

2.5 Neustar's Record of Customer Service



Why Neustar

- Received 3.84 out of 4.00 Overall Customer Satisfaction rating for U.S. LNPA Service in 2012
- 80% resolution of calls to the NPAC Help Desk within the first contact
- Satisfied 27 monthly U.S. LNPA regional SLR measurements 99.94% of the time during the last five years
- No GEP penalties incurred in the last five years of U.S. LNPA service

Providing excellent customer service is a core function of the LNPA and requires:

- **Leveraging LNP and LNPA expertise**—to proactively mitigate potential issues before they become a customer problem and to resolve NPAC user issues accurately and in a timely manner.
- **Continual improvements to the service and the system**—either as a result of direct customer and audit feedback or through identification as part of our Continuous Improvement/Operational Excellence program.
- **Maintaining neutrality**—a very careful balance between customer focus and aim to please versus maintaining impartiality in attending to requests for help or activities and protecting user information. Sometimes, providing the best customer focus and service occurs when we have to tell the NPAC user “no”.

Neustar strives to provide the highest levels of customer service. As explained previously in Proposal Section 1.2.3, NPAC/SMS Monitoring, and Proposal Section 1.3, LNPA Operational Excellence, all aspects of Neustar's LNPA customer services are measured using a comprehensive set of metrics, including:

- System metrics
- 27 regional and monthly NPAC SLRs
- External benchmarking
- An annual confidential NPAC customer survey, administered by an unbiased third-party approved by the NAPM LLC.

The entire operation of the service—every component and function—is reviewed daily, monthly, quarterly, and annually and receives attention from our executive team as well. Our recent overall satisfaction score on the annual NPAC User Survey—a 3.84 out of 4.0 is our highest score ever—reflects the high standard to which we hold ourselves. As discussed below, we scored high in every individual attribute of the survey, such as Customer Service Responsiveness, Accessibility, Knowledge, and System Performance of the survey.

Neustar's record of customer service also is reflected in our other industry-wide, neutral third-party number administration services: the North American Numbering Plan Administrator (NANPA) and the National Thousands-Block Pooling Administrator (PA) where we have earned high customer satisfaction scores of "Exceeded" and "More Than Met" respectively from the NANC NANPA Oversight Working Group for 2011.

We will continue to remain customer focused in the next term.

Neustar's U.S. LNP Administration Customer Service Philosophy

Neustar has achieved high customer service scores across all of our neutral, third-party numbering administration services to the telecommunications industry due to a customer-centered corporate heritage. Our company was founded to serve as the U.S. LNP Administrator and to provide other neutral third-party number administration services like NANPA and the National PA.

As detailed in Proposal Section 2.4, LNP Expertise, Neustar has made it a practice to hire individuals with service provider and regulatory experience to serve in leadership positions to provide value to the industry and the FCC. The industry will recognize many of these people as U.S. LNP pioneers.

Additionally, we do not intend to engage sub-contractors to perform any component of the U.S. LNPA duties as we believe that the use of sub-contractors creates substantial risks with respect to potential neutrality violations, security, and requires increased oversight.

Neustar has implemented employee retention programs with features designed to retain talent and experience. Towards that endeavor, we conduct quarterly employee surveys to ensure we continuously take the pulse of our most valuable asset—our employees—to inform our compensation philosophy and further enhance our employee retention programs, thereby ensuring the stability, reliability, and performance of U.S. LNP administration. Many of our employees have been with us for several years—a number of our U.S. LNPA experts identified in Proposal Section 2.4, Neustar's LNP Experience, have been with Neustar over 10 years.

Neustar has invested in tools and programs to enable employee education and training. Each position in Neustar has specific training requirements. Employees have the option to avail themselves of several training vehicles such as on-site hands-on training, online training, offsite training, and mentor training. Additionally, we send our technical operations and development staff to specific vendor training; e.g. Security-Related Information, etc. In practice, in addition to specific education, we require that our staff be fully trained and acquire all required skills prior to being allowed access to the production environment or interaction with NPAC customers. As an example, software developers must prove themselves before they can touch certain components of the NPAC/SMS software, database, system, or network. Further, every Neustar employee undergoes annual "neutrality" training regardless of their position in the company. Finally, we offer formal training on security awareness, an overview of the NPAC, LNP 101, SLRs, and the GEP.

As mentioned earlier in this section, our performance as the U.S. LNPA is reviewed daily, monthly, quarterly, and annually. This ensures quick and accurate response to any problems that might arise and allows Neustar to mobilize resources as necessary to maintain high U.S. LNPA service levels.

In general, our U.S. LNPA customer service success is a result of our focus on quality and continuous improvement.

User Satisfaction Survey

As shown in Exhibit 2.5-1, Neustar has achieved improved ratings in every category of our service and has scored a minimum of 3.8 out of 4 in every attribute surveyed. This demonstrates that we take no area or component of the U.S. LNPA service lightly. The Industry has several requirements with respect to the planning, formulation, and conduct of an annual NPAC user satisfaction survey. Neustar meets all of the Industry's requirements. Further, Neustar's NPAC Customer Survey is administered by an independent auditor. We will continue to rely on an independent auditor to conduct this survey over the next term.

As part of our focus on continuous improvement, we propose changes to the survey for the next contract term. Two examples for the Industry to consider: 1) certain categories of the survey, such as New Services Rollout, would be emphasized with additional, specific questions if a greater than usual amount of category of activity was performed during the survey period; and 2) specific feedback on the NPAC Portal. As always, we will work collaboratively with and obtain approval from the NAPM LLC before making any changes to the survey or the process.



