nigeria
Pornography	Russia
Rice	Burma, India, Mali
Rubber	Burma
Shrimp	Thailand
Stones	India, Nepal
Sugarcane	Bolivia, Burma
Teak	Burma
Tilapia (fish)	Ghana
Tobacco	Malawi
Toys	China

(2) Certification. [If the Contracting Officer has identified end products and countries of origin in paragraph (i)(1) of this provision, then the offeror must certify to either (i)(2)(i) or (i)(2)(ii) by checking the appropriate block.]

[X] (i) The offeror will not supply any end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product.

[] (ii) The offeror may supply an end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The offeror certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture any such end product furnished under this contract. On the basis of those efforts, the offeror certifies that it is not aware of any such use of child labor.

(j) Place of Manufacture (Does not apply unless the solicitation is predominantly for the acquisition of manufactured end products.) For statistical purposes only, the offeror shall indicate whether the place of manufacture of the end products it expects to provide in response to this solicitation is predominantly-

(1) In the United States (Check this box if the total anticipated price of offered end products manufactured in the United States exceeds the total anticipated price of offered end products manufactured outside the United States); or

(2) Outside the United States.

FSC Code	Place Of Manufacture
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(k) Certificates regarding exemptions from the application of the Service Contract Act. (Certification by the offeror as to its compliance with respect to the contract also constitutes its certification as to compliance by its subcontractor if it subcontracts out the exempt services.) [The contracting officer is to check a box to indicate if paragraph (k)(1) or (k)(2) applies.]

(1) Maintenance, calibration, or repair of certain equipment as described in FAR 22.1003-4(c)(1). The offeror [] does [X] does not certify that ____

(i) The items of equipment to be serviced under this contract are used regularly for other than Governmental purposes and are sold or traded by the offeror (or subcontractor in the case of an exempt subcontract) in substantial quantities to the general public in the course of normal business operations;

(ii) The services will be furnished at prices which are, or are based on, established catalog or market prices (see FAR 22.1003-4(c)(2)(ii)) for the maintenance, calibration, or repair of such equipment; and

(iii) The compensation (wage and fringe benefits) plan for all service employees performing work under the contract will be the same as that used for these employees and equivalent employees servicing the same equipment of commercial customers.

(2) Certain services as described in FAR 22.1003-4(d)(1). The offeror [] does, [X] does not certify that ____

(i) The services under the contract are offered and sold regularly to non-Governmental customers, and are provided by the offeror (or subcontractor in the case of an exempt subcontract) to the general public in substantial quantities in the course of normal business operations;

(ii) The contract services will be furnished at prices that are, or are based on, established catalog or market prices (see FAR 22.1003-4(d)(2)(iii));

(iii) Each service employee who will perform the services under the contract will spend only a small portion of his or her time (a monthly average of less than 20 percent of the available hours on an annualized basis, or less than 20 percent of available hours during the contract period if the contract period is less than a month) servicing the Government contract; and

(iv) The compensation (wage and fringe benefits) plan for all service employees performing work under the contract is the same as that used for these employees and equivalent employees servicing commercial customers.

(3) If paragraph (k)(1) or (k)(2) of this clause applies ____

(i) If the offeror does not certify to the conditions in paragraph (k)(1) or (k)(2) and the Contracting Officer did not attach a Service Contract Act wage determination to the solicitation, the offeror shall notify the Contracting Officer as soon as possible; and

(ii) The Contracting Officer may not make an award to the offeror if the offeror fails to execute the certification in paragraph (k)(1) or (k)(2) of this clause or to contact the Contracting Officer as required in paragraph (k)(3)(i) of this clause.

(l) Taxpayer Identification Number (TIN) (26 U.S.C. 6109, 31 U.S.C. 7701). (Not applicable if the offeror is required to provide this information to a central contractor registration database to be eligible for award.)

(1) All offerors must submit the information required in paragraphs (l)(3) through (l)(5) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service (IRS).

(2) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.

(3) Taxpayer Identification Number (TIN).

* ☒ TIN on file.

* ☐ TIN has been applied for.

* TIN is not required because:

* ☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States; ,

* ☐ Offeror is an agency or instrumentality of a foreign government; ,

* ☐ Offeror is an agency or instrumentality of the Federal Government.

(4) Type of organization.

* ☐ sole proprietorship;

* ☐ Partnership;

* ☒ Corporate entity (not tax-exempt);

* ☐ Corporate entity (tax-exempt);

* ☐ Government entity (Federal, State, or local);

* ☐ Foreign government;

* ☐ International organization per 26 CFR 1.6049-4;

* ☐ Other

(5) Common parent.

