

If a Respondent is a unit or a wholly owned subsidiary of another entity, the Respondent is not neutral if the parent company is not neutral. Likewise, a parent cannot be neutral if one of its units or subsidiaries is not.

Some Respondents, whose parent companies or subsidiaries are either non-neutral, or likely to be found non-neutral, may attempt to restructure themselves in creative ways. Regardless of the creative structure proposed, unless a Respondent is substantially divested from its non-neutral parent company or subsidiary and is out of the non-neutral parent company's control or no longer affiliated with the non-neutral subsidiary, the Respondent will be non-neutral as well. The only true neutrality cure, if the parent company or subsidiary is non-neutral, is the substantive divestiture of the business unit or wholly owned subsidiary that intends to be the LNP Administrator from the non-neutral entity, with additional protective measures like a voting trust and code of conduct. These are similar to the neutrality cures and safeguards that were applied to the assignment of the stringent NANPA and LNPA contracts to Neustar in 1999.

Additionally, a Respondent may attempt to weaken the protections and assurances provided to the Industry by a strong neutrality regime and undermine the robust competitive marketplace by proposing unique corporate structures that will allow a large public company to more easily cloak itself in the role of Neutral Third Party administrator. However, without full, corporate-wide neutrality compliance procedures, the initial neutrality protections will be difficult to sustain. Such a Respondent may argue that only a subsidiary or portion of the company need comply with neutrality provisions or that only some contractual relationships need to be subject to neutrality review. Such arguments reveal a lack of understanding of the seriousness and complexity of neutrality compliance.

A large corporation has as much an obligation to be neutral as any other potential Respondent. In fact, the tendency of large corporations to have operational areas that do not know what other operational areas are doing, demonstrates that a corporate-wide neutrality compliance program is a necessity. Each corporate group, line of business, and operational area must be monitored continuously for neutrality compliance; otherwise a serious neutrality problem may be identified only after significant resources (time, money, marketing efforts, public commitments, etc.) have been committed to the source of the neutrality concern. When discovered, it may be too late to rectify the problem. Such a situation may result in breach of contract and a complete breakdown of the nation's LNP system. To ensure the continued stability of the nation's LNP system, neutrality compliance must be required of all components of the LNPA and neutrality compliance must be monitored at all times.

The Industry should use broad discretion to determine whether a Respondent is subject to undue influence by parties with a vested interest in the outcome of LNP administration activities.

As explained by the Commission in FCC Order 99-346, neutrality requirements are designed to set a clear standard to measure the LNPA's impartiality, to ensure entities seeking to participate in the communications marketplace obtain timely and efficient access to numbering resources, that no particular Industry segment, consumer group, or technology is unduly favored or disadvantaged, and that the LNPA remains neutral in order to maintain the trust and confidence of the entities that must submit sensitive data to the LNPA in its administration activities. The first two Neutrality Criteria set out in the VQS serve as objective, quantifiable measures intended to prevent the LNPA from maintaining financial or equity relationships with telecommunications Service Providers and/or affiliates that could exert control over the decisions and activities of the LNPA or otherwise compromise its impartiality. The third Neutrality Criterion requires the Industry and the Commission to exclude, if left unresolved, a Respondent that is determined to be subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities, regardless of whether a Respondent satisfies the first two Neutrality Criteria. In other words, depending on the type and size of business that a Respondent has with a single TSP or a group of separate, similarly aligned TSPs (i.e., same Industry segment), the Respondent could be subject to undue influence even if the

Respondent is not a TSP or TSP affiliate and does not obtain a majority of its revenue from a TSP or issue a majority of its debt to a TSP.

For example, if a Respondent, or an affiliate of a Respondent, is providing telecommunications network operations outsourcing services to a TSP through a multi-year contract for which it receives billions of dollars and under which it accepts the transfer of thousands of TSP employees, then it would be hard to argue that such a Respondent, or an affiliate of the Respondent, is not subject to undue influence even if the first two neutrality criteria are satisfied—particularly if the Respondent or its affiliate is performing the day-to-day operations of the TSP. Likewise, if a Respondent, or an affiliate of a Respondent, derives a substantial amount of its revenue from a particular Industry segment, it would once again be hard to argue that such a Respondent is not subject to undue influence from that segment even if the first two criteria are met.

Fortunately for the Industry, the NAPM LLC, and the Commission, as attested to by the DLA Piper Neutrality Legal Opinion, neither Neustar, nor any of its affiliates, manages the network operations of any TSP. Neustar also does not derive a majority of its revenue from any particular Industry segment.

Neutrality requirements must apply equally to prime vendors and subcontractors.

The 2015 LNPA Vendor Qualification Survey makes clear that the Neutrality Criteria apply to subcontractors involved in providing U.S. LNPA services. This is consistent with the Commission's rule governing the use of subcontractors for NANPA and Thousands Block Pooling Administration (47 CFR 52.12(a)(2)) and with the Commission's recent LNPA procurement. The Industry must be diligent when reviewing Respondent proposals that rely on the use of subcontractors or other third parties to provide the LNPA services. Subcontractors involved in the day-to-day delivery of LNPA services must be held to the same Neutrality Criteria as the prime contractor, including the possibility of having to develop and adhere to a neutrality cure and provide relevant neutrality audits and reports. Otherwise, a non-neutral entity could use the subcontractor loophole to circumvent the NAPM and FCC's neutrality requirements. There are many areas within the provision of LNPA services where a subcontractor that is subject to undue influence is just as able as a non-neutral prime vendor to skew performance in a manner that advantages particular entities, with the same negative impact on the Industry and telecommunications competition.

Neustar does not propose to use any subcontractors in the provision of the services required by the RFP, so there are no subcontractors associated with Neustar's bid whose neutrality must be examined by the Industry or the Commission.

Conclusion

The NPAC/SMS is ingrained into the U.S. telecommunications market and infrastructure more than ever before, to the point that LNP is taken for granted and expected by consumers and business seeking to change Service Providers. The NPAC/SMS is relied upon to implement the very important number conservation measure of Thousand-Block Pooling and is used by Service Providers to optimize their networks and restore service to customers in case of extended network outages. NPAC/SMS information impacts all services attached to a telephone number, including voice services and SMS and MMS messaging. LNP administration is a vital underlying service that is essential for these services to work effectively and efficiently. The unquestioned neutrality of the LNPA vendor continues to be of the utmost in importance, now more than ever.

Neustar embodies what it means to be neutral. We have been neutral since our inception over a decade ago. For Neustar, neutrality is not simply a platitude; it is the essence of Neustar as a corporation. At Neustar, our neutrality is not sheltered, fenced-off, or confined to certain groups and organizations, but is deeply ingrained throughout the entire company. Our neutrality has been inspected, audited, and verified. By retaining Neustar as the U.S. LNPA, the Industry, the NAPM LLC, the NANC, and the Commission can be assured that the neutrality of LNPA services will be maintained into and through the next contract term.