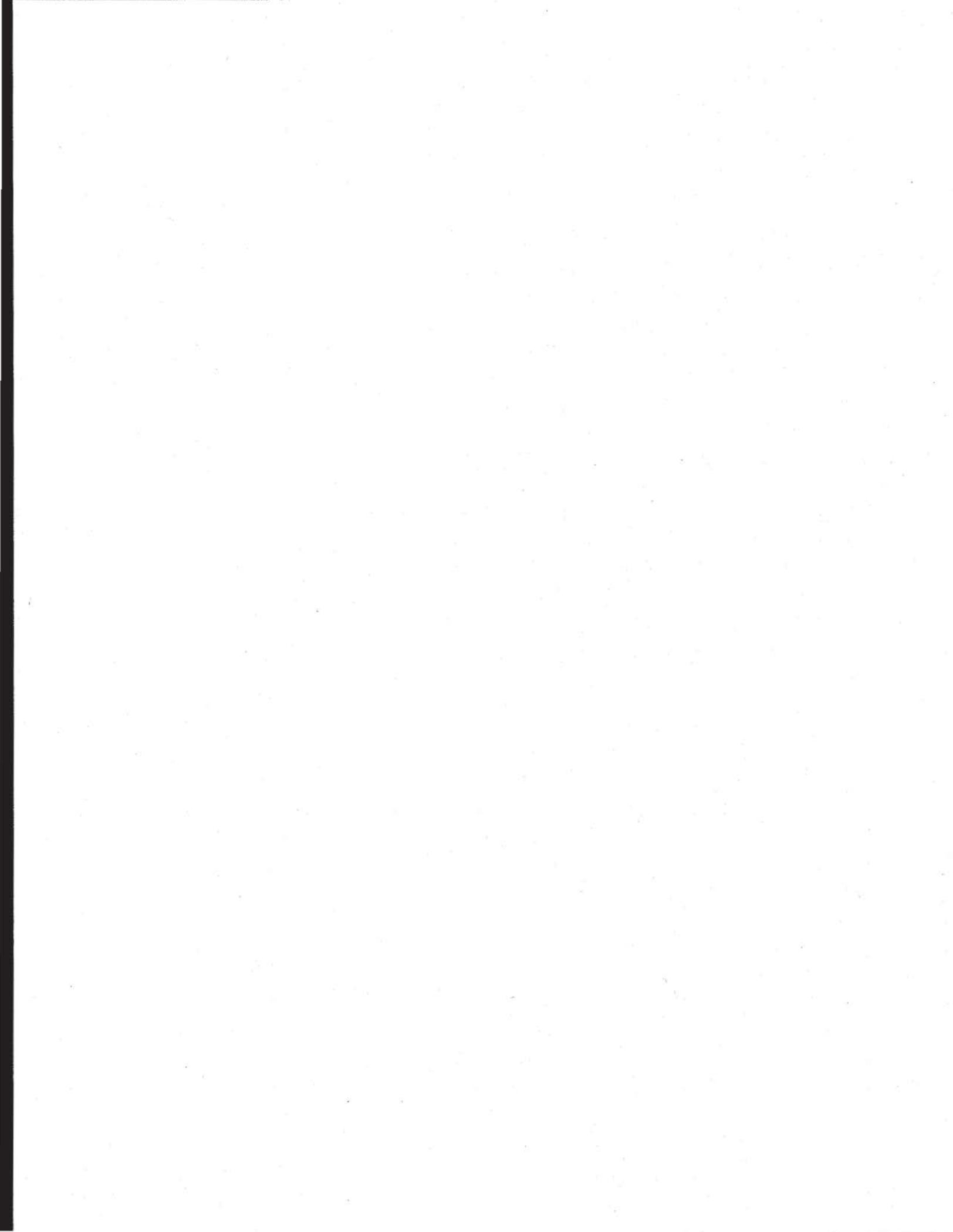
In conclusion, over the years, Neustar has continuously improved its U.S. LNP administration customer service with a near-flawless execution in 2012. The industry can be confident that superior customer service from Neustar will continue into the next contract term.

Overall Customer Survey Scores

Categories	2008 Score	2012 Score	Trend
Customer Service	2.5	3.9	▲
Billing	3.34	3.8	▲
Industry Forums	3.38	3.8	▲
New Service Rollout	3.4	3.8	▲
Operations	3.46	3.8	▲
Overall Client Focus	3.43	3.9	▲
Overall Survey Average	3.46	3.84	▲

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Exhibit 2.5-1: Neustar's overall customer survey scores have consistently improved through the years thereby delivering more predictable levels of high-quality service to the Industry.



3.0 PRICING

Why Neustar

- Nearly ^{HIGHLY CONFIDENTIAL} in immediate savings to Service Providers in year-one of the new contract term
- Fixed pricing model that completely eliminates cost uncertainty
- ^{HIGHLY CONFIDENTIAL} reduction in effective rate per transaction over the new contract term
- Zero marginal cost for usage, encouraging innovation and incremental value
- Up to ^{HIGHLY CONFIDENTIAL} in additional value associated with NPAC/SMS innovations
- Avoids at least \$719 million in transition costs to Service Providers and disruption to millions of consumers

Neustar is pleased to present pricing terms in response to the 2015 LNPA RFP. Our proposal will enable us to continue to provide the fastest, highest-quality, most complex LNP service in the world for the benefit of U.S. consumers, enterprise customers, and the U.S. Telecommunications Industry ("Industry"). Our mission is to make LNP work more seamlessly, effectively, and efficiently. Neustar offers unquestioned neutrality while delivering an integral element of critical telecommunications infrastructure enabling the Industry to focus on innovation and strategy rather than attempting to recreate a well-running LNPA service and system.