* ☒ Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.

* ☐ Name:

TIN:

(m) Restricted business operations in Sudan. By submission of its offer, the offeror certifies that the offeror does not conduct any restricted business operations in Sudan.

(n) Prohibition on Contracting with Inverted Domestic Corporations.

(1) Relation to Internal Revenue Code. An inverted domestic corporation as herein defined does not meet the definition of an inverted domestic corporation as defined by the Internal Revenue Code 25 U.S.C. 7874.

(2) Representation. By submission of its offer, the offeror represents that-

(i) It is not an inverted domestic corporation; and

(ii) It is not a subsidiary of an inverted domestic corporation.

(o) Prohibition on contracting with entities engaging in certain activities or transactions relating to Iran.

(1) The offeror shall e-mail questions concerning sensitive technology to the Department of State at CISADA106@state.gov.

(2) Representation and Certifications. Unless a waiver is granted or an exception applies as provided in paragraph (o)(3) of this provision, by submission of its offer, the offeror-

(i) Represents, to the best of its knowledge and belief, that the offeror does not export any sensitive technology to the government of Iran or any entities or individuals owned or controlled by, or acting on behalf of or at the direction of, the government of Iran;

(ii) Certifies that the offeror, or any person owned or controlled by the offeror, does not engage in any activities for which sanctions may be imposed under section 5 of the Iran Sanctions Act; and

(iii) Certifies that the offeror, and any person owned or controlled by the offeror, does not knowingly engage in any transaction that exceeds \$3,000 with Iran's Revolutionary Guard Corps or any of its officials, agents, or affiliates, the property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (see OFAC's Specially Designated Nationals and Blocked Persons List at <http://www.treasury.gov/ofac/downloads/t11sdn.pdf>).

(3) The representation and certification requirements of paragraph (o)(2) of this provision do not apply if-

(i) This solicitation includes a trade agreements certification (e.g., 52.212-3(g) or a comparable agency provision); and

(ii) The offeror has certified that all the offered products to be supplied are designated country end products.

Alternate I (Apr 2011)

As prescribed in 12.301(b)(2), add the following paragraph (c) (12) to the basic provision:
(12) (Complete if the offeror has represented itself as disadvantaged in paragraph (c)(4) or (c) (10) of this provision.)

[The offeror shall check the category in which its ownership falls]:

[] Black American.

[] Hispanic American.

[] Native American (American Indians, Eskimos, Aleuts, or Native Hawaiians).

[] Asian-Pacific American (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru).

[] Subcontinent Asian (Asian-Indian) American (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal).

[] Individual/concern, other than one of the preceding.

Alternate II (Jan 2012)

As prescribed in 12.301(b)(2), add the following paragraph (c) (10)(iii) to the basic provision:

(iii) Address. The offeror represents that its address [] is, [X] is not in a region for which a small disadvantaged business procurement mechanism is authorized and its address has not changed since its certification as a small disadvantaged business concern or submission of its application for certification. The list of authorized small disadvantaged business procurement mechanisms and regions is posted at <http://www.acquisition.gov/References/sdbadjustments.htm>. The offeror shall use the list in effect on the date of this solicitation. "Address," as used in this provision, means the address of the offeror as listed on the Small Business Administration's register of small disadvantaged business concerns or the address on the completed application that the concern has submitted to the Small Business Administration or a Private Certifier in accordance with 13 CFR part 124, subpart B. For joint ventures, "address" refers to the address of the small disadvantaged business concern that is participating in the joint venture.

(End of Provision)

FAR 52.214-14 Place of Performance-Sealed Bidding (Apr 1985)

(a) The bidder, in the performance of any contract resulting from this solicitation, [] intends, [X] does not intend [check applicable box] to use one or more plants or facilities located at a different address from the address of the bidder as indicated in this bid.

(b) If the bidder checks "intends" in paragraph (a) of this provision, it shall insert in the spaces provided below the required information:

Name and Address of Owner and Operator of the Plant or Facility if Other than Bidder

(End of Provision)

FAR 52.215-6 Place of Performance (Oct 1997)

(a) The offeror or respondent, in the performance of any contract resulting from this solicitation, [] intends [X] does not intend [check applicable block] to use one or more plants or facilities located at a different address from the address of the offeror or respondent as indicated in this proposal or response to request for information.