November 12, 2013

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Dear Messrs. Williams and Sciuлло:

Neustar is pleased to respond to the follow up questions provided to it by Tim Decker of the NAPM LLC regarding Neustar's neutrality legal opinion that was submitted on April 5, 2013 in conjunction with its proposal to continue as the LNPA. As the Commission and the NAPM LLC are aware, Neustar has a long history of operating as a neutral third party administrator of numbering databases and resources. Every member of the Neustar Board of Directors as well as every Neustar employee undergoes annual neutrality training and provides quarterly certifications of their continuing neutrality. Neustar's neutrality is audited quarterly by Ernst & Young and annually by Carville Collins of DLA Piper. Neustar's commitment to neutrality remains unequivocal and unwavering.

1. The Neutrality Opinion appears to be only from Mr. Collins, in his individual capacity. Will DLA Piper attest to the opinion? If not, why not?

Neustar asked Mr. Collins whether DLA Piper will attest to the Legal Opinion that he provided. The firm agreed by reissuing the opinion in the form of an opinion of the firm. Attached is the Legal Opinion of DLA Piper confirming Mr. Collins' conclusions regarding Neustar's neutrality as of the date of submission of Mr. Collins opinion. The firm also added some commentary to clarify several issues that were raised in the follow up questions that the NAPM LLC posed to Neustar. For ease of review, a redline version

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comparing the firm's opinion with the opinion provided by Mr. Collins has also been provided.

The Legal Opinion submitted with Neustar's proposal on April 5, 2013 was prepared by Mr. Collins in his capacity as a partner in the law firm of DLA Piper, but not as an opinion of the firm, because Question 3.5 of the VQS explicitly required that the Legal Opinion be "prepared by a person licensed and in good standing to practice law in any state of the United States and who represents the Respondent." Mr. Collins is a person licensed and in good standing to practice law in the State of Maryland. His selection complied with the additional VQS requirements, also in Question 3.5, that the Legal Opinion must constitute a third party legal opinion governed by and subject to the RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS and the Opinion Accord of the American Bar Association Section of Business Law (1991).

Neustar chose Mr. Collins to prepare the Legal Opinion on Neustar's neutrality required by Question 3.5 of the Vender Qualification Survey (VQS) because of his extensive experience as the mutually agreed upon (by Neustar and the NAPM LLC) independent auditor of Neustar's compliance with the neutrality requirements that apply to Neustar as the current LNPA. During the course of the 10 LNPA Neutrality Audits that Mr. Collins has conducted, he also reviewed more than 50 quarterly audits conducted by Ernst & Young of Neustar's compliance with the neutrality requirements that apply to Neustar as the North American Numbering Plan Administrator and the Thousands-block Pooling Administrator. Due to this experience, Mr. Collins possesses unsurpassed expertise in auditing LNPA neutrality.

2. Does the shareholder list represent legal (street name) owners or beneficial owners? Was an Edgar search used for 13-D filings?

The shareholder list Neustar uses to identify and monitor its shareholders, and which was provided to Mr. Collins for his Legal Opinion, is drawn from information provided by Thomson Reuters ("TR") that combines SEC filings, such as Schedules 13-D, 13-F, and 13-G, pulled from the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system with TR's own investor research. The TR report generally discloses the street name of the investor and the source of the filing (e.g., Schedule 13-D, 13-F, or 13-G). The TR information captures any publicly filed Schedule 13-Ds. However, except for the Neustar Voting Trust that existed when Neustar became a public company, no Neustar investor has submitted a Schedule 13-D. Neustar retrieves this shareholder information from TR on a monthly basis to track shareholder ownership percentages and identify shareholders that approach or exceed 5% ownership. Neustar uses this information as

the basis for, and in addition to, conducting its own searches for EDGAR filings made by Neustar shareholders, including Schedule 13-Ds and 13-Gs.

Similarly, in addition to reviewing the shareholder lists provided by Neustar, Mr. Collins conducted his own independent search of Neustar shareholder filings included in EDGAR.

3. Is the 9.64% owner of stock a TSP or TSP affiliate? If so, who is it? Could ownership shares fluctuate (e.g., could the share rise to 10% or greater)?

The 9.64% shareholder referenced in the Legal Opinion, PRIMECAP Management Company (PRIMECAP), is neither a TSP nor TSP affiliate.

As a result of the neutrality provisions that apply to it as the North American Numbering Plan Administrator, the Thousands-block Administrator and the current LNPA, Neustar requests that any entity with an ownership share of 5% or greater provide a certification that it is not a TSP or TSP affiliate, and also agree to notify Neustar within 5 days if this status changes. If such a certification is not provided, Neustar demands that the shareholder reduce its ownership to less than 5%.

At the time that it reached or exceeded the 5% threshold, PRIMECAP provided the required certification to Neustar and agreed to notify Neustar if it became a TSP or TSP affiliate. As a publicly traded stock, ownership shares of Neustar can fluctuate. PRIMECAP's ownership share has dropped to 5.54%. It is possible that an entity's ownership share could exceed 10% but Neustar would have obtained certification that the entity is not a TSP or TSP affiliate when its ownership share reached 5% or more.

4. How is the Board Constituted? Who has the right to nominate directors? Is any nominating entity a TSP or an affiliate of a TSP?

Neustar's Board of Directors is currently composed of eight independent directors and one management director, Neustar President and Chief Executive Officer Lisa Hook. The independent board members are: James G. Cullen (Chairman of the Board of Directors), Gareth C.C. Chang, Joel P. Friedman, Mark N. Greene, Ross K. Ireland, Paul A. Lacouture, Michael J. Rowny, and Hellene S. Runtagh. Background information on each of these directors is available at: <http://www.neustar.biz/about-us/investor-relations/board>.

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The Board is elected by shareholders, with a third of the board standing for election every year with staggered terms. The Board has adopted board independence principles that include the requirement that a "substantial majority" of the board consist of independent directors. Board nominations ordinarily come through the Board's Nominations and Corporate Governance Committee, which is composed entirely of independent directors. As a public company, however, individual shareholders also have the right to nominate directors pursuant to procedures set forth in the corporate bylaws.

The director qualification provisions in Neustar's by-laws state that an individual cannot qualify for service on Neustar's Board of Directors if such service "would cause the Corporation to violate any of the neutrality requirements to which the Corporation is subject under the applicable laws, regulations, rules and orders of the Federal Communications Commission." Among these neutrality requirements is the mandate that no Neustar "director may be nominated or chosen by a TSP or TSP affiliate."¹ Not only does Neustar strictly adhere to this requirement, but it also requires its directors to confirm that they were not nominated by a TSP or TSP affiliate in the quarterly neutrality certification that each director is required to complete (sample attached). Thus, no nominating entity of a Neustar board member is a TSP or TSP affiliate, and no director has been nominated by a TSP or TSP affiliate.

In addition to ensuring that no director is nominated by a TSP or TSP affiliate, Neustar requires each director to certify every quarter that he or she does not simultaneously serve on the board of a TSP and also that he or she has not been simultaneously employed in any capacity by a TSP. Further, Directors must certify quarterly that they do not own 5% or more of the equity or voting rights of any TSP or TSP affiliate.