Neustar's pricing solution provides significant near and long-term benefits to the Industry, combining cost certainty, savings, and increased value while virtually eliminating financial risk.

The primary benefits include:

- **Better Financial Terms**—across-the-board cost improvement
- **Incremental Value**—reducing Industry infrastructure costs, maximizing business performance and efficiency
- **Risk Avoidance**—eliminates all financial risk

These benefits are realized and optimized through a holistic pricing approach consisting of a fixed structure integrated with credits, Bundled SOWs, enhanced financial guarantees, and a national solution (Full Combined Proposal) that removes risk and ensures certainty. The combination of these features creates a powerful solution. The components of our solution include:

- **Industry Fixed Rate** eliminates cost uncertainty
- **Fixed Credits** provide guaranteed savings
- **Incentive Credits** provide additional savings if value-based milestones are achieved
- **Bundled SOWs** drive value by developing all Industry-driven innovations at no additional charge
- **Restructured Direct Charges** reduce and/or eliminate costs and enable the Industry to realize the full value of the NPAC/SMS
- **Enhanced Guarantees** demonstrate commitment to satisfying increased performance standards
- **National Solution** eliminates the significant expense and increased Industry exposure of the transition of one or more regions to another supplier



Neustar's approach maximizes Industry benefits and unlocks incremental NPAC value. Our proposal makes significant commitments regarding reliability, security, service delivery, usability, customer service, business analytics, and price while virtually eliminating operational and financial risks. Neustar's Proposal should be evaluated comprehensively across all these value-driving parameters.

Immediate Realization of Improved Financial Terms for the Industry

Neustar's optimized pricing solution provides significantly improved financial terms to the Industry. Our solution offers near- and long-term savings and price stability, while encouraging our customers to realize the NPAC/SMS' full value. As designed, the Industry can expect the following financial benefits over the term of the contract:

- Elimination of the annual price escalator
- Nearly ^{HIGHLY CONFIDENTIAL} year-one savings (vs. current contract run rate) via credits and other effective price discounts
- No transaction limits or incremental transaction costs
- Industry-requested SOWs at no additional charge
- Significant reduction and restructuring of Direct Charges
- Elimination of Industry exposure to bad debt

Increased and Continuous Value Creation

Neustar's Proposal brings value to the Industry from every possible angle. We are proposing to reduce prices and remove real and potential cost burdens that prevent Users from fully utilizing the NPAC/SMS. Neustar is stepping up our financial support for the rapid development of the NPAC/SMS' value, via several distinct and unique value-creation programs. As a result of these programs, and other actions, the Industry will gain the following benefits:

- Between ^{HIGHLY CONFIDENTIAL} reduction in the effective rate per transaction over the new contract term
- Incentive Credits when certain innovation-oriented milestones are achieved
- Industry SOWs development worth over ^{HIGHLY CONFIDENTIAL} included in fixed price
- No incremental charges for future innovation and usage via fixed rate and Bundled SOWs
- Identified innovation opportunities provide approximately ^{HIGHLY CONFIDENTIAL} of total value to the Industry
- Services that are currently billed as Direct Charges will be free of charge via the new NPAC Portal
- Most efficient global LNP system with no sacrifice in quality of service

Virtual Elimination of Transition and Performance Risk

Selection of Neustar avoids the high levels of risk and potential financial costs associated with transition of the NPAC/SMS to a new LNPA. Transition risk includes not only the significant cost and risk of LNPA system transition, but also the opportunity risks and costs associated with the reallocation of resources from true strategic efforts and priorities. In addition, the Industry may well be forced to respond to a major breakdown in NPAC/SMS functionality, leading to the need for crisis management and the potential loss of consumer confidence.

Neustar has proactively increased the extent to which we mitigate or eliminate every potential category of performance risk by increasing performance penalties and guarantees. The following highlights of our solution ensure continued outstanding performance:

- A commitment to deliver higher levels of performance with proposed increases to potential performance penalties
- Substantial increases in performance bonds which provide additional levels of security
- A national solution which eliminates the potential for significant ecosystem redundancy and inefficiency
- Avoidance of at least \$719 million in transition cost in the first contract year: a conservative estimate based on an assumption of a reasonably clean transition (see Proposal Section 3.6.1)
- If extrapolated over multiple years the total transition cost impact would exceed \$1 billion
- Industry resources and investment that would have been consumed by an expensive transition can be deployed on strategic priorities

Comprehensive Pricing Solution to Deliver Total Value

Neustar's pricing solution is comprehensive and structured so the Industry will benefit not only from improved costs but from the value provided to the Industry at no additional charge. A summary description of our pricing solution and how each element creates value for the Industry is set forth in Table 3-1.

Table 3-1 Neustar's Pricing Solution

Solution	Description	Value to Service Providers
Fixed Credit	<ul style="list-style-type: none"> Fixed credits applied in initial years of the new contract term Reduces Industry Fixed Rate 	<ul style="list-style-type: none"> Provides immediate savings in initial year HIGHLY CONFIDENTIAL in savings over the first four years of the new contract term
Bundled SOWs	<ul style="list-style-type: none"> Industry-approved SOWs at no additional charge Available to drive innovation programs and other Industry requirements Eliminates all charges for existing SOWs 	<ul style="list-style-type: none"> Up to HIGHLY CONFIDENTIAL in SOW development value delivered at no additional charge Industry is able to drive innovation and utilization at virtually no incremental cost Suggested innovations are estimated to drive HIGHLY CC in additional Industry value
Enhanced Guarantees	<ul style="list-style-type: none"> Performance penalties increased along with SLR performance requirements Secured firm commitment for HIGHLY CONFIDENTIAL in performance bonds Elimination of Revenue Recovery Collections Additional ISO and TL certifications 	<ul style="list-style-type: none"> Provides additional financial security and guaranteed performance SLRs performance credits doubled, GEP price reductions increased significantly Performance bond protection represents almost two months of allocable charges (increased 9x)