(b) If the offeror or respondent checks "intends" in paragraph (a) of this provision, it shall insert in the following spaces the required information:

Name and Address of Owner and Operator of the Plant or Facility if Other than Bidder

(End of Provision)

FAR 52.219-1 Small Business Program Representations (Apr 2012)

The NAICS for which you are identified as small are shown in the table below; and serves to complete the representation in 52.219-1(b)(2). You are certifying to all of the NAICS in the table so please review it in its entirety. These Y/N answers are located in the "Small Business?" column where a "Y" indicates "Small" and "N" indicates "Other than Small". This status is derived from the SBA's size standards. The NAICS shown are those you have entered.

(a) (1) The North American Industry Classification System (NAICS) code for this acquisition is See Note.*

(2) The small business size standard is See Note.

(3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.

(b) Representations

NAICS Code	Name	NAICS Exception	Size Standard	Small Business?
518210	DATA PROCESSING, HOSTING, AND RELATED SERVICES		\$30000000	N
541519	Other Computer Related Services	1	\$25500000	N
541519	Information Technology Value Added Resellers18	2	150	N

(1)** The offeror represents as part of its offer that it [X] is, [] is not a small business concern (see below).

(2) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents, for general statistical purposes, that it [] is, [X] is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.

(3)** [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents as part of its offer that it [] is, [X] is not a women-owned small business concern. (See Below)

(4)** Women-owned small business (WOSB) concern eligible under the WOSB Program. [Complete only if the offeror represented itself as a women-owned small business concern in paragraph (b)(3) of this provision] The offeror represents as part of its offer that:

(i) It [] is, [] is not a WOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and

(ii) It [] is, [] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (b)(4)(i) of this provision is accurate in reference to the WOSB concern or concerns that are participating in the joint venture. [The offeror shall enter the name or names of the WOSB concern or concerns that are participating in the joint venture: .] Each WOSB concern participating in the joint venture shall submit a separate signed copy of the WOSB representation.

(5)** Economically disadvantaged women-owned small business (EDWOSB) concern. [Complete only if the offeror represented itself as a women-owned small business concern eligible for the WOSB Program in (b)(4) of this provision] The offeror represents as part of its offer that:

(i) It [] is, [] is not an EDWOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and

(ii) It [] is, [] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (b)(5)(i) of this provision is accurate for each EDWOSB concern participating in the joint venture. [The offeror shall enter the name or names of the EDWOSB concern and other small businesses that are participating in the joint venture: .] Each EDWOSB concern participating in the joint venture shall submit a separate signed copy of the EDWOSB representation.

(6) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents as part of its offer that it [] is, [X] is not a veteran-owned small business concern.

(7)** [Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (b)(6) of this provision.] The offeror represents as part of its offer that it [] is, [] is not a service-disabled veteran-owned small business concern. (See Below)

*If you are responding to a Government solicitation for supplies or services under a NAICS code not listed in paragraph (b) of this certification, you must provide this certification directly to the Contracting Officer.

**Small business concern, Veteran-owned small business concern, Service-disabled veteran-owned small business concern, and Women-owned small business concern status was calculated based on the NAICS codes, Number of Employees, and Average Annual Gross Revenues listed in the CCR Registration for "Company Name" along with the Small Business Administration size standard for each NAICS code.

(8) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents, as part of its offer, that-

(i) It [] is, [X] is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified by the Small Business Administration in accordance with 13 CFR part 126; and

(ii) It [] is, [X] is not a HUBZone joint venture that complies with the requirements of 13 CFR part 126, and the representation in paragraph (b)(8)(i) of this provision is accurate for each HUBZone small business concern participating in the HUBZone joint venture. [The offeror shall enter the names of each of the HUBZone small business concerns participating in the HUBZone joint venture:

] Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.

(c) Definitions. As used in this provision-

"Economically disadvantaged women-owned small business (EDWOSB) concern" means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States and who are economically disadvantaged in accordance with 13 CFR part 127. It automatically qualifies as a women-owned small business concern eligible for the WOSB Program.

"Service-disabled veteran-owned small business concern"-

(1) Means a small business concern-

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (a) of this provision.

"Veteran-owned small business concern" means a small business concern-

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned small business concern" means a small business concern-

(1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

"Women-owned small business (WOSB) concern eligible under the WOSB Program" (in accordance with 13 CFR part 127), means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States.

(d) Notice.

(1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.

(2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a business concern that is small, HUBZone small, small disadvantaged, service-disabled veteran-owned small, economically disadvantaged woman-owned small, or women-owned small eligible under the WOSB Program in order to obtain a contract to be awarded under the preference programs established pursuant to section 8, 9, or 15, 31, and 36 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall-

(i) Be punished by imposition of fine, imprisonment, or both;

(ii) Be subject to administrative remedies, including suspension and debarment; and

(iii) Be ineligible for participation in programs conducted under the authority of the Act.