5. Have there been any revisions to the Certificate of Incorporation since June 21, 2011? If so, please provide the most recent Certificate.

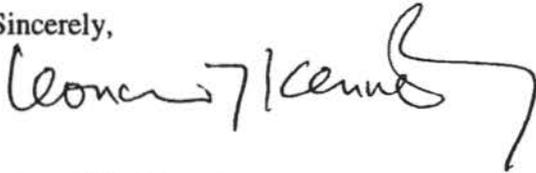
There have been no changes to the NeuStar, Inc. Certificate of Incorporation dated the 28th day of June, 2005. As a result, the State of Delaware confirmation certificate dated the 21st day of June, 2011, which certificate Neustar submitted with its proposal, is and remains accurate. Nonetheless, we enclose a new certificate, issued the 29th day of October, 2013, again certifying the June 28, 2005 Certificate of Incorporation.

¹ *In the Matter of North American Numbering Plan Administration; Neustar, Inc., Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership, Order, 19 FCC Rcd 16982, 16989 (2004).*

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Please do not hesitate to contact me if there are further questions regarding Neustar's neutrality that I can help you resolve.

Sincerely,

A handwritten signature in black ink, appearing to read "Leonard J. Kennedy". The signature is fluid and cursive, with a long horizontal stroke at the end.

Leonard J. Kennedy
Senior Vice President & General Counsel

Attachments:

Legal Opinion of DLA Piper regarding Neustar's Neutrality
Redline Comparison of DLA Piper opinion with opinion of Mr. Carville Collins
Sample Neustar Director Quarterly Neutrality Compliance Certification
State of Delaware confirmation of Neustar's Certificate of Incorporation, October 29, 2013

Attachment 1

**Legal Opinion of
DLA Piper**



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March 25, 2013¹

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Members of the NAPM LLC and its
Future of NPAC Subcommittee

Re: 2015 LNPA Vendor Qualification Survey Legal Opinion – NeuStar, Inc.

Ladies and Gentlemen:

Pursuant to Sections 3.4 and 3.5 of the 2015 LNPA Vendor Qualification Survey (“VQS”) issued by the Future of NPAC (“FoNPAC”) Subcommittee of the North American Portability Management LLC (“NAPM LLC”) on February 5, 2013 for the selection of a vendor

¹ At the request of NeuStar, Inc. (“Neustar”), on March 25, 2013, a partner of the law firm of DLA Piper LLP (US) (“DLA Piper”), Carville B. Collins, Esq. issued his Legal Opinion substantiating the neutrality of Neustar in response to the VQS (as hereinafter defined). At the subsequent request of Neustar, DLA Piper now reissues Mr. Collins’ Legal Opinion as the Legal Opinion of DLA Piper, as of March 25, 2013, in substantially the same form as that which was issued by Mr. Collins, but in the form and subject to the standards of legal opinion of the law firm. While none of Mr. Collins’ conclusions are reversed or otherwise modified herein, some of his language substantiating or explaining the Legal Opinion has been revised. Mr. Collins and the other lawyers within DLA Piper who participated in DLA Piper’s reissuance of this Legal Opinion as the Legal Opinion of DLA Piper are each licensed and in good standing to practice law in the State of Maryland.



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to serve as the next local number portability administrator ("LNPA"),² we hereby provide to the Federal Communications Commission ("FCC"), the NAPM LLC and the FoNPAC a legal opinion ("Legal Opinion") substantiating the neutrality of NeuStar, Inc. ("Neustar").

For purposes of this Legal Opinion, we have examined and relied upon such materials and information available to us, as more specifically described below (collectively, the "Examined Documents"). Also for purposes of this Legal Opinion, we have considered such matters of law and the published and effective rules, policies, orders, decisions and reports of the FCC and of fact (without independent verification) as we have deemed appropriate as a basis for this Legal Opinion.

In rendering this Legal Opinion, we have assumed without investigation: (i) the authenticity and completeness of the Examined Documents submitted to us by Neustar for our examination, whether or not they were submitted to us as originals, (ii) the authenticity of any signatures and the legal capacity of any persons executing such documents, (iii) the conformity to authentic original documents of all Examined Documents submitted to us as copies, (iv) the accuracy and completeness of all records made available to us by Neustar (except as otherwise stated herein), and (v) the validity and binding effect of all the Examined Documents upon the parties thereto.

We have no Actual Knowledge (as that phrase is explained below) of any factual information that has led us to conclude that the Examined Documents contain any untrue statement of a material fact, or omit to state a fact whose inclusion therein would be required in order to render the statements contained therein not materially misleading in the context in which such statements were made, except to the extent that any such statements conflict with or are modified by matters specifically addressed herein.

This Legal Opinion is limited strictly to the matters discussed herein, and we express no opinion with respect to any law, statute, rule, regulation, ordinance, decision, judgment, decree, legal requirement, legal authority or factual matter whatsoever.

This Legal Opinion constitutes a written communication delivered to the FCC, the NAPM LLC and the FoNPAC for the purpose of responding to the VQS and for use in connection with an evaluation of Neustar pursuant to an RFP. DLA Piper LLP (US) has conducted the LNPA neutrality audits since 2002 as the auditor mutually agreed upon by Neustar and the NAPM LLC. During these prior 10 years, we have developed some level of expertise on

² On February 5, 2013, the FoNPAC made a set of Request for Proposal (RFP) documents available to potential vendors. The RFP documents include a Vendor Qualification Survey ("VQS"), a Technical Requirements Document ("TRD") and a Request for Proposal. ("RFP"). Hereinafter, these documents will collectively be referred to as the "RFP Documents."



number administration neutrality matters generally. We do not provide legal services to Neustar other than those provided in connection with the LNPA neutrality audits and this Legal Opinion.

Paragraphs 1b, 1c and 2 of Section 3.4 of the *VQS* inquire about the existence and activity of affiliates of Neustar. To the extent these inquiries ask about affiliates based on ownership interests in Neustar, we have undertaken a review of ownership of Neustar capital stock during the period January, 2012 through March, 2013. This review consisted of our examination of Schedules 13D and 13G filed with the U.S. Securities and Exchange Commission (the "SEC") with respect to ownership of Neustar securities during the review period and lists prepared by a third-party vendor, Thomson Reuters, of the 100 largest shareholders of Neustar stock, based on the vendor's market research. In an abundance of caution, we elected to review additional historical information on Neustar shareholders consisting of two more years of data, from these same SEC Schedules and Thomson Reuters lists. Thus, in all our reviews of Neustar stock ownership referenced in this Legal Opinion, our examination covers a look-back period of more than 3 years, from January, 2010 through March, 2013.