Nearly ^{HIGHLY CONFIDENTIAL} **in Year-one Savings from Credits and Discounts**

As illustrated in Exhibit 3-1 Neustar's proposed pricing model yields material near-term savings. The calculation of year-one savings (vs. current contract exit run rate or \$496 million) is summarized as follows:

- The Industry Fixed Rate represents a reduction to the current contract exit run rate (approximately ^{HIGHLY CONFIDENTIAL} in year-one savings)
- Credits (fixed and incentive) further reduce the Industry Fixed Rate (up to an additional ^{HIGHLY CONFIDENTIAL} in year-one savings)
- Other effective discounts accrue from reductions to Direct Charges, elimination of the Revenue Recovery Collections, and Bundled SOWs (representing another ^{HIGHLY CONFIDENTIAL} in year-one savings)

The net result is up to ^{HIGHLY CONFIDENTIAL} in year-one savings or effective industry charges of ^{HIGHLY CONFIDENTIAL} in 2016 (represented as "Year-one effective savings" in Exhibit 3-1).

HIGHLY CONFIDENTIAL

Not only does the pricing model represent substantial near-term savings, it offers long-term savings and price stability. The credits and effective discounts amount to ^{HIGHLY CONFIDENTIAL} in total savings over the new contract term. These savings ensure the effective industry rate remains below the current contract exit run rate for the entire new contract term.

Over ^{HIGHLY CONFIDENTIAL} in Incremental Value

Table 3-2 catalogues over ^{HIGHLY CONFIDENTIAL} in value created above and beyond the Industry Fixed Rate. In addition to the near- and long-term savings previously described, Neustar's Proposal offers new value from systemic technology innovations and improvements, and mitigation of financial and performance risk.

A full accounting of the ecosystem value that Neustar will provide via improvements in financial terms, technical specifications, and platform innovations is set forth in Table 3-2.

Table 3-2 New Value Creation (in millions)

NPAC/SMS Value Features	Proposal References	7-Year Value
Credits (a)	Section 3.1, 3.2	HIGHLY CO
Other Effective Discounts (b)	Section 3.3, 3.4, 3.5.3	HIGHLY CO
		HIGHLY CO
New Contract Value (c)	Section 1.1, 1.2, 1.4, 3.5.1, 3.5.2	HIGHLY CO
NPAC/SMS Innovations (d)	Section 1.2, 1.5	HIGHLY CO
		HIGHLY CO
Total Credits/Savings and Value		HIGHLY CONF

- a) Fixed and incentive credits
- b) Reductions to Direct Charges, elimination of existing SOWs and Revenue Recovery Collections (RRC), and Bundled SOWs
- c) Includes value of new performance requirements (e.g., service availability), customer service enhancements, (e.g., 24x7x365 help desk), and value of increased performance bonds
- d) Estimated Service Provider benefits from innovation programs (increased revenue and cost efficiencies)

Pricing Structure Eliminates the Innovation Cap

Our proposal's allocated pricing structure, without transaction limits, removes all remaining cost uncertainty, and allows the Industry to focus on strategic priorities and consumer experience. In so doing, customers may utilize the NPAC/SMS without regard to the possibility of unexpected incremental costs caused by increased NPAC/SMS usage, or by the types of transactions processed.

Transactions are projected to grow between 8.0% and 12.3% per year. The lower end of this range represents an extension of historic growth rates. The upper end represents adoption of additional IP services (Machine-to-Machine ("M2M"), Device Registry, IP interconnect, etc.). ^{HIGHLY CONFIDENTIAL} **The effective rate per transaction to the Industry would be reduced by** ^{HIGHLY CONFIDENTIAL} **to between** ^{HIGHLY CONFIDENTIAL} **per transaction by the end of the new contract term.**

Neustar's effective rate per transaction is shown in Exhibit 3-2.

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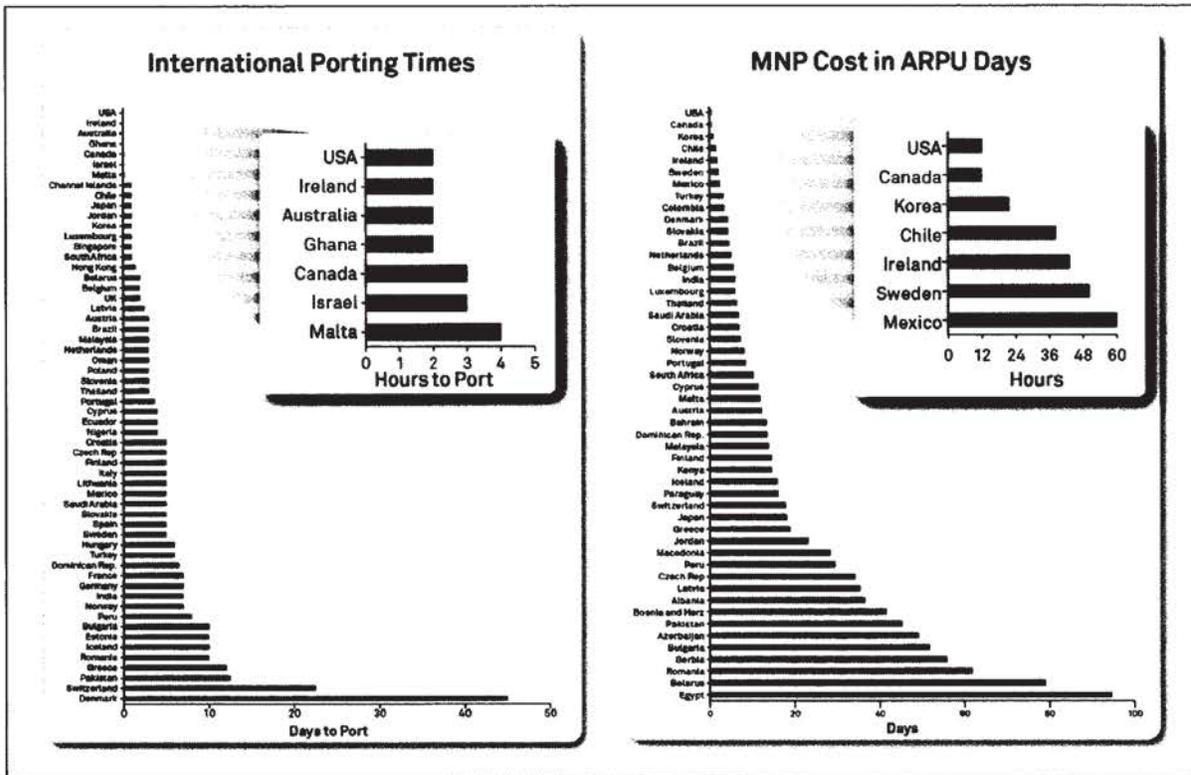
Already the Most Efficient Global LNP System

