neustar

June 10, 2011

By Electronic Mail

Ms. Sharon Gillett
Chief, Wireline Competition Bureau
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: North American Numbering Plan Administrator Neutrality Requirements
CC Docket No. 92-237

Dear Ms. Gillett:

On behalf of Neustar, Inc., I wish to follow-up on our recently submitted Request for Clarification of certain of the company's neutrality obligations. Our Request was placed in the above-referenced docket.[1] Specifically, Neustar wishes to set forth the procedures it will implement, should the Commission grant the pending Request, to assure that the company complies with its obligation under Section 52.12 of the Commission's rules to "not issue a majority of its debt to ... any telecommunications service provider."[2]

Simply put, Neustar will comply with its Section 52.12 debt obligation by regularly monitoring its total outstanding debt to ensure that greater than 50 percent of all debt outstanding is not held by any telecommunications service provider ("TSP"). The ownership of credit facility debt (e.g. customary bank facilities) generally is easily monitored since the administrative agent with respect to the credit facility typically retains a register of all holders of the debt, to which Neustar would have access. In addition, in a credit facility, Neustar typically will have certain consent rights with respect to specified assignments of credit facility debt, and so can generally identify and if necessary prevent the transfer of credit facility debt to a TSP. Ownership of debt in the form of private or public securities (including high yield debt), however, is more difficult to monitor, since it can be hard to determine the beneficial owners of the notes. Neustar will regularly identify the owners of a sufficient amount of its aggregate debt to ensure that no TSP holds more than 50 percent, thus ensuring Neustar's compliance with Section 52.12(a)(1)(ii).

Specifically, each quarter, Neustar will review the known holders of its debt. Neustar will determine which, if any, of these known debt holders are TSPs, using, among other things, the FCC's records of entities filing Form 499.[3] Based on this quarterly analysis, Neustar will

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[1] Letter to Ms. Sharon Gillett, Federal Communications Commission, from Scott Blake Harris, Neustar, filed in CC Docket No. 92-237, dated April 6, 2011.

[2] 47 C.F.R. § 52.12(a)(1)(ii) applies to the North American Numbering Plan Administrator. This requirement is extended to the Pooling Administrator by 47 C.F.R. § 52.20(d)(1).

[3] In full compliance with § 52.12(a)(1)(ii), the review will extend to each and every actual debt holder, but not to affiliates of the debt holder.

validate that more than 50 percent of its outstanding debt is not held by any TSP. Then, as part of its quarterly audits of Neustar's neutrality, Ernst and Young will audit Neustar's procedures and findings. It will compute Neustar's aggregate outstanding debt and confirm that more than 50 percent of that debt is not held by any TSP.

In the virtually inconceivable event any TSP held more than 50 percent of its aggregate outstanding debt, Neustar would immediately take steps to resolve the non-compliance which could include, among other things, repurchasing debt, facilitating the sale of debt, or issuing additional debt.

With regard to the audit, as the Commission knows, Ernst and Young conducts quarterly neutrality audits of Neustar and provides the results to the Commission and to the North American Numbering Council ("NANC").[4] In addition to reviewing Neustar's compliance with the Commission's TSP and interconnected Voice over Internet Protocol provider affiliation rules, Ernst and Young performs a rigorous examination of Neustar's performance as the NANPA and the PA to ensure that the neutrality rules are being scrupulously followed. The audit includes more than 20 performance and quality measurements to ensure no one industry member or segment receives preferential treatment. Neustar will simply add the above-noted debt information and debt measurement task to Ernst and Young's audit requirement. This will provide the Commission and the industry with the assurance that Neustar is complying with its debt obligations under the rule. Moreover, Ernst and Young keeps its audit records for at least three years should the Commission ever wish to check its work.

In sum, these internal procedures and the external audits will ensure that if the Commission grants Neustar's Request, it can be confident that no TSP will hold the majority of Neustar's debt in violation of Section 52.12 of the Commission's rules.

If you have any questions about this letter, please contact me or Rich Fruchterman at 202-533-2917.

Respectfully submitted,

Scott Harris

Scott Blake Harris
Executive Vice President
Law and External Affairs

[4] These audits were required by the Warburg Order. *Request of Lockheed Martin Corp. and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Commc'ns Ind. Servs. Business*, Order, 14 FCC Rcd 19,792, 19,813-14, ¶¶ 35-36. ("1999").