This Legal Opinion constitutes a third party legal opinion governed by and subject to the Restatement (Third) of the Law Governing Lawyers. This Legal Opinion is also governed by, and shall be interpreted in accordance with, the Legal Opinion Accord of the American Bar Association Section of Business Law (1991) ("Accord"), and as such, this Legal Opinion is subject to a number of qualifications, exceptions, and limitations, all as more particularly described in the Accord, and should be read in conjunction therewith. As such, this Legal Opinion is subject to the Actual Knowledge, as defined in the Accord, of Carville B. Collins, Esq. and only includes the conscious awareness of facts or other information by Carville B. Collins, Esq. and does not include matters with respect to which other lawyers at DLA Piper LLP (US) could be deemed to have constructive knowledge.

Legal Opinion Summary

For the reasons stated below and based on the Examined Documents, it is our legal opinion that Neustar, a non-governmental entity, is impartial and is not aligned with any particular telecommunications industry segment, and that Neustar has the procedures in place to assure that access to the NPAC/SMS for all qualified users is at all times evenhanded, impartial and nondiscriminatory. For the reasons stated below and based on the Examined Documents, it is our further legal opinion that Neustar is currently a Neutral Third Party as that term is defined in Section 3.4 of the *VQS*, and based on Neustar's existing neutrality practices and procedures, Neustar can at all times remain a Neutral Third Party. Moreover, Neustar has informed us that it does not intend to engage or include any subcontractors in providing the services requested in the *RFP Documents*. For the reasons stated below and based on the Examined Documents, it is our further legal opinion that the absence of such subcontractors eliminates any concern regarding the Neutral Third Party status of any subcontractor.



We first opine on the enumerated neutrality requirements set forth in the *VQS*, followed by our opinions on other neutrality requirements and considerations outlined in the *VQS*.

Numbered VQS Neutrality Requirements

(1) a. Neustar is Not a Telecommunications Service Provider.

For the reasons stated below and based on the Examined Documents, it is our legal opinion that Neustar does not qualify under any of the three forms of Telecommunications Service Provider set forth in Section 3.4 of the *VQS*.

First, in connection with facilities-based wireline local exchange service, for the reasons stated below, Neustar does not possess the requisite authority to engage in the provision to the public of facilities-based wireline local exchange service in any State or Territory of the United States. According to Neustar, it has not been issued, nor has it applied for, a Certificate of Public Necessity and Convenience ("CPCN") or any similar authorization, license or approval issued by a state public utility commission for the provision of facilities-based wireline local exchange service. This is verified by the FCC Form 499 Filer Database ("FCC 499 List"), which contains a current list of all providers of any telecommunications service in any state or territory of the United States.³ Based solely on our review of the FCC 499 List as of September, 30, 2012, December 31, 2012, and March 25, 2013, Neustar is not on the FCC 499 List as a provider of any telecommunications service in any state or territory of the United States, including facilities-based wireline local exchange service or any other local exchange service. Moreover, as noted

³ The list of 499 filers is an important tool to ensure compliance with telecommunications numbering neutrality rules because it is the most comprehensive list of the providers of telecommunications services of which Neustar is aware. The instructions for the 2012 Form 499-A explain that "[w]ith very limited exceptions, all intrastate, interstate, and international providers of telecommunications in the United States must file this Worksheet. Telecommunications providers that are contributors to any of the support mechanisms, including USF, TRS, NANPA, or LNPA, must file this Worksheet." The instructions continue by stating that "the term 'interstate telecommunications' includes, but is not limited to, the following types of services: wireless telephony, including cellular and personal communications services (PCS); paging and messaging services; dispatch and operator services; mobile radio services; access to interexchange service; special access; wide area telecommunications services (WATS); subscriber toll-free and 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; resale services; Frame Relay services; asynchronous transfer mode (ATM) services; Multi-Protocol Label Switching (MPLS) services; audio bridging services; and *interconnected VoIP services*." (*emphasis added*). The instructions also explain that "[a]ll providers of 'non-interconnected VoIP service' . . . with interstate end-user revenues subject to TRS contributions must file this Worksheet in order to register with the Commission and report their revenues for purposes of calculating TRS contributions." *2012 Telecommunications Reporting Worksheet Instructions (FCC Form 499-A)*, Approved by OMB 3060-0855, available at <http://www.fcc.gov/document/2012-form-499-instructions> at 2 (footnotes omitted). Thus, the list of 499 filers includes wireline and wireless telecommunications service providers, interconnected VoIP providers and even non-interconnected VoIP providers.



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in footnote 2, all providers of facilities-based wireline local exchange service are required to file Form 499-A with the FCC, and as the date hereof, according to Neustar, it has not filed Form 499-A with the FCC, nor is it required to do so.

Also in connection with facilities-based wireline local exchange service, it should be noted that in its role as the North American Numbering Plan Administrator ("NANPA") and National Thousands-block Pooling Administrator ("PA"), Neustar is permitted to issue telephone numbers or central office codes only to entities that can, among other things, demonstrate that they have the requisite authority to provide service in the area in which they are seeking numbers or codes. In accordance with guidelines established by the Industry Number Council, such authority for facilities-based wireline local exchange service providers can be demonstrated by a CPCN or other similar document. Accordingly, Neustar has demonstrated that it is familiar with all of the ways in which the requisite authority to provide such services can be obtained and documented. According to Neustar, it does not possess, nor is it seeking, any such authority.

Second, in connection with Commercial Mobile Radio Service ("CMRS") telecommunications service, for the reasons stated below, Neustar does not possess the requisite authority to engage in the provision to the public of CMRS telecommunications services in any state or territory of the United States. According to Neustar, it has not been issued, nor has it applied for, any radio license or any similar authorization or approval issued by the FCC for the provision of CMRS telecommunications service. This is verified by a review of the licenses issued by the FCC through its Universal Licensing System ("ULS"), which is available at <http://wireless2.fcc.gov/ULsApp/ULsSearch/searchLicense.jsp>. Our search of the FCC's ULS as of March 25, 2013 indicates that no license is held by Neustar.

In addition, we reviewed the FCC 499 List, which contains a current list of providers of any telecommunications service in any state or territory of the United States. Based solely on our review of the FCC 499 List as of September 30, 2012, December 31, 2012, and March 25, 2013, Neustar is not on the FCC 499 List as a provider of any telecommunications service in any state or territory of the United States, including CMRS or any form of cellular, PCS or other mobile service. Moreover, all providers of CMRS telecommunications service are required to file Form 499-A with the FCC, and as of the date hereof, according to Neustar, it has not filed Form 499-A with the FCC, nor is it required to do so.

Also in connection with CMRS telecommunications service, it should be noted that in its role as the NANPA and PA, Neustar is permitted to assign telephone numbers or central office codes only to entities that can, among other things, demonstrate that they have the requisite authority to provide service in the area in which they are seeking numbers or codes. Per guidelines established by the Industry Number Council, such authority for CMRS service providers can be demonstrated by a radio license or other similar document. Accordingly, Neustar has demonstrated that it is familiar with all of the ways in which the requisite authority to provide such services can be obtained and documented. According to Neustar, it does not possess, nor is it seeking, any such authority.