Alternate I (Apr 2011)

As prescribed in 19.309(a)(2), add the following paragraph (b)(9) to the basic provision:

(9) [Complete if offeror represented itself as disadvantaged in paragraph (b)(2) of this provision.] The offeror shall check the category in which its ownership falls:

[] Black American.

[] Hispanic American.

[] Native American (American Indians, Eskimos, Aleuts, or Native Hawaiians).

[] Asian-Pacific American (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru).

[] Subcontinent Asian (Asian-Indian) American (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal).

[] Individual/concern, other than one of the preceding.

(End of Provision)

FAR 52.219-2 Equal Low Bids (Oct 1995)

(a) This provision applies to small business concerns only

(b) The bidder's status as a labor surplus area (LSA) concern may affect entitlement to award in case of tie bids. If the bidder wishes to be considered for this priority, the bidder must identify, in the following space, the LSA in which the costs to be incurred on account of manufacturing or production (by the bidder or the first-tier subcontractors) amount to more than 50 percent of the contract price.

(c) Failure to identify the labor surplus areas as specified in paragraph (b) of this provision will preclude the bidder from receiving priority consideration. If the bidder is awarded a contract as a result of receiving priority consideration under this provision and would not have otherwise received award, the bidder shall perform the contract or cause the contract to be performed in accordance with the obligations of an LSA concern.

(End of Provision)

FAR 52.219-22 Small Disadvantaged Business Status (Oct 1999)

The NAICS for which you are identified as small are shown in the table below; and serves to complete the representation in 52.219-22(b). You are certifying to all of the NAICS in the table so please review it in its entirety. These Y/N answers are located in the "Small Business?" column where a "Y" indicates "Small" and "N" indicates "Other than Small". This status is derived from the SBA's size standards.

(a) General. This provision is used to assess an offeror's small disadvantaged business status for the purpose of obtaining a benefit on this solicitation. Status as a small business and status as a small disadvantaged business for general statistical purposes is covered by the provision at FAR 52.219-1, Small Business Program Representation.

(b) Representations.

NAICS Code	Name	NAICS Exception	Size Standard	Small Business?
518210	DATA PROCESSING, HOSTING, AND RELATED SERVICES		\$30000000	N
541519	Other Computer Related Services	1	\$25500000	N
541519	Information Technology Value Added Resellers18	2	150	N

(1) General. The offeror represents, as part of its offer, that it is a small business under the size standard applicable to this acquisition; and either-

(i) It has received certification by the Small Business Administration as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B; and

(A) No material change in disadvantaged ownership and control has occurred since its certification;

(B) Where the concern is owned by one or more disadvantaged individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(C) It is identified, on the date of its representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net); or

[] (ii) It has submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(2) [] For Joint Ventures. The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements at 13 CFR 124.1002(f) and that the representation in paragraph (b)(1) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. [The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture: .]

(c) Penalties and Remedies. Anyone who misrepresents any aspects of the disadvantaged status of a concern for the purposes of securing a contract or subcontract shall-

(1) Be punished by imposition of a fine, imprisonment, or both;

(2) Be subject to administrative remedies, including suspension and debarment; and

(3) Be ineligible for participation in programs conducted under the authority of the Small Business Act.

Alternate I (Jan 2012)

As prescribed in 19.309(b), add the following paragraph (b)(3) to the basic provision:

(3) Address. The offeror represents that its address [] is [X] is not in a region for which a small disadvantaged business procurement mechanism is authorized and its address has not changed since its certification as a small disadvantaged business concern or submission of its application for certification. The list of authorized small disadvantaged business procurement mechanisms and regions is posted at <http://www.acquisition.gov/References/sdbadjustments.htm>. The offeror shall use the list in effect on the date of this solicitation. "Address," as used in this provision, means the address of the offeror as listed on the Small Business Administration's register of small disadvantaged business concerns or the address on the completed application that the concern has submitted to the Small Business Administration or a Private Certifier in accordance with 13 CFR part 124, subpart B. For joint ventures, "address" refers to the address of the small disadvantaged business concern that is participating in the joint venture.