Neustar operates the most efficient and cost-effective LNP system in the world. The U.S. provides the shortest average wireless porting duration. This is accomplished on the most complex, sophisticated, and vast LNP network. In addition to being the most efficient, the U.S. NPAC/SMS is the most cost-effective when the effective price of a number port is measured against average revenue per user (ARPU) in each country.

Using data obtained from regulatory agencies and Telecommunications Management Group, Inc. Consulting Group, (TMG), Neustar has compiled a histogram showing average time to complete a wireless number port for each country where data was available. The U.S. ranks first out of 58 countries.

In addition, Neustar compiled a histogram showing the ratio of average wholesale porting cost expressed in terms of days of wireless ARPU. For example, if the wholesale LNP cost for a given country is \$5 and ARPU averages \$30 per month then MNP Cost would be expressed as five ARPU days (\$5 per number port/ \$30 Monthly ARPU x 30 days per month = 5 ARPU Days). This provides a measurement of LNP cost-effectiveness. The U.S. ranks first out of 50 countries.

A summary of international mobile number portability data is provided in Exhibit 3-3.



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Exhibit 3-3 Port Completion Times and MNP Cost in ARPU Days (based on recent data)

Not only is the U.S. NPAC/SMS by far the fastest and most reliable, it is already the most cost-effective. Neustar is proposing herein to distinguish the U.S. NPAC/SMS even further.

Strategic Pricing to Ensure Performance Excellence and Drive Innovation

Proposal Section 1.5 outlines robust opportunities for increasing the value of the NPAC/SMS for Service Providers; providing a potential innovation roadmap for the NPAC/SMS that addresses the transformational changes already impacting the Industry. These include the evolution of numbering to accommodate IP and VoLTE Network transition, de-coupling TNs from LATA and rate area boundaries, NPAC/SMS support for M2M services, Individual Telephone Number Pooling, Identity Management (via digital certificates assigned to TNs), Fixed Line SMS interoperability, a stolen handset registry, and robust Business Analytics, among others. Each of these innovations will directly support future revenue streams or provide increased efficiency for our customers. Neustar has completed a study of the benefits these NPAC/SMS innovations would provide to Service Providers, estimating approximately ^{HIGHLY CONFIDENTIAL} in added value would be realized by our customers over the new contract term.

Described below are several distinct ways in which Neustar's pricing model supports these innovations:

- **Financial commitment to "Always On" and "Always Accurate" operating environments** is inherent in Neustar's pricing solution. The increases in performance standards requested in the 2015 LNPA RFP (e.g., 99.99% Service Availability, a tenfold increase) reflect the expectations of Industry's end users for near perfect performance. For example, Identity Management and M2M services require an "Always On" environment. Neustar's full support for such improvements is demonstrated by our willingness to increase the penalties associated with violations of the Industry's upgraded standards.
- **Support for changing market conditions and the need for rapid response** is provided by our package of Bundled SOWs (Proposal Section 3.3) for strategic NPAC/SMS software development. Bundled SOWs are the mechanism for creating value through innovation. Additionally, this SOW approach provides a flexible and valuable means for rapid service deployment as needs arise (for example, to address OSS/BSS support for M2M devices).
- **Expanded support for Customer Service, Service Delivery, and Business Analytics** reflects the same concerns Service Providers have for directly addressing individual 24x7x365 customer needs and the need for customer insight. Neustar's NPAC Help Desk support will be expanded to become a full service 24x7x365 operation. In addition, Neustar will provide—at no additional cost—the NPAC Portal, and licensed access to Neustar's proprietary ElementOne analytics platform. The NPAC Portal will consolidate current interfaces, provide improved customer support, and access to critical information. ElementOne is a state-of-the-art business analytics engine.
- **Increased NPAC/SMS functionality** including the use of new fields to carry URIs, device information, and more will support the industry's strategic priorities. For example, placing all Service Provider TNs in the NPAC/SMS with IP-network URIs will be critical for supporting national interconnect and M2M while advanced analytics can assist service providers in making essential business decisions related to subscriber movement and network usage. Neustar will provide up to ^{HIGHLY CONFIDENTIAL} in Incentive Credits that will be earned as the Industry achieves targets related to innovations.
- **Elimination of virtually all incremental cost for utilization of the NPAC/SMS** is accomplished through a combination of a fixed rate, fixed credits, and removal of all transaction limits: Fixed rate, combined with the opportunity to complete an unlimited number of transactions eliminates any possibility of unexpected incremental costs at any transaction level. This is especially important if new fields are added. For example, implementation of one or more M2M fields will allow the Industry to develop a means of using the NPAC/SMS to catalogue and track M2M devices.
- **Reductions in Direct Charges** address increasing customer requirements. As use cases expand it will be important to ensure the platform is available to more Service Provider users. Reduced Direct Charges address this need via lower access charges for mechanized interfaces, and the virtual elimination of charges for log-on IDs.