Third, in connection with interconnected Voice over Internet Protocol ("VOIP") service, for the reasons stated below, Neustar does not qualify as a Class 1, Class 2 or Class 3 interconnected VOIP provider, as those classes of providers are defined in the *VQS*. A Class 1 VOIP provider is described as obtaining numbering resources directly from the NANPA and the PA. As the NANPA and PA, Neustar requires that a VOIP provider demonstrate evidence of an order from the FCC indicating that the provider is authorized to obtain numbering resources directly from the NANPA or PA. According to Neustar, the FCC has not issued any order authorizing Neustar to receive numbering resources directly from the NANPA or PA for the provision of VOIP services. The *VQS* indicates that Class 2 and Class 3 VOIP providers obtain numbering resources and Public Switched Telecommunications Network ("PSTN") connectivity through a Telecommunications Service Provider partner or through another interconnected VOIP provider, respectively. Such arrangements would require contractual agreements with Telecommunications Service Providers or with interconnected VOIP providers. According to Neustar, it has no such agreements with Telecommunications Service Providers or interconnected VOIP providers to obtain numbering resources or PSTN connectivity. In addition, all interconnected VOIP providers are required to file Form 499-A with the FCC, and as of the date hereof, according to Neustar, it has not filed Form 499-A with the FCC, nor is it required to do so.

(1) b. Neustar is Not Owned By, and Does Not Own, Any Telecommunications Service Provider.

For the reasons stated below, it is our legal opinion that Neustar is not owned by, and does not own, any Telecommunications Service Provider. Our legal opinion on this matter is based solely upon our review of: (1) lists of shareholders of Neustar stock during the period January, 2010 through March, 2013; (2) Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the period January, 2010 through March, 2013; (3) an organizational chart listing all Neustar-owned entities, subsidiaries and other holdings of Neustar as of March 25, 2013; (4) the FCC 499 List; (5) certain Neustar certifications since 2006, and (6) the 10 percent threshold definition of ownership set forth in paragraph (1) b. of section 3.4 of the *VQS*.

Based on the above examined documents, in connection with owners of Neustar stock, no person or entity has held more than 10 percent of the stock of Neustar during the period January, 2010 through March, 2013. We note that the largest single shareholder of Neustar stock during this period, based on Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the review period, was PRIMECAP Management Company, an investment advisor that held 9.64 percent of Neustar stock. Thus, no Telecommunications Service Provider or any other entity qualifies as an owner of Neustar for purposes of paragraph (1) b. of section 3.4 of the *VQS*.

In connection with all Neustar-owned entities, subsidiaries and other holdings of Neustar as of March 25, 2013, none are on the FCC 499 List. The organizational chart listing each entity,



subsidiary and other holding owned by Neustar is provided at **Tab 1**. Thus, based on the foregoing, Neustar does not own any entity that qualifies as a Telecommunications Service Provider.

We have also reviewed the Neustar Management Compliance Certifications executed in writing by the Chief Executive Officer of Neustar on a quarterly basis since 2006. These documents, submitted to auditors for neutrality review purposes, certify that Neustar has no actual knowledge of being owned or controlled (by virtue of a 5 percent or more interest) by any Telecommunications Service Provider, and has not acquired any equity interest in any Telecommunications Service Provider.⁴

(1) c. Neustar is Not an Affiliate, by Common Ownership or Otherwise, of a Telecommunications Service Provider.

For the reasons stated below, it is our legal opinion that Neustar is not an affiliate, by common ownership or otherwise, of a Telecommunications Service Provider. Our legal opinion on this matter is based solely upon: (1) lists of shareholders of Neustar stock during the period January, 2010 through March, 2013; (2) Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the period January, 2010 through March, 2013; (3) an organizational chart listing all Neustar-owned entities, subsidiaries and other holdings of Neustar as of March 25, 2013; (4) the FCC 499 List; (5) certain Neustar certifications since 2006, and (6) the 10 percent threshold definition of affiliation set forth in paragraph (1) c. of section 3.4 of the *VQS*.

In connection with entities that have an ownership interest in Neustar, by virtue of Neustar's current status as a publicly traded company, the only existing ownership interests are in the stock of the corporation. We note that the corporate form of Neustar is a Delaware corporation, and thus there is no partnership interest, joint venture participation, or limited liability company member interest in Neustar. Based on the above examined documents, no person or entity has held more than 10 percent of the stock of Neustar during the period January, 2010 through March, 2013. We note that the single largest shareholder of Neustar stock during this period, based on Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the review period, was PRIMECAP Management Company, an

⁴ The Neustar Management Compliance Certifications arose in response to the FCC's 2004 Order imposing certain conditions to ensure neutrality. *In the Matter of North American Numbering Plan Administration NeuStar, Inc. Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership*, CC Docket No. 92-237, Order, 16922, para. 22 (2004). The Certifications also reference an exception to the ownership or control limit of five percent by any Telecommunications Service Provider or its affiliate to account for the prior ownership interest of Warburg Pincus. That ownership interest ended on or before Neustar's initial public offering in 2005, and thus this exception has had no application to the Certifications after that date.



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investment advisor that held 9.64 percent of Neustar stock. Thus, no Telecommunications Service Provider or any other entity qualifies as a Neustar affiliate by virtue of holding an ownership interest in Neustar.

In connection with ownership interests held by Neustar, as set forth on the Neustar organizational chart provided at **Tab 1**, these are comprised entirely of subsidiaries owned by Neustar. Based on the organizational chart, all entities qualifying as affiliates but one CONFIDENTIAL, are 100-percent owned by Neustar. None of these entities, including CONFIDENTIAL, is on the FCC 499 List, and thus, none are Telecommunications Service Providers. In addition, based on the above examined documents, no Telecommunications Service Provider owns 10% or more of CONFIDENTIAL, so it is not a Telecommunications Service Provider affiliate.

In connection with voting power on any matter involving the actions of Neustar, voting power of shareholders is determined exclusively by stock ownership. Since no shareholder held more than 10 percent of Neustar's stock during the period January, 2010 through March, 2013 based on the above examined documents, no shareholder qualifies as an affiliate by virtue of voting power.

In connection with the power to direct or cause the direction of management and policies of Neustar, only the shareholders, directors and management of Neustar may have such power. To our Actual Knowledge, and according to Neustar, there are no contracts, agreements, voting rights, or other arrangements whereby any entity, including any Telecommunications Service Provider, has the power to direct the management or policies of Neustar.

We have also reviewed the Neustar Management Compliance Certifications executed in writing by the Chief Executive Officer of Neustar on a quarterly basis since 2006. These documents, submitted to auditors for neutrality review purposes, certify that Neustar has no actual knowledge of being owned or controlled (by virtue of a 5 percent or more interest) by any Telecommunications Service Provider, or of possession by any Telecommunications Service Provider of the power to direct the management and policies of Neustar.⁵

⁵ The Neustar Management Compliance Certifications arose in response to the FCC's 2004 Order imposing certain conditions to ensure neutrality. *In the Matter of North American Numbering Plan Administration NeuStar, Inc. Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership*, CC Docket No. 92-237, Order, 16922, para. 22 (2004). The Certifications also reference an exception to the ownership or control limit of five percent by any Telecommunications Service Provider or its affiliate to account for the prior ownership interest of Warburg Pincus. That ownership interest ended on or before Neustar's initial public offering in 2005, and thus this exception has had no application to the Certifications after that date.