(End of Provision)

FAR 52.222-18 Certification Regarding Knowledge of Child Labor for Listed End Products (Feb 2001)

(a) Definition:

"Forced or indentured child labor" means all work or service-

(1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or

(2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

(b) Listed end products. The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Products	Listed Country of Origin
Bamboo	Burma
Beans (green, soy, yellow)	Burma
Brazil Nuts/Chestnuts	Bolivia
Bricks	Burma, China, India, Nepal, Pakistan
Carpets	Nepal, Pakistan
Charcoal	Brazil
Coal	Pakistan
Coca (stimulant plant)	Colombia
Cocoa	Cote d'Ivoire, Nigeria
Coffee	Cote d'Ivoire
Cotton	Benin, Burkina Faso, China, Tajikistan, Uzbekistan
Cottonseed (hybrid)	India
Diamonds	Sierra Leone
Electronics	China
Embroidered Textiles (zari)	India, Nepal
Garments	Argentina, India, Thailand
Gold	Burkina Faso
Granite	Nigeria
Gravel (crushed stones)	Nigeria
Pornography	Russia
Rice	Burma, India, Mali
Rubber	Burma
Shrimp	Thailand
Stones	India, Nepal
Sugarcane	Bolivia, Burma
Teak	Burma
Tilapia (fish)	Ghana
Tobacco	Malawi
Toys	China

(c) Certification. The Government will not make award to an offeror unless the offeror, by checking the appropriate block, certifies to either paragraph (c)(1) or paragraph (c)(2) of this provision

☒ (1) The offeror will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.

☐ (2) The offeror may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The offeror certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture such end product. On the basis of those efforts, the offeror certifies that it is not aware of any such use of child labor.

(End of Provision)

FAR 52.222-22 Previous Contracts and Compliance Reports (Feb 1999)

The offeror represents that-

(a) It ☒ has It ☐ has not participated in a previous contract or subcontract subject the Equal Opportunity clause of this solicitation;

(b) It ☒ has It ☐ has not filed all required compliance reports; and

(c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

(End of Provision)

FAR 52.222-25 Affirmative Action Compliance (Apr 1984)

The offeror represents that-

(a) It ☒ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2); or

(b) It ☐ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

(End of Provision)

FAR 52.222-38 Compliance with Veterans' Employment Reporting Requirements (Sep 2010)

By submission of its offer, the offeror represents that, if it is subject to the reporting requirements of 38 U.S.C. 4212(d) (i.e., if it has any contract containing Federal Acquisition Regulation clause 52.222-37, Employment Reports on Veterans), it has submitted the most recent VETS-100A Report required by that clause.

(End of Provision)

FAR 52.222-48 Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment Certification (Feb 2009)

(a) The offeror shall check the following certification:

Certification

The offeror ☐ does certify ☒ does not certify that -

(1) The items of equipment to be serviced under this contract are used regularly for other than Government purposes, and are sold or traded by the offeror (or subcontractor in the case of an exempt subcontractor) in substantial quantities to the general public in the course of normal business operations;

(2) The services will be furnished at prices which are, or are based on, established catalog or market prices for the maintenance, calibration, or repair of equipment.

(i) An "established catalog price" is a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or the offeror, is either published or otherwise available for inspection by customers, and states prices at which sales currently, or were last, made to a significant number of buyers constituting the general public.

(ii) An "established market price" is a current price, established in the usual course of trade between buyers and sellers free to bargain, which can be substantiated from sources independent of the manufacturer or offeror; and

(3) The compensation (wage and fringe benefits) plan for all service employees performing work under the contract are the same as that used for these employees and equivalent employees servicing the same equipment of commercial customers.

(b) Certification by the offeror as to its compliance with respect to the contract also constitutes its certification as to compliance by its subcontractor if it subcontracts out the exempt services. If the offeror certifies to the conditions in paragraph (a) of this provision, and the Contracting Officer determines in accordance with FAR 22.1003-4(c)(3) that the Service Contract Act-

(1) Will not apply to this offeror, then the Service Contract Act of 1965 clause in this solicitation will not be included in any resultant contract to this offeror; or

(2) Will apply to this offeror, then the clause at 52.222-51, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements, in this solicitation will not be included in any resultant contract awarded to this offeror, and the offeror may be provided an opportunity to submit a new offer on that basis.

(c) If the offeror does not certify to the conditions in paragraph (a) of this provision-

(1) The clause in this solicitation at 52.222-51, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment- Requirements, will not be included in any resultant contract awarded to this offeror; and

(2) The offeror shall notify the Contracting Officer as soon as possible, if the Contracting Officer did not attach a Service Contract Act wage determination to the solicitation.

(d) The Contracting Officer may not make an award to the offeror, if the offeror fails to execute the certification in paragraph (a) of this provision or to contact the Contracting Officer as required in paragraph (c) of this provision.