In summary, Neustar's price proposal has been structured to ensure the NPAC/SMS continues to innovate and generate exceptional Industry value during an era of exceptionally rapid change. Innovation is a core element of Neustar's Proposal—a set of technical, management, and pricing features that are integrated throughout our offer.

3.1 Allocable Charges

Neustar's proposal for Allocable Charges includes an Industry Fixed Rate for 2016 to 2022 that represents a reduction to the current contract exit run rate. **HIGHLY CONFIDENTIAL**

The allocated Industry Fixed Rate provides 100% cost certainty and virtually unlimited opportunity to use the NPAC/SMS for additional utility. This structure has been optimized to include anticipated economies of scale and efficiencies. The Industry Fixed Rate will also include several additional cost reductions and/or exclusions including elimination of billing and collection fees and bad-debt reserves, Bundled SOWs, and all other existing SOWs (Proposal Sections 3.3 and 3.5.3).

Annual allocable charges are to be billed monthly and spread evenly throughout the year.

Neustar's proposal for Allocable Charges compared to the current contract exit run rate is set forth in Table 3-3.

Table 3-3 Pricing Summary (in millions)

Years (a)	Current Contract Exit Run Rate	2016	2017	2018	2019	2020	2021	2022
		HIGHLY CONFIDENTIAL						
Fixed Credit (c)	-	HIGHLY CONFIDENTIAL						
Net Industry Charges (e)	\$496.1	HIGHLY CONFIDENTIAL						

- a) 12-month periods commencing with new contract term, the anniversary of which ends each year on June 30
- b) Reduction to the current contract exit run rate then 5% per annum inflationary adjustment in 2021 and 2022
- c) Provides fixed credits for immediate front-loaded savings in initial years of the contract
- d) Reductions tied to achievement of Incentive Credits (Proposal Section 3.2)
- e) Industry Fixed Rate minus Fixed Credit minus maximum Incentive Credits

3.2 Incentive Credits

The value of the NPAC/SMS is a function of the types of applications available and the extent to which the database is populated with Industry data. Since inception of the NPAC/SMS, the Industry has benefited as capabilities have expanded and the database has become more robust.

Neustar supports continued database enrichment by proposing "Incentive Credits" of up to ^{HIGHLY CONFIDENTIAL} over the new contract term. These credits reduce the Industry Fixed Rate when specific defined milestones are reached.

Incentive Credits will be applied for milestone achievement in three categories: 1) Number of active SVs in the NPAC database, 2) NPAC functionality additions, and 3) Field population in the NPAC database.

Neustar's proposal for Incentive Credits is set forth in Table 3-4.

Table 3-4 Maximum Incentive Credits (in millions)

Years (a)	2016	2017	2018	2019	2020	2021	2022	Total
	HIGHLY CONFIDENTIAL							
Functionality Credit	HIGHLY CONFIDENTIAL							
	HIGHLY CONFIDENTIAL							
Total Incentive Credits (b)	HIGHLY CONFIDENTIAL							

- a) 12-month periods commencing with new contract term, the anniversary of which ends each year on June 30
- b) Equal to the sum of the maximum SV Credit, maximum Functionality Credit, and maximum Field Population Credit

3.2.1 Incentive Credit Detail

The details for the three key categories of Incentive Credits are as follows:

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Table 3-5 SV Credit Examples (SVs and Credits in millions)

Years (a)	2016	2017	2018	2019, etc.
Lower SV Threshold	HIGHLY CONFIDENTIAL	HIGHLY CONFIDENTIAL		
Upper SV Threshold	HIGHLY CONFIDENTIAL	HIGHLY CONFIDENTIAL		
Pro-Rated SV Achievement (b)	HIGHLY CONFIDENTIAL			
Credit Available	HIGHLY CONFIDENTIAL			
Applied Credit	HIGHLY CONFIDENTIAL			

- a) 12-month periods commencing with new contract term, the anniversary of which ends each year on June 30
- b) (Active SVs minus Lower SV Threshold) divided by (Upper SV Threshold minus Lower SV Threshold)
- c) If Pro-Rated SV Achievement is greater than ^{HIGHLY CONFIDENTIAL}, then ^{HIGHLY CONFIDENTIAL} plus Pro-Rated SV Achievement times ^{HIGHLY CONFIDENTIAL} (maximum of 100%)

2. Functionality Credit—HIGHLY CONFIDENTIAL

Table 3-6 Functionality Credit Examples (in millions)

Years (a)	Credit Available	2016	2017	2018	2019, etc.
	HIGHLY CONFIDENTIAL				
Functionality Milestone 2	HIGHLY CONFIDENTIAL				
	HIGHLY CONFIDENTIAL				
Functionality Milestone 4	HIGHLY CONFIDENTIAL				
	HIGHLY CONFIDENTIAL				
Cumulative Credit Eamed (c)	HIGHLY CONFIDENTIAL				
	HIGHLY CONFIDENTIAL				
Applied Credit (e)	HIGHLY CONFIDENTIAL				
	HIGHLY CONFIDENTIAL				

- a) 12-month periods commencing with new contract term, the anniversary of which ends each year on June 30
- b) ^{HIGHLY CONFIDENTIAL} per Functionality Milestone achieved (assumes that new functionality remains operable and/or active)
- c) Total credit earned to date
- d) Total credit applied prior to current year
- e) (c) minus (d) but not more than ^{HIGHLY CONFIDENTIAL} in any given year

3. Field Population Credit—HIGHLY CONFIDENTIAL

Mechanics for the Field Population Credit are illustrated in Table 3-7.