(2) Neustar or Any Affiliate of Neustar Has Not Issued a Majority of Its Debt To, Nor Derived a Majority of Its Revenues (Not Including the NPAC/SMS) From, Any Telecommunications Service Provider.

Debt. For the reasons stated below, it is our legal opinion that Neustar has not issued a majority of its debt to any Telecommunications Service Provider. Our legal opinion on this matter is based solely upon our review of the following: (1) lists of all entities to which Neustar has issued debt as of September 30, 2012, January 4, 2013, January 22, 2013, and March 25, 2013, and (2) the FCC 499 List. Our review of the FCC 499 List was undertaken in order to determine if any of the entities to which Neustar has issued debt (as of the four dates indicated above) were on the FCC 499 List.

We note that the lists of all entities to which Neustar has issued debt included both the holders of Neustar's debt, as well as the parties to all of Neustar's capital leases and letters of credit. These lists included stocks, bonds, securities, notes, loans, capital leases, letters of credit, and any other instrument of indebtedness, of any duration. Based upon our review, we found that Neustar has not issued a majority (greater than 50%) of its debt to a Telecommunications Service Provider, and moreover, none of Neustar's debt has been issued to a Telecommunications Service Provider as of the four dates indicated.

Revenues. For the reasons stated below, it is our legal opinion that Neustar has not derived a majority of its revenues (not including NPAC/SMS revenues) from any Telecommunications Service Provider. Our legal opinion on this matter is based solely upon our review of Neustar's 2012 revenue data listing the sources and amounts of all Neustar revenues received. In an abundance of caution, we elected to investigate further by adding to our review two additional years of revenue data. Thus, our review covers Neustar's revenue during a look-back period of calendar years 2010 – 2012, as further described below.

The revenue data for 2012 indicates that Neustar received non-NPAC/SMS revenue from more than [REDACTED] individual customers. The single largest of these customers provided [REDACTED] percent of Neustar's total non-NPAC/SMS revenue. 99.88 percent of these customers each provided less than 1 percent of Neustar's total non-NPAC/SMS revenues in 2012.

The revenue data for 2011 indicates that Neustar received non-NPAC/SMS revenue from more than [REDACTED] individual customers. The single largest of these customers provided [REDACTED] percent of Neustar's total non-NPAC/SMS revenue. 99.82 percent of these customers each provided less than 1 percent of Neustar's total non-NPAC/SMS revenues in 2011.

The revenue data for 2010 indicates that Neustar received non-NPAC/SMS revenue from more than [REDACTED] individual customers. The single largest of these customers provided [REDACTED] percent of Neustar's total non-NPAC/SMS revenue. 99.88 percent of these customers each provided less than 1 percent of Neustar's total non-NPAC/SMS revenues in 2010.



We note that our review of non-NPAC/SMS revenue is prompted by the express language of paragraph (2) in Section 3.4 of the *VQS* that specifically excludes NPAC/SMS revenues. We elected to review Neustar's NPAC/SMS revenues, as well. The broad dispersal of sources of non-NPAC/SMS revenue also exists for NPAC/SMS revenue. In 2012, 99.61 percent of customers each provided less than 1 percent of Neustar's total NPAC/SMS revenues; in 2011, 99.58 percent each provided less than 1 percent; and in 2010, 99.63 percent each provided less than 1 percent. During this 3-year period, the largest NPAC/SMS revenue source from a single customer accounted for ^{HIGHLY CON} percent of Neustar's annual NPAC/SMS revenue.

Based on our review of all Neustar revenue sources during the past three calendar years, no one revenue source provided a majority of Neustar's revenues. Accordingly, Neustar cannot have derived a majority of its revenues from any single Telecommunications Service Provider, or any other entity.

Affiliates. Neustar's "affiliates," as that term is defined in Section 3.4 of the *VQS*, are comprised of subsidiaries of Neustar, all of which are 100% owned by Neustar. We note that by this same definition, persons or entities that own a percentage of the capital stock of Neustar in excess of 10% of the total outstanding ownership interests in that stock would also qualify as an affiliate of Neustar. During the period January, 2010 through March, 2013, as noted above, there has been no entity that has owned more than 10% of Neustar's outstanding stock. Thus, no entity qualifies as an affiliate of Neustar by virtue of stock ownership. Accordingly, the only affiliates of Neustar are its 100%-owned subsidiaries.

In connection with the issuance of debt, based upon our review of Neustar's Form 8-K filing with the SEC dated January 22, 2013, all of Neustar's debt is issued by Neustar. Although none of Neustar's 100%-owned subsidiaries have issued debt, Neustar has indicated that some of these subsidiaries serve as guarantors of the debt issued by Neustar.

In connection with the derivation of revenues, based upon our review of Neustar subsidiary revenue data listing the sources and amounts of all Neustar subsidiary revenues received during 2010-2012, none of Neustar's affiliates (the 100%-owned subsidiaries) have derived a majority of revenues from any Telecommunications Service Provider.

- (3) Neustar is Not Subject to Undue Influence by Parties With a Vested Interest in the Outcome of Numbering Administration and Activities, and Neustar is Not Involved in a Contractual or Other Arrangement That Would Impair its Ability to Administer the NPAC/SMS Fairly and Impartially as an LNPA or to Implement the Schedule Set Forth in the IASTA SmartSource SRM Tool, Called the FoNPAC Timeline.**

For the reasons stated below, it is our legal opinion that Neustar is not subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities. For the reasons stated below, it is our further legal opinion that Neustar is not



involved in a contractual or other arrangement that would impair its ability to administer the NPAC/SMS fairly and impartially as an LNPA or to implement the schedule for the NPAC/SMS deployment. Our legal opinion on these matters is based upon an array of neutrality requirements and circumstances that already apply to Neustar or conform to Neustar's practices as of the date hereof.

By virtue of Neustar's role as the current LNPA, Neustar is subject to the FCC's definition of the LNPA at 47 CRF 52.21(k): "The term local number portability administrator (LNPA) means an independent, non-governmental entity, not aligned with any particular telecommunications industry segment" In order to maintain its role as the LNPA, Neustar has complied with this definitional mandate since the inception of the LNPA in 2000. Based on our review of audit reports, there is no finding or inference in either the Neutrality Audits since 2000 or the LNPA Neutrality Audits since 2002⁶ that indicates any non-compliance with this definitional mandate. Accordingly, based on the foregoing, we conclude that Neustar has not been, and is not being, unduly influenced by parties with a vested interest in the outcome of numbering administration.