(End of Provision)

FAR 52.222-52 Exemption from Application of the Service Contract Act to Contracts for Certain Services- Certification (Nov 2007)

(a) The offeror shall check the following certification:

Certification

The offeror [] does[X] does not certify that -

(1) The services under the contract are offered and sold regularly to non-Governmental customers, and are provided by the offeror (or subcontractor in the case of an exempt subcontract) to the general public in substantial quantities in the course of normal business operations;

(2) The contract services are furnished at prices that are, or are based on, established catalog or market prices. An "established catalog price" is a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or the offeror, is either published or otherwise available for inspection by customers, and states prices at which sales currently, or were last, made to a significant number of buyers constituting the general public. An "established market price" is a current price, established in the usual course of ordinary and usual trade between buyers and sellers free to bargain, which can be substantiated from sources independent of the manufacturer or offeror;

(3) Each service employee who will perform the services under the contract will spend only a small portion of his or her time (a monthly average of less than 20 percent of the available hours on an annualized basis, or less than 20 percent of available hours during the contract period if the contract period is less than a month) servicing the Government contract; and

(4) The offeror uses the same compensation (wage and fringe benefits) plan for all service employees performing work under the contract as the offeror uses for these employees and for equivalent employees servicing commercial customers.

(b) Certification by the offeror as to its compliance with respect to the contract also constitutes its certification as to compliance by its subcontractor if it subcontracts out the exempt services. If the offeror certifies to the conditions in paragraph (a) of this provision, and the Contracting Officer determines in accordance with FAR 22.1003-4(d)(3) that the Service Contract Act-

(1) Will not apply to this offeror, then the Service Contract Act of 1965 clause in this solicitation will not be included in any resultant contract to this offeror; or

(2) Will apply to this offeror, then the clause at FAR 52.222-53, Exemption from Application of the Service Contract Act to Contracts for Certain Services-Requirements, in this solicitation will not be included in any resultant contract awarded to this offer, and the offeror may be provided an opportunity to submit a new offer on that basis.

(c) If the offeror does not certify to the conditions in paragraph (a) of this provision-

(1) The clause of this solicitation at 52.222-53, Exemption from Application of the Service Contract Act to Contracts for Certain Services-Requirements, will not be included in any resultant contract to this offeror; and

(2) The offeror shall notify the Contracting Officer as soon as possible if the Contracting Officer did not attach a Service Contract Act wage determination to the solicitation.

(d) The Contracting Officer may not make an award to the offeror, if the offeror fails to execute the certification in paragraph (a) of this provision or to contact the Contracting Officer as required in paragraph (c) of this provision.

(End of Provision)

FAR 52.223-1 Biobased Product Certification (May 2012)

(a) As required by the Farm Security and Rural Investment Act of 2002 and the Energy Policy Act of 2005 (7 U.S.C. 8102(c)(3)), the offeror certifies, by signing this offer, that biobased products (within categories of products listed by the United States Department of Agriculture in 7 CFR part 3201, subpart B) to be used or delivered in the performance of the contract, other than biobased products that are not purchased by the offeror as a direct result of this contract, will comply with the applicable specifications or other contractual requirements.

(End of Provision)

FAR 52.223-4 Recovered Material Certification (May 2008)

NeuStar, Inc. has elected not to complete this provision. Information pertaining to this provision, must be submitted to the Government with individual offers/proposals

(End of Provision)

FAR 52.223-9 Estimate of Percentage of Recovered Material Content for EPA-Designated Items (Aug 2008)

NeuStar, Inc. has elected not to complete this provision. Information pertaining to this provision, must be submitted to the Government with individual offers/proposals

(End of Provision)

FAR 52.225-2 Buy American Act Certificate (Feb 2009)

(a) The offeror certifies that each end product, except those listed in paragraph (b) of this provision, is a domestic end product and that for other than COTS items, the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The offeror shall list as foreign end products those end products manufactured in the United States that do not qualify as domestic end products, i.e., an end product that is not a COTS item and does not meet the component test in paragraph (2) of the definition of "domestic end product." The terms "commercially available off-the-shelf (COTS) item," "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Supplies."

(b) Foreign End Products:

(c) The Government will evaluate offers in accordance with the policies and procedures of Part 25 of the Federal Acquisition Regulation.

(b) Foreign End Products:

(c) The Government will evaluate offers in accordance with the policies and procedures of Part 25 of the Federal Acquisition Regulation.