Table 3-7 Field Population Credit Examples (SVs, Fields, and Credits in Millions)

Years (a)	2016	2017	2018	2019, etc.
	HIGHLY CONFIDENTIAL			
Upper SV Target	HIGHLY CONFIDENTIAL			
	HIGHLY CONFIDENTIAL			
Lower Optional Field Target Threshold (represents 50% earned credit) (b)	HIGHLY CONFIDENTIAL			
	HIGHLY CONFIDENTIAL			
Active SVs	HIGHLY CONFIDENTIAL			
	HIGHLY CONFIDENTIAL			
Actual Optional Fields	HIGHLY CONFIDENTIAL			
	HIGHLY CONFIDENTIAL			
Pro Rated Optional Field Credit Ratio (d)	HIGHLY CONFIDENTIAL			
	HIGHLY CONFIDENTIAL			
Applied Credit	HIGHLY CONFIDENTIAL			

- a) 12-month periods commencing with new contract term, the anniversary of which ends each year on June 30
- b) Lower and Upper Optional Field Target Thresholds = HIGHLY CONFIDENTIAL
- c) Pro-Rated Optional Field Achievement = HIGHLY CONFIDENTIAL
- d) HIGHLY CONFIDENTIAL

3.3 Bundled SOWs

Neustar agrees to the Industry's requirement in RFP Section 13.4 that the cost for any Statements of Work requested by the NAPM LLC shall be included as part of the Industry Fixed Rate. In addition, upon the start of the new contract term, there will be no further recurring charges for existing SOWs and there will be no charges for SOWs to implement functionality resulting from the 2015 LNPA RFP. Beyond these RFP requirements, many additional elements of Neustar's proposal, such as the NPAC Portal, are also included in the Industry Fixed Rate. An annual allowance ("SOW Allowance") for any other functionality, including functionality that becomes required as the result of regulatory action, also is provided. The SOWs covered by the SOW Allowance are referred to as "Bundled SOWs."

Allocable charges for current SOWs are included in the Industry Fixed Rate and will not result in a drawdown or deduction against any SOW Allowance for any year. Elimination of charges for current SOWs will result in Industry savings of [REDACTED] per year. An example is SOW 11 (LNPA Billing and Collection Operations and System Expansion), which currently results in approximately [REDACTED] per year in allocable charges.

The annual SOW Allowance is provided for each contract year against which additional services can be performed. The combined value of these SOW Allowances equals [REDACTED] over the new contract term. The SOW Allowance will be [REDACTED] in the first year of the new term of the contract and will increase in [REDACTED] increments each year, reaching [REDACTED] in the final year of the contract. These annual amounts are substantially more than historical spending for SOWs and should be more than adequate to cover additional SOWs required for new functionality and innovation. Bundled SOWs will be developed under the business practices currently utilized by Neustar and the NAPM LLC. The SOW Allowance amount will be applied against the value of future SOWs.

ElementOne is another innovation that will be provided at no additional charge and without drawing down any SOW Allowance. Access to the ElementOne platform via licenses for authorized NPAC/SMS Users will not result in any additional charge, nor will it be deducted against any SOW Allowance for any given year. The remaining innovations described in Proposal Section 1.5 as well as other new functionality will follow the Bundled SOW process. It is our estimate that all other NPAC/SMS innovations described in Proposal Section 1.5 can be developed well within the total provided SOW Allowance.

Bundled SOWs are a vital component of Neustar's commitment to evolve and drive innovation. Bundled SOWs, along with the Industry Fixed Rate provide pricing certainty while the absence of transaction limits and the availability of incentive credits create a pricing environment that drives innovation. The SOW Allowance for each year of the new contract term is set forth in Table 3-8.

Table 3-8 Annually Applied SOW Allowances (in millions)

Years (a)	2016	2017	2018	2019	2020	2021	2022	Total
	[REDACTED]							

a) 12-month periods commencing with new contract term, the anniversary of which ends each year on June 30

3.4 Direct Charges

Direct Charges are those charges for NPAC/SMS services requested by Users and provided by the LNPA that do not constitute "Services" under the Master Agreements, such that they are billed directly to, and paid directly by, the requesting User.

Neustar has evaluated each category of Direct Charges and identified how pricing and provisioning can be improved so the Industry can better leverage the capabilities of the NPAC/SMS platform.

Neustar proposes to replace the existing Direct Charges service portfolio with one that is flexible, customer-oriented, encourages greater interaction with the NPAC/SMS, and allows Users to obtain free services on a state-of-the-art NPAC Portal.

As each Direct Charge category is reviewed, it is noted which services will be available, free of charge, and with no usage limits, via the NPAC Portal.

Direct Charges are an important pricing element that should be evaluated accordingly. These services are critical for all carriers because they enable utilization of the NPAC/SMS. Neustar's proposal provides a thoughtful and thorough approach to Direct Charges.

3.4.1 Access Charges

Access Charges include fees related to the various methods used to access the NPAC/SMS (DS0, DS1, VPN, and Ethernet (new)) and fees for log-on IDs. Highlights Include:

- DS1 and VPN charges are reduced by ^{HIGHLY CONFIDENTIAL}
- Two capacities of Ethernet access ports have been added; a) up to 10MB, and b) 11MB to 100MB
- The 11MB to 100MB Ethernet option will include one free bulk data download (BDD) per Region per day
- Log-on ID price will be reduced from ^{HIGHLY CONFIDENTIAL} per ID to a free package of ^{HIGHLY CONFIDENTIAL} log-on IDs for a customer's authorized users

Neustar's proposed rate card for Access Charges is set forth in Table 3-9.

Table 3-9 Access Charges

Charges	Description	Unit	Price	Billing Frequency
			^{HIGHLY CONFIDENTIAL}	^{HIGHLY CONFIDENTIAL}
Mechanized access charges: DS-0	Dedicated port to NPAC network	Per dedicated line port (DS-0)	^{HIGHLY CONFIDENTIAL}	^{HIGHLY CONFIDENTIAL}
			^{HIGHLY CONFIDENTIAL}	^{HIGHLY CONFIDENTIAL}
Mechanized access charges: Ethernet	Ethernet port (11MB to 100MB) to NPAC network; includes one free BDD per Region per day	Per Ethernet private line port	^{HIGHLY CONFIDENTIAL}	^{HIGHLY CONFIDENTIAL}
			^{HIGHLY CONFIDENTIAL}	^{HIGHLY CONFIDENTIAL}
Log-on ID	Cost of assigning and delivering a log-on ID	Per log-on ID	^{HIGHLY CONFIDENTIAL}	^{HIGHLY CONFIDENTIAL}

3.4.2 Dedicated Technical Support

Dedicated Technical Support is provided upon User's request. This category does not include Testing and Interface Turn-up Charges, which are discussed in Proposal Section 3.4.3. Highlights of the charges include:

- The NPAC Portal will provide Users the opportunity to develop and execute ad hoc reports free of charge with no usage limits. The NPAC Portal will include access to our ElementOne Analytics Platform (EAP); providing Users a robust, scalable and secure analytics platform that provides rich data and cutting-edge analytics.
- Users may still request ad hoc report assistance from Neustar and will be billed an hourly rate for initial development and a per-report rate thereafter for execution.

Neustar's proposal for Technical Support Charges is set forth in Table 3-10.

Table 3-10 Dedicated Technical Support Charges

Charges	Description	Unit	Price	Billing Frequency
Dedicated Technical Support	Hours of dedicated support by a qualified engineer	Per hour	HIGHLY CONFIDENTIAL	
Subsequent ad hoc report (NSR assisted)	Dedicated support to execute an existing report	Per report	HIGHLY CONFIDENTIAL	

Notes:

- Porting errors, code mismatches (SOW 66), and inadvertent ports (SOW 19) are now categorized as "Billable NPAC User Support Manual Requests" (Category: Customer Support)

3.4.3 Testing and Interface Turn-up

Testing and Interface Development Charges consist of Direct Charges for Neustar-assisted testing assistance of any type, as well as charges for creating a new mechanized interface. Highlights Include:

- Neustar’s approach to testing services utilizes a “service family” approach that applies the same standard rate to all types of systems testing
- A standard rate of ^{HIGHLY CONFIDENTIAL} per day per assigned employee will be charged for all testing and interface turn-up services

This approach allows the User to determine where testing resources will be most effective without regard to differing costs.

Neustar’s proposal for Testing and Interface Turn-up Charges is set forth in Table 3-11.

Table 3-11 Testing and Interface Turn-up Charges

Charges	Description	Unit	Price	Billing Frequency
			^{HIGHLY CONFIDENTIAL}	

Notes:

- Testing services include vendor and Service Provider Turn-up Testing, new functionality testing, Interoperability Testing, Regression Testing, Initial LSMS Interoperability Testing, Initial SOA Interoperability Testing, Mechanized Interface Testing per Association, Direct Access Testing, and Daily Testing (formerly “Hourly Testing”)
- Interface Turn-up Charges refers to any support besides testing that is required to complete the turn-up of a Mechanized Interface

3.4.4 Customer Support

Customer Support Charges consist of a variety of activities performed by Neustar to assist customers in day-to-day operations. Highlights Include:

- Each month, the Neustar Help Desk will complete up to ^{HIGHLY CONFIDENTIAL} Billable User Support Manual Requests for no charge per customer
- With the expansion of help desk support to a 24x7x365 operation, premium support charges for help desk calls initiated outside normal business hours will be eliminated
- Neustar is adding a small charge for bulk data downloads (BDDs); however, Users electing an 11MB to 100MB Ethernet port will be allowed to complete one BDD per Region per day at no charge
- Users may run standard reports, change their GUI password, re-enter their GUI password, and re-enter GUI log-on ID free of charge if these activities are performed on the User Portal.

Neustar’s proposal for Customer Support Charges is set forth in Table 3-12.

Table 3-12 Customer Support Charges

Charges	Description	Unit	Price	Billing Frequency
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change GUI Password via the NPAC Portal	Use of NPAC Portal to change GUI Password	---	No charge	---
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change GUI log-on ID via the NPAC Portal	Use of NPAC Portal to change GUI log-on ID	---	No charge	---
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Billable User Support Manual Requests	First 5 customer support requests each month will be provided free of charge	Per request	First ^{HIGH} Free per month, then ^{HIGHLY} each	Monthly
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BDD—requested via NPAC Portal	Automated requests of BDDs via NPAC Portal.	Per Region per BDD request	^{HIGHLY}	As incurred
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- Activities identified as "Billable NPAC User Support Manual Requests" are listed following Table 3-20
- For billing purposes, porting errors, code mismatches (SOW 66), and inadvertent ports (SOW 19) have been added to User Support Manual Requests
- The premium charge of ^{HIGHLY} per hour for contact initiated outside of normal business hours is eliminated