In our view, whether Neustar is subject to such undue influence is best assessed by an investigation of recent revenue. We have reviewed a list of all of Neustar's revenue sources during the period 2010-2012, including NPAC/SMS revenues and non-NPAC/SMS revenues. Based on our review, we found that Neustar derives its revenue from an array of segments of the telecommunications industry and other sources, including, but not limited to, wireline carriers, wireless carriers, cable service providers, internet registry/registrar companies, advertisers and other commercial enterprises. During this period, Neustar's largest non-NPAC/SMS revenue source from a single customer accounted for ^{HIGHLY CO} percent of its annual non-NPAC/SMS revenue, and its largest NPAC/SMS revenue source from a single customer accounted for ^{HIGHLY CO} percent of its annual NPAC/SMS revenue. In this same 3-year period, more than 99 percent of Neustar's non-NPAC/SMS customers each accounted for less than one percent of Neustar's total non-NPAC/SMS revenues, and similarly, more than 99 percent of Neustar's NPAC/SMS customers each accounted for less than one percent of Neustar's total NPAC/SMS revenues.

This broad dispersal of revenue sources, together with the absence of concentration of or reliance upon any single source of revenue, leads us to conclude that there is no undue influence upon Neustar, and Neustar is not subject to undue influence from any one segment of the telecommunications industry or any one Telecommunications Service Provider.

In assessing whether Neustar is subject to undue influence by parties with a vested interest in numbering administration, we have reviewed Neustar's contracts with its major customers. Significantly, we find no contract or other legal obligation for Neustar to operate any

⁶ The Neutrality Audits and the LNPA Neutrality Audits are fully described in Section (7) of this Legal Opinion.



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Telecommunications Service Provider's network, or to be involved in numbering administration on behalf of any entity. In response to our data request to Neustar made in connection with this Legal Opinion, Neustar confirmed that no such contract or other legal obligation exists as to the operation of any such network, or as to involvement in numbering administration on behalf of any entity. Thus, we believe that the ordinary influence that may be expected to arise from a Telecommunications Service Provider whose network was being operated would have no application or relevance to Neustar, as a result of the absence of such a practice by Neustar. A similar inference may arise if Neustar was involved in numbering administration on behalf of any entity, but here again, this has no application or relevance to Neustar, because, based on the information provided to us, Neustar has no such involvement.⁷

The Neustar Code of Conduct, which governs Neustar's conduct as the current LNPA, contains a number of requirements that guard against undue influence by parties with a vested interest in the outcome of numbering administration and activities. For example, Code of Conduct Item 7 states that, "No member of Neustar's board will simultaneously serve on the board of a telecommunications service provider." Based upon our review of quarterly certifications since 2002 of all Neustar Directors and the FCC 499 List, no Neustar Director is a member of a board of directors of any Telecommunications Service Provider, and no Neustar Director has been a member of such a board during the period 2002-2013.

By way of further example, Code of Conduct Item 6 states that, "Warburg Pincus will not control more than 40 percent of Neustar's Board." Based upon our review of quarterly certifications since 2002 of all Neustar Directors, neither Warburg Pincus, nor any single shareholder or group of shareholders treated as a single entity under Section 13(d)(3) of the Securities and Exchange Act of 1934, controls or has controlled more than 40 percent of Neustar's Board.

⁷ Our conclusions here are based on the following definitional assumptions: (1) a "Telecommunications Service Provider" means an entity that either possesses authority to engage in the provision to the public of facilities-based wireline local exchange or CMRS in the U.S., or is one of either a Class 1, Class 2 or Class 3 interconnected VoIP provider; (2) a "network" is a wireline or wireless system that transmits telecommunications from one point to another; (3) "operating" a network means to cause the network to function, including construction and maintenance of the facilities over which telecommunications or VoIP traffic is transmitted; and (4) "numbering administration" means the management of a telephone number ("TN") inventory, such as allocating TNs to users, performing NRUF reporting, applying for numbering resources, and representing a Telecommunications Service Provider on industry numbering panels (and does not include providing an entity with the tools so that the entity can manage its own numbering inventory).



Other VOS Neutrality Requirements

(4) **Neustar's Ability to Cure Deficiencies in Neutrality**

For the reasons stated below, it is our legal opinion that Neustar has implemented substantial policies and procedures that will cure any deficiencies in neutrality. Our legal opinion is based on the following.

If Neustar is awarded the LNPA contract, it is reasonable to assume there will be no deficiencies in neutrality at the time of the award. This is because as the current LNPA, Neustar is required to be neutral and free of deficiencies in neutrality, by virtue of an array of neutrality requirements already applicable at the time of any contract award, including, but not limited to, the Neustar Code of Conduct, the Neustar Neutrality Procedures, the practices and policies of the Neustar Neutrality Officer and Neutrality Committee, and the periodic neutrality audits and LNPA neutrality audits to which Neustar is subjected.⁸ If at any time subsequent to the award a deficiency in neutrality were to develop, Neustar will have in place substantially these same policies and procedures that will allow Neustar to identify and resolve any deficiency.

Neustar's record as the LNPA since 2000 demonstrates how it will cure any deficiency in neutrality, if in the future Neustar continues to serve as the LNPA as a result of being awarded the LNPA contract. Two examples during Neustar's tenure as the LNPA since 2000, described below, aptly illustrate this point. Both examples were first disclosed by Neustar in the course of the LNPA Neutrality Audits we have conducted since 2002 and which were reported in our audit reports (and thus were not disclosed just in connection with the preparation of this Legal Opinion).

2011 Neustar Stock Ownership Incident

On April 14, 2011, Neustar's Vice President of Tax received a notice of the availability of proxy materials for the annual meeting of [REDACTED], a Telecommunications Service Provider ("TSP"). According to a [REDACTED] Direct Registration Account Statement sent to Neustar with the aforementioned notice, 100 shares, with a market value of \$2.32 per share or aggregate value of \$232 (as of May 27, 2011), were owned by Neustar but held by a stock transfer agent. Immediately upon receipt of this information, Neustar's Vice President of Tax notified Neustar's Neutrality Officer, who began an investigation into how Neustar acquired the stock and possible means of its disposal. On May 16, 2011, Neustar notified the FCC in writing of the foregoing and reported that because

⁸ The Neustar Code of Conduct, the Neustar Neutrality Compliance Procedures, the Neustar Neutrality Officer, the Neustar Neutrality Committee, and the periodic audits are all described in greater detail in sections (6) and (7) of this Legal Opinion.



Neustar was not the holder of the stock, it would first need to acquire control of the shares from the transfer agent. On June 2, 2011, Neustar reported in writing to the FCC that on May 25, 2011 it had acquired control of the shares and immediately transferred all of the shares to charity (American Red Cross). According to Neustar and as stated in its written correspondence to the FCC, although Neustar could not confirm precisely how it came to own the shares, Neustar believes that the shares originated as shares of [REDACTED] prior to [REDACTED] acquisition by [REDACTED], and that a company acquired by Neustar held [REDACTED] shares but did not inform Neustar at the time of acquisition, or that [REDACTED] allocated the shares to Neustar as payment for a debt, even though Neustar routinely declines all such offers.