(End of Provision)

FAR 52.225-4 Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate (Nov 2012)

(a) The offeror certifies that each end product, except those listed in paragraph (b) or (c) of this provision, is a domestic end product and that for other than COTS items, the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The terms "Bahrainian, Moroccan, Omani, Panamanian, or Peruvian end product," "commercially available off-the-shelf (COTS) item," "component," "domestic end product," "end product," "foreign end product," "Free Trade Agreement country," "Free Trade Agreement country end product," "Israeli end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act."

(b) The offeror certifies that the following supplies are Free Trade Agreement country end products (other than Bahrainian, Moroccan, Omani, Panamanian, or Peruvian end products) or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act": Free Trade Agreement Country End Products (Other than Bahrainian, Moroccan, Omani, Panamanian, or Peruvian End Products) or Israeli End Products:

(c) The offeror shall list those supplies that are foreign end products (other than those listed in paragraph (b) of this provision) as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act." The offeror shall list as other foreign end products those end products manufactured in the United States that do not qualify as domestic end products, i.e., an end product that is not a COTS item and does not meet the component test in paragraph (2) of the definition of "domestic end product."

Other Foreign End Products:

(d) The Government will evaluate offers in accordance with the policies and procedures of Part 25 of the Federal Acquisition Regulation.

Alternate I (Jan 2004)

As prescribed in 25.1101 (b)(2)(ii), substitute the following paragraph (b) for paragraph (b) of the basic provision:

(b) The offeror certifies that the following supplies are Canadian end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act": Canadian End Products:

Alternate II (Jan 2004)

As prescribed in 25.1101(b)(2)(iii), substitute the following paragraph (b) for paragraph (b) of the basic provision:

(b) The offeror certifies that the following supplies are Canadian end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act": Canadian or Israeli End Products:

Alternate III (Nov 2012)

As prescribed in 25.1101(b)(2)(iv), substitute the following paragraph (b) for paragraph (b) of the basic provision:

(b) The offeror certifies that the following supplies are Free Trade Agreement country end products (other than Bahrainian, Korean, Moroccan, Omani, Panamanian, or Peruvian end products) or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act-Free Trade Agreements-Israeli Trade Act": Free Trade Agreement Country End Products (Other than Bahrainian, Korean, Moroccan, Omani, Panamanian, or Peruvian End Products) or Israeli End Products:

(End of Provision)

FAR 52.225-6 Trade Agreements Certificate (Jan 2005)

(a) The offeror certifies that each end product, except those listed in paragraph(b) of this provision, is a U.S.-made, or designated country, end product, as defined in the clause of this solicitation entitled "Trade Agreements."

(b) The offeror shall list as other end products those supplies that are not U.S.-made, or designated country, end products. Other End Products:

(c) The Government will evaluate offers in accordance with the policies and procedures of Part 25 of the Federal Acquisition Regulation. For line items covered by the WTO GPA, the Government will evaluate offers of U.S.-made, or designated country, end products without regard to the restrictions of the Buy American Act. The Government will consider for award only offers of U.S.-made, or designated country, end products unless the Contracting Officer determines that there are no offers for those products or that the offers for those products are insufficient to fulfill the requirements of this solicitation.

(End of Provision)

FAR 52.225-20 Prohibition on Conducting Restricted Business Operations in Sudan-Certification (Aug 2009)

(a) Definitions. As used in this provision-

"Business operations" means engaging in commerce in any form, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

"Marginalized populations of Sudan" means-

(1) Adversely affected groups in regions authorized to receive assistance under section 8(c) of the Darfur Peace and Accountability Act (Pub. L. 109-344) (50 U.S.C. 1701 note); and

(2) Marginalized areas in Northern Sudan described in section 4(9) of such Act.

"Restricted business operations" means business operations in Sudan that include power production activities, mineral extraction activities, oil-related activities, or the production of military equipment, as those terms are defined in the Sudan Accountability and Divestment Act of 2007 (Pub. L. 110-174). Restricted business operations do not include business operations that the person (as that term is defined in Section 2 of the Sudan Accountability and Divestment Act of 2007) conducting the business can demonstrate-

(1) Are conducted under contract directly and exclusively with the regional government of southern Sudan;

(2) Are conducted pursuant to specific authorization from the Office of Foreign Assets Control in the Department of the Treasury, or are expressly exempted under Federal law from the requirement to be conducted under such authorization;

(3) Consist of providing goods or services to marginalized populations of Sudan;

(4) Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;

(5) Consist of providing goods or services that are used only to promote health or education; or

(6) Have been voluntarily suspended

(b) Certification. By submission of its offer, the offeror certifies that the offeror does not conduct any restricted business operations in Sudan.

(End of Provision)

FAR 52.225-25 Prohibition on Contracting with Entities Engaging in Certain Activities or Transactions Relating to Iran - Representation and Certifications (Dec 2012)

- (a) Definitions. As used in this provision-
- "Person"-
- (1) Means-
 - (i) A natural person;
 - (ii) A corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and
 - (iii) Any successor to any entity described in paragraph (1)(ii) of this definition; and
 - (2) Does not include a government or governmental entity that is not operating as a business enterprise.
- "Sensitive technology"-
- (1) Means hardware, software, telecommunications equipment, or any other technology that is to be used specifically-
 - (i) To restrict the free flow of unbiased information in Iran; or
 - (ii) To disrupt, monitor, or otherwise restrict speech of the people of Iran; and
 - (2) Does not include information or informational materials the export of which the President does not have the authority to regulate or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)).

(b) The offeror shall e-mail questions concerning sensitive technology to the Department of State at CISADA106@state.gov.

(c) Except as provided in paragraph (d) of this provision or if a waiver has been granted in accordance with 25.703-4, by submission of its offer, the offeror-

- (1) Represents, to the best of its knowledge and belief, that the offeror does not export any sensitive technology to the government of Iran or any entities or individuals owned or controlled by, or acting on behalf or at the direction of, the government of Iran;
- (2) Certifies that the offeror, or any person owned or controlled by the offeror, does not engage in any activities for which sanctions may be imposed under section 5 of the Iran Sanctions Act. These sanctioned activities are in the areas of development of the petroleum resources of Iran, production of refined petroleum products in Iran, sale and provision of refined petroleum products to Iran, and contributing to Iran's ability to acquire or develop certain weapons or technologies; and
- (3) Certifies that the offeror, and any person owned or controlled by the offeror, does not knowingly engage in any transaction that exceeds \$3,000 with Iran's Revolutionary Guard Corps or any of its officials, agents, or affiliates, the property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (see OFAC's Specially Designated Nationals and Blocked Persons List at <http://www.treasury.gov/ofac/downloads/t11sdn.pdf>).

(d) Exception for trade agreements. The representation requirement of paragraph (c)(1) and the certification requirements of paragraphs (c)(2) and (c)(3) of this provision do not apply if-

- (1) This solicitation includes a trade agreements notice or certification (e.g., 52.225-4, 52.225-6, 52.225-12, 52.225-24, or comparable agency provision); and
- (2) The offeror has certified that all the offered products to be supplied are designated country end products or designated country construction material.

(End of Provision)

FAR 52.226-2 Historically Black College or University and Minority Institution Representation (Oct 2008)

(a) Definitions. As used in this provision-

"Historically black college or university" means an institution determined by the Secretary of Education to meet the requirements of 34CFR 608.2. For the Department of Defense, the National Aeronautics and Space Administration, and the Coast Guard, the term also includes any nonprofit research institution that was an integral part of such a college or university before November 14, 1986.

"Minority institution" means an institution of higher education meeting the requirements of Section 365(3) of the Higher Education Act of 1965 (20 U.S.C.1067k), including a Hispanic-serving institution of higher education, as defined in Section 502(a) of the Act (20 U.S.C. 1101a).

- (b) Representation. The offeror represents that it-
- [] is [X] is not a historically black college or university;
- [] is [X] is not a minority institution.

(End of Provision)

FAR 52.227-6 Royalty Information (Apr 1984)

(a) Cost or charges for royalties. When the response to this solicitation contains costs or charges for royalties totaling more than \$250, the following information shall be included in the response relating to each separate item of royalty or license fee:

- (1) Name and address of licensor.
- (2) Date of license agreement.
- (3) Patent numbers, patent application serial numbers, or other basis on which the royalty is payable.
- (4) Brief description, including any part or model numbers of each contract item or component on which the royalty is payable.
- (5) Percentage or dollar rate of royalty per unit.
- (6) Unit price of contract item.
- (7) Number of units.
- (8) Total dollar amount of royalties.

(b) Copies of current licenses. In addition, if specifically requested by the Contracting Officer before execution of the contract, the offeror shall furnish a copy of the current license agreement and an identification of applicable claims of specific patents.

(End of Provision)

FAR 52.227-15 Representation of Limited Rights Data and Restricted Computer Software (Dec 2007)

NeuStar, Inc. has elected not to complete this provision. Information pertaining to this provision, must be submitted to the Government with individual offers/proposals

(End of Provision)