The policies and procedures that brought about a cure of any deficiency in neutrality that may have arisen from this 2011 stock ownership incident included the neutrality training of Neustar employees that led to the reporting of this incident to the Neutrality Officer; the training and capacity of the Neutrality Officer that led to immediate investigation of the incident and prevention of any actual Neustar Code of Conduct neutrality violation (ownership of the stock by a Neustar employee); the timely and frequent reporting of the incident to the FCC; the full and effective investigation of the incident which led to the implementation of Neustar safeguards to prevent a future similar occurrence in the event of an acquisition of another company by Neustar; and the reporting of the incident to neutrality auditors and governmental authorities through the issuance of the quarterly Neustar Report of Management.

2008 Shareholder Stock Ownership Incident

Following a letter sent by Neustar on August 27, 2008, to one of its greater-than-5-percent shareholders, that shareholder disclosed to Neustar that it had acquired more than 10 percent of [REDACTED], a TSP. The disclosure was made by Steinberg Asset Management, LLC ("Steinberg") pursuant to a periodic certification required by Neustar of all shareholders holding more than 5 percent of Neustar stock in connection with the LNPA Neutrality Audit. The disclosure certified that Steinberg had become a TSP affiliate in August of 2008 as a result of its acquisition, through a series of share purchases, of approximately 10.27 percent of the shares of [REDACTED].

Based on its investigation, Neustar discovered that Steinberg was an SEC-registered investment adviser that acquires securities of companies in the ordinary course of its advisory business where, in all cases, such acquisitions are not undertaken for the purpose of influencing control over the issuer of securities. Steinberg then certified that upon learning of the FCC requirements applicable to Neustar, Steinberg immediately established and implemented a divesture plan to reduce the shares of [REDACTED] under its control to less than 10% by the close of trading on August 30, 2008. Internal controls were also established to prevent Steinberg from inadvertently taking a 10% or greater position in [REDACTED] or any other TSP while Steinberg is also a 5% or greater shareholder in Neustar. Steinberg identified no other TSP holdings that currently or previously were at or above the 10% threshold.



The policies and procedures that brought about a cure of any deficiency in neutrality that may have arisen from this 2008 stock ownership incident included the certification requirements imposed by Neustar on shareholders owning more than 5 percent of Neustar stock; the training and capacity of the Neutrality Officer that led to Neustar's immediate investigation of the incident and the eventual cure of the incident and prevention of future incidents; and the reporting of the incident to neutrality auditors through the issuance of the quarterly Neustar Report of Management.

(5) The Identity and Corporate Affiliations of All Sub-Contractors

It is our legal opinion that Neustar has complied with all applicable requirements concerning the disclosure of all sub-contractors as required by the *RFP Documents*, for the reasons explained below.

According to Neustar, during the entire next term of the NPAC/SMS, Neustar will not engage or include any "sub-contractor" in providing any service required by the *RFP Documents*. Neustar assigns the ordinary definition to the term "sub-contractor" in the context of the *RFP Documents*, that is, a contractor engaged to perform all or part of the obligations set forth in Neustar's NPAC/SMS contract. Accordingly, no contractor or any other entity will be engaged in the provision of any good or service required by the *RFP Documents* for the next NPAC/SMS.

However, Neustar does intend to engage various entities, such as third-party software and hardware vendors, to provide Neustar with goods and services needed for Neustar to assemble, deliver, operate, and support the NPAC/SMS. These vendors will function as independent contractors engaged by Neustar. Significantly, according to Neustar, it will not delegate to any such contractor any of Neustar's responsibility for providing the services required by the *RFP Documents* for the next NPAC/SMS. In other words, these contractors, although engaged by Neustar to deliver goods and services to Neustar, will stand behind Neustar and have no role in the actual provision of any NPAC/SMS service. Only Neustar will be engaged in the actual provision of NPAC/SMS services.

Because no contractor will actually be engaged in the provision of any service required by the *RFP Documents* for the next NPAC/SMS, none will be in a position to interact with users of the NPAC/SMS ("Users"). Thus, we believe that no contractor will be in a position to treat Users differently from one another, or otherwise bring about disparate or discriminatory treatment of Users. Also, according to Neustar, no contractor will have access to a User's data from the NPAC/SMS. In addition, according to Neustar, no contractor will be in communication with any User. According to Neustar, these limitations upon all contractors will be in place throughout the term of the next NPAC/SMS.

Notwithstanding our finding that Neustar will not engage or include any contractor in providing the services required by the *RFP Documents*, we elected to review a list of the



38 vendors (and type of services to be provided by each vendor) that Neustar intends to engage, under the terms and conditions described above.

Section 3.4 of the *VQS* notes that all Sub-Contractors must at all times be Neutral Third Parties. In applying the criteria for Neutral Third Parties set forth in paragraphs 1-3 of Section 3.4 of the *VQS* to the 38 vendors to be engaged by Neustar, we make the following findings:

1) based upon our review of the FCC 499 List, none of the 38 vendors are Telecommunications Service Providers;

2) as to the Neutral Third Party criteria set forth in paragraphs 1b, 1c, 2 and 3 of Section 3.4 of the *VQS*, we have not conducted any investigation as to all 38 of the vendors. However, to our Actual Knowledge, none of the 38 vendors: (a) are owned by, and none own, any Telecommunications Service Provider (as ownership is defined by Section 3.4 of the *VQS*); (b) are affiliates, by common ownership or otherwise, of a Telecommunications Service Provider (as affiliation is defined in Section 3.4 of the *VQS*); (c) has issued a majority of its debt to, nor derived a majority of its revenues from, any Telecommunications Service Provider (nor has any affiliate of the 38 vendors); (d) are subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities, or are involved in a contractual or other arrangement that would impair its ability to administer the NPAC/SMS fairly and impartially as an LNPA or to implement the schedule set forth in the IASTA SmartSource SRM Tool, called the FoNPAC Timeline; and

3) to the extent that any of the 38 vendors did actually trigger any of the criteria set forth in paragraphs 1b, 1c, 2 and 3 of Section 3.4 of the *VQS*, there would be no impairment of neutrality or Neutral Third Party status. This is because, as explained above, each of the 38 vendors stands behind Neustar and is not in any way acting as an actual provider of the services required by the *RFP Documents* for the next NPAC/SMS. Only Neustar will be providing those services. Thus, we believe there is no impairment of the ability of the LNPA to be at all times a Neutral Third Party, and no impairment of evenhanded, impartial and nondiscriminatory access to the NPAC/SMS for all qualified Users.

(6) Contractual Relationships, Arrangements and Other Factors

For the reasons stated below, it is our legal opinion that: (1) there are a number of contractual relationships, arrangements and other factors that would enhance the ability of Neustar and any of its sub-contractors to ensure that the LNPA is at all times a "Neutral Third Party" (as that term is defined in the *VQS*), and (2) access to the NPAC/SMS for all qualified users will at all times be evenhanded, impartial and nondiscriminatory. For the reasons stated below, it is our further legal opinion that there are no contractual relationships, arrangements or other factors that would impair Neustar's ability to ensure that the LNPA is at all times a Neutral Third Party. Our foregoing legal opinion is based on the following: