neustar

NEUSTAR, INC. AND US SUBSIDIARIES

DIRECTORS AND OFFICERS

NEUSTAR, INC.
Incorporated December 8, 1998
Delaware
21575 Ridgetop Circle, Sterling, VA 20166

Directors				Officers		
Name		Title		Name		Title
James G. Cullen		Chairman of the Board		CONFIDENTIAL		Senior Vice President
Gareth Chang		Director				Assistant Treasurer, Investor Relations
Lisa Hook		Director		Christine Brennan		Senior Vice President, Human Resources
Joel P. Friedman		Director		Alex Berry		Senior Vice President
Mark N. Greene		Director		CONFIDENTIAL		Treasurer and Head of Accounting
Ross K. Ireland		Director		Mark Bregman		Senior Vice President and Chief Technology Officer
Hellene S. Runtagh		Director		CONFIDENTIAL		Assistant Controller
Paul Lacouture		Director		Steve Edwards		Senior Vice President
Michael J. Rowny		Director		CONFIDENTIAL		Senior Vice President and General Counsel
				Lisa Hook		President and Chief Executive Officer
				Paul S. Lalljie		Senior Vice President and Chief Financial Officer
				CONFIDENTIAL		Senior Vice President, Strategy & Corporate Development
				CONFIDENTIAL		Assistant Treasurer
				CONFIDENTIAL		Assistant Secretary
				CONFIDENTIAL		Secretary
				CONFIDENTIAL		Controller
				CONFIDENTIAL		Senior Vice President

HIGHLY CONFIDENTIAL

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NeuStar, Inc.
Corporate Structure
As of March 13, 2013

CONFIDENTIAL

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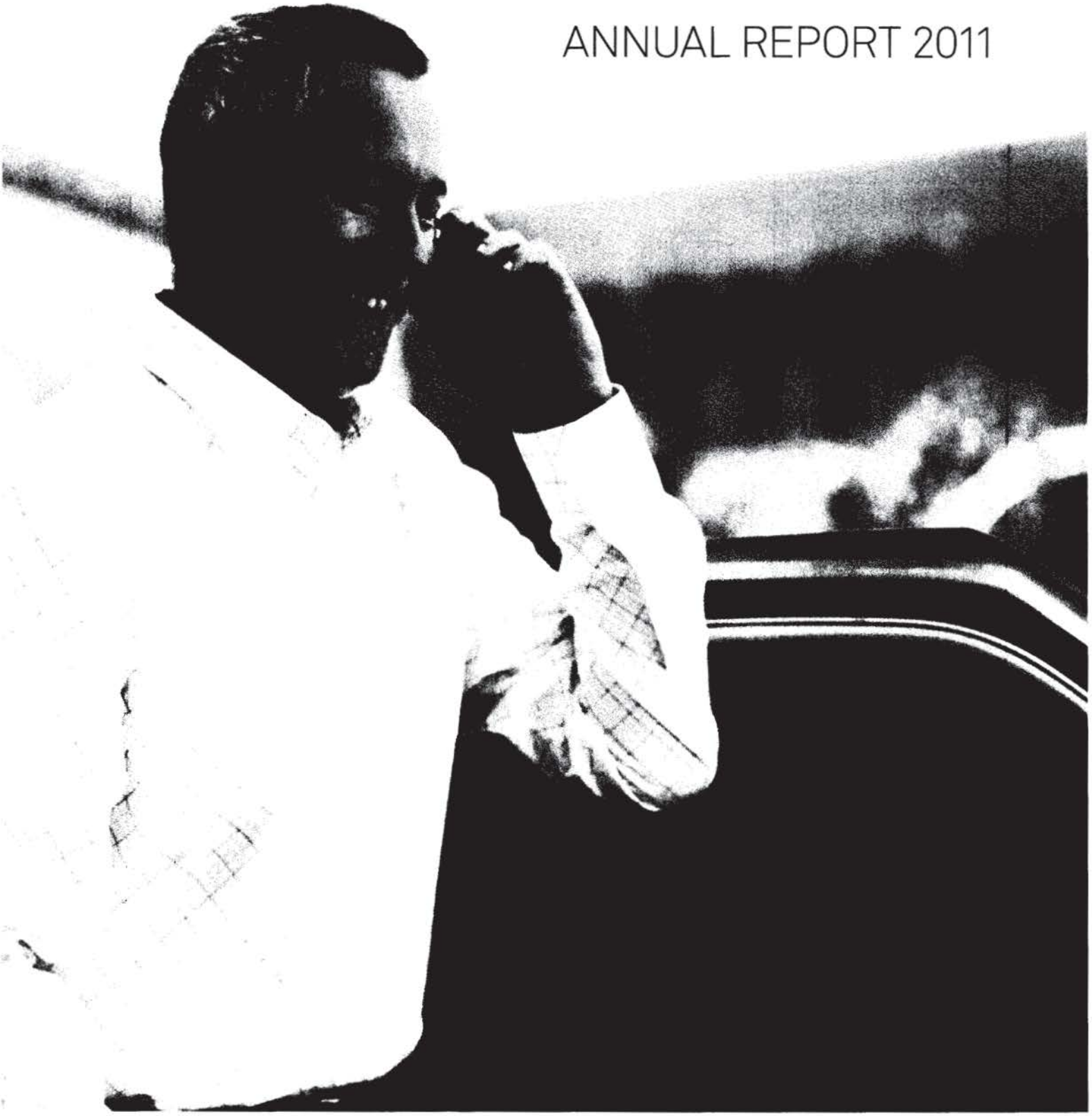
Real **Intelligence.** Better **Decisions.**™

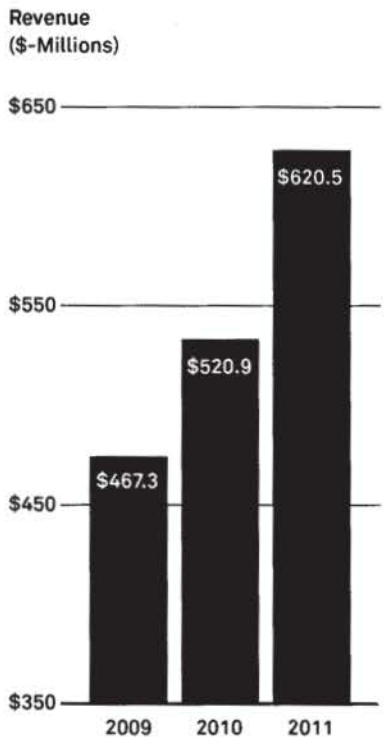
ANNUAL REPORT 2011

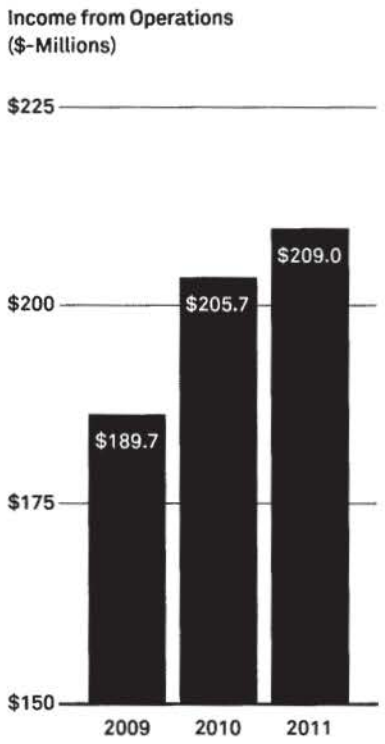


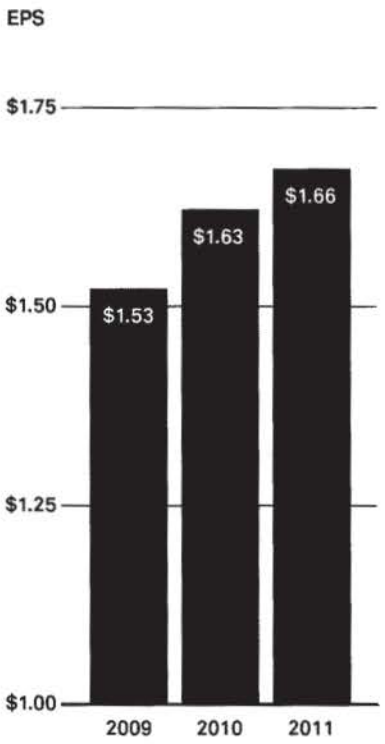
FINANCIAL HIGHLIGHTS

($-Millions, except per share data)	2009	2010	2011
Revenue	$467.3	$520.9	**$620.5**
Income from operations	$189.7	$205.7	**$209.0**
EPS[1]	$1.53	$1.63	**$1.66**

(1) Income from continuing operations per diluted share







Real
Intelligence.
Better
Decisions.

Dear Stockholder,

This was a year of tremendous change for Neustar. We shifted our strategic plan to focus more intensely on providing information and analytics services to the Internet, telecommunications, entertainment, and marketing services sectors. We expanded our capabilities, reorganized our structure, and streamlined our operations in order to promote growth and build stockholder value. We told the market what we intended to do and then we did it. Thus, amidst significant change, Neustar delivered a familiar result: strong performance.

We began the year with a pledge to sharpen our focus on our best opportunities, and I believe we fulfilled that commitment. We continue to be a leading provider of addressing, routing, and policy management for the communications and Internet sectors, while expanding this expertise into the digital content sector. We also built upon our expertise in data analysis to provide real-time information and analytics services that save our customers time and money, help them build their businesses, and protect them and their customers against fraud.

During 2011, we also delivered strong growth in revenue, earnings, and cash flow. We did so even as we completed four major transactions, including the acquisition of assets from Evolving Systems, Inc., our first term loan, the acquisition of Targus Information Corporation (TARGUSinfo), and a share buyback on an accelerated basis. In 2011, we executed the right transactions, at the right time, with the right financial structure.

Making Smart Acquisitions

In the first several months after I became CEO of Neustar, we assessed the scale, competitive position, and economics of all of our businesses to determine how to position the Company strategically for the future. We decided that, given the enormous data resources it possessed, Neustar could and should become a global leader in real-time information and analysis based on addressing. We defined a strict set of acquisition criteria with a focus on low risk, value-creating transactions in near adjacent sectors, including acquisitions that would accelerate product development in our core businesses.

In July, we acquired numbering assets from Evolving Systems for approximately $39 million, integrating a business that was both an extension of our Number Portability Administration Center (NPAC) business as well as a numbering analytics service.

Then, in November, we acquired TARGUSinfo, a provider of real-time on-demand information and analytics services, for approximately $657 million in cash. The value of our TARGUSinfo purchase will come both from its powerful market position in Caller ID services and from our ability to use our existing businesses to leverage its information and analytics capabilities in fast-growing markets, including lead verification, online advertising, and local search.

The integration of TARGUSinfo into Neustar has gone smoothly, and it is now operating as our Information Services business segment. This acquisition makes our goal of becoming a global leader in real-time information and analysis a reality by expanding our ability to offer a more diverse portfolio of services in the $30 billion real-time information and analytics market.

Continuing our Stewardship of the NPAC

Throughout 2011, our Carrier Services business segment provided our NPAC customers with exceptional performance, while introducing new, innovative capabilities. We are pleased to report our highest-ever customer satisfaction ratings, and that we were 100 percent compliant with over 2,200 individual service level agreement measurements. Neustar's management of the NPAC, the complex ecosystem of local number portability, is a well-established business that will provide predictable growth through at least June 2015.

The process is underway to select a vendor to serve as the NPAC administrator when the current contract expires. We look forward to working with our customers and the telecommunications industry throughout the procurement process. Neustar's stewardship of the NPAC has been a reliable constant over a period of time that has seen remarkable change. Our trusted neutrality on behalf of all our customers benefits consumers and the telecommunications industry. Neustar is fully committed to competing vigorously in the procurement process and ultimately to renewing our NPAC contract.

Offering Trusted And Reliable Services to Multiple Customer Segments

In addition to Carrier Services, which is responsible for our NPAC business, Neustar has other exciting and fast-growing businesses, such as Enterprise Services. Key growth drivers in 2011 for Enterprise Services included our expanded cybersecurity and Internet infrastructure protection services. Increased mobile marketing spend rates and strong renewal rates for common short codes under management also drove growth.

Over time, Neustar's customer base – originally limited to wireline voice calls and the telecommunications industry – has expanded to mobile communications, data, and texting services; to the world's leading Internet and marketing firms; and to the content sector. Additionally, our TARGUSinfo acquisition has broadened the range of customers using our trusted and reliable services even further. As we head into 2012, we plan to drive continued customer growth within our expanding set of core competencies.

Delivering Strong Financial Results

Neustar made significant progress across the board in 2011. We continued to deliver strong revenue growth, margins, and cash flow while we increased our scale and strengthened our position as a neutral and trusted provider of information and analytics services.

Revenue increased 19 percent to $620.5 million, due to growth in our Carrier Services and Enterprise Services business segments, as well as the addition of revenue from our Information Services business segment. Income from continuing operations totaled $123.6 million, representing a margin of 20 percent.

In the beginning of the year, we said we would focus on a more efficient balance sheet. We achieved that goal through the manner in which we financed our acquisitions and bought back our common stock. In early December, we repurchased almost 10 percent of our outstanding shares through our $250 million modified "Dutch Auction" tender offer. This transaction, and the $600 million term loan issued to finance the TARGUSinfo acquisition, brought our debt to equity ratio to levels we believe are appropriate for a company with our strong cash flow generation.

Looking to 2012

We took significant steps in 2011 to position the Company for continued success with two acquisitions that enhanced our ability to execute our strategy of becoming the global leader in real-time information and analysis based on addressing. We rationalized our capital structure and improved our organizational structure for faster decision-making and execution. We expanded the sectors and customers we serve, enhanced our services, and delivered them reliably, securely, and on time. We continued to manage the NPAC flawlessly and achieved our highest-ever satisfaction levels from our customers, who will play a vital role in deciding how and by whom the NPAC will be managed in the future.

Looking to 2012, we will focus on leveraging our newly acquired customer base and data sets as we integrate them into our already strong organization. Our talented team anticipates that 2012 will be another exciting year and that Neustar will continue to perform for our stockholders.

On behalf of all of us at Neustar, I thank you for your continued support.

All the best,

Lisa Hook

Lisa A. Hook

YEAR IN REVIEW

In 2011, Neustar continued its transformation from a clearinghouse provider to a leading provider of addressing, routing, and policy management for the communications and Internet sectors. This evolution is positioning Neustar to become a leader in real-time information and analysis based on addressing.

Our base of assets expanded to include Evolving Systems, Inc.'s numbering assets, which we acquired in July, as well as TARGUSinfo, a provider of real-time on-demand information and analytics services, which we acquired in November. Through the TARGUSinfo acquisition, Neustar will be able to leverage our combined information and predictive analytics capabilities in fast-growing markets like lead verification, online advertising, and local search. We are now well positioned to increase our market share of this fast-growing $30 billion market.

The purchase of the Evolving Systems numbering assets, meanwhile, enabled Neustar to enhance our service as the North American Numbering Plan Administrator while also expanding our numbering analytics business. Our Numbering Portability Administration Center (NPAC) business continues to be a valuable and well-run service, as evidenced by the fact that in 2011 we achieved our highest-ever customer satisfaction rating. Neustar's NPAC is a well-established business and remains a critical element of North America's underlying telecommunications infrastructure.

Through our Carrier Services' NPAC business as well as our other information and analytics properties, Neustar provides value to a variety of industries. We provide real-time information and analysis on over 6 billion global physical and virtual addresses. This includes **3.4 billion global telephone numbers**, **2.8 billion global IP addresses**, **5.5 million global domain names,** and **14.3 million U.S. business listings**.

Our Enterprise Services business segment, which includes Internet Infrastructure Services and Registry Services, was a key growth driver in 2011. Through our global directory platform, we provide a suite of Domain Name Services (DNS) to our enterprise customers. Moreover, we are the authoritative provider of essential registry and directory services. Our customers use these services for reliable, fair, and secure access and connectivity. Today, Neustar's UltraDNS Services are used by more than 3,000 enterprises and Top Level Domain (TLD) infrastructure customers worldwide, and currently power the resolution of nearly **20 million global Internet domains**.

The entertainment industry recognized our skill in operating complex directories flawlessly and selected Neustar to build and operate the underlying technology for UltraViolet™. This digital locker system enables people to purchase a DVD or digital movie and watch it anywhere, anytime, and on any device. Neustar's selection underscores our commitment to neutrality as well as our understanding of cloud services.

During 2011, Neustar recruited a number of talented senior executives. In March, Scott Blake Harris joined the team and serves as General Counsel and Senior Vice President of External Affairs. In July, Neustar named Mark Bregman as our new Chief Technology Officer. Then in January 2012, Christine Brennan came on board as Senior Vice President of Human Resources.

Throughout 2011, we also began developing strategies that help us build on our considerable assets and strengths to help the world around us. For example, the "My Digital Life" program, which was launched by Neustar and EverFi™ in early 2012, aims to improve digital literacy and responsibility in our schools. Similarly, Neustar's dedication to our community and environmental preservation led us to design a highly-efficient new headquarters building in Sterling, Virginia which received LEED certification from the U.S. Green Building Council.

As we head into 2012, we will continue to stress the importance of giving back to our community while executing our vision to become a world leader in real-time information and analysis based on addressing.

Paul S. Lalljie, Senior Vice President and Chief Financial Officer, and Lisa A. Hook, President and Chief Executive Officer

NEUSTAR SERVICES

Neustar is a trusted, neutral provider of real-time information and analysis to the Internet, communications, entertainment, advertising, and marketing industries throughout the world. Using advanced, secure technologies, Neustar provides addressing, routing, policy management, and authentication services that enable customers to find their end users, route network traffic to the optimal location, and verify end-user identity. With expertise in database management and analysis, Neustar also provides cybersecurity, marketing, and advertising information and analysis to customers. Neustar provides services to both communications service providers, or carriers, and commercial businesses, or enterprises. Neustar's services are delivered through a secure, robust technology platform and rely on unique, extensive, and privacy-protected databases.

CARRIER SERVICES

Numbering Services. Neustar operates and maintains authoritative databases that help manage the increased complexity in the communications industry. Neustar ensures the seamless connection of carriers' numerous networks, while also enhancing the capabilities and performance of their infrastructure. Neustar's unique set of databases enables carriers to obtain data successfully for the dynamic routing of telephone calls and text messages in the United States and Canada. Using these databases, Neustar provides numbering services to carriers, including Number Portability Administration Center (NPAC) Services, NPAC Services in Canada and Local Number Portability (LNP) services in Taiwan and Brazil, and number inventory and allocation management. Additionally, Neustar enables carriers to manage their networks more efficiently by centrally processing essential changes they use to route communications.

Order Management Services. Neustar's Order Management Services (OMS) include all services necessary to manage number port activity through the entire lifecycle. OMS permits carriers, through a single interface, to exchange essential operating data with multiple carriers in order to provision services.

IP Services. Neustar provides scalable IP services to global carriers that enable them to manage access for the routing of IP communications, such as multimedia messaging service. These IP solutions solve the complexity of mapping a phone number to an IP address for accurate and reliable routing to a carrier's network. Neustar also enables direct network-to-network peering between carriers for voice, video, and content services.

ENTERPRISE SERVICES

Internet Infrastructure Services. Neustar provides a suite of DNS services to enterprise customers built on a global directory platform. These Internet Infrastructure Services play a key role in directing and managing Internet traffic flow, resolving Internet queries, providing security protection against Internet breaches called Distributed Denial of Service attacks, providing location services used to enhance fraud prevention and online marketing, and monitoring, testing, and measuring the performance of websites and networks.

Registry Services. Neustar operates the authoritative registries of Top Level Domain (TLD) names for the .biz, .us, .co, .tel, and .travel domains. Neustar also provides international registry gateways for China's .cn and Taiwan's .tw country-code TLDs. All Internet communications routed to any of these domains must query a copy of Neustar's directory to ensure that the communication is routed to the appropriate destination. Neustar operates the authoritative Common Short Codes registry on behalf of the U.S. wireless industry. In addition, Neustar operates the digital content authentication directory, which supports the UltraViolet digital content locker through which consumers can gain access to their entertainment content.

INFORMATION SERVICES

Identification Services. Neustar provides Caller ID services to carriers in the U.S. and real-time identification and location services to over 1,000 businesses in the U.S. across multiple industries. Neustar's location service enables clients to match a 10-digit phone number to a latitude and longitude, and is used for a number of applications, including intelligent site planning, market scoring, and Web-based location lookup. In addition, Neustar provides services that enable clients to remarket to non-converting prospects and to help identify whether an inbound inquiry is coming from an existing customer or from a prospect.

Verification & Analytics Services. Neustar provides lead verification services that allow clients to validate customer data, enhance leads, and assign a lead quality rating to each lead to provide a client the ability to contact a customer. This lead verification application has evolved into a lead scoring service, which assigns a real-time predictive score to inbound telephone and web leads, and predicts which prospects are most likely to convert into customers; and/or become high-value customers; or for current customers, which leads will respond to a specific up-sell offer.

Local Search & Licensed Data Services. Neustar provides an online local business listing identity management solution that serves local search platforms, national brands, authorized channel partners, and local businesses. This service provides businesses and channel partners the essential tools to verify, enhance, and manage the identity of local listings on local search platforms across the Web, and offers these local search platforms an accurate, complete, and up-to-date database of local business listings for online publishing.

CORPORATE SOCIAL RESPONSIBILITY

In 2011, Neustar dramatically expanded its robust social responsibility program by launching new programs aimed at improving science, technology, engineering, and mathematics (STEM) education and our environment. In 2012 and beyond, Neustar plans to continue making corporate social responsibility a priority.

Our goal has always been to invest our time and money in innovative programs that will benefit our society, our communities, and our company. We believe that investing wisely in this way is not only the right thing to do – it is the smart thing to do.

This past year we also began to think about Neustar's unique strengths and how we could use those strengths to improve our society and our communities, while also doing our best for our stockholders. The answer was obvious: as a world-class technology and information services company with a unique understanding of technology, networks, and our data-driven online economy, we can provide technical assistance to our communities that others cannot.

Many students do not receive sufficient STEM education. This is particularly true for young women. Too few students are knowledgeable about or comfortable with technology. Our country – and, yes, our company – needs a workforce with STEM training and that is comfortable with technology.

So in 2011, we began planning a major investment to train middle school and high school students in digital literacy and responsibility. Partnering with EverFi, which produces highly respected online educational programs, we recently launched "My Digital Life," an online, in-school digital literacy program for students. It covers subjects ranging from how a computer works, to the benefits and pitfalls of social networking, to the dangers of texting while driving, to how to pursue careers in technology. We are offering this program free of charge to every school district in Virginia and Kentucky, two of our corporate homes. We already have plans to expand the program to other communities we call home.

With these same goals in mind, we also began working with YearUp!™, an intensive training program that provides low-income young adults, ages 18–24, with a combination of hands-on skill development, college credits, and corporate internships. Neustar has had five YearUp! interns, two of whom are now permanent Neustar employees. We also have become involved with the Anita Borg Institute, which supports and promotes women in technology. Our Chief Technology Officer, Mark Bregman, is on the Institute's Board.

Neustar is committed to energy efficiency, which enables us to preserve our environment, reduce our nation's dependence on foreign sources of energy, and save money. Our headquarters building in Sterling, Virginia, was recently LEED certified. The LEED certification recognizes the facility for its energy and water efficiency, material use during construction, occupant health, and financial return.

We mandate energy conservation, recycling, and efficiency throughout our facilities. For example, we use automated meeting room sensors and timers to control lighting; automated, time-controlled temperature gauges throughout our offices; electronic rather than paper records; and web conferencing and videoconferencing to reduce travel. We also print double-sided documents, recycle, and purchase renewable materials when possible.

Additionally, we have a volunteer "Green Team" that looks for new ways to improve our energy efficiency. As a result of these many efforts, Neustar has been recognized as a "Certified Green Business" by Loudoun County, Virginia, home to our corporate headquarters.

Finally, we empower our employees to take corporate social responsibility personally by giving all full-time employees a day off each year to volunteer for non-profits and community organizations.

BOARD OF DIRECTORS

James G. Cullen
Chairman of the Board;
Retired President and
Chief Operating Officer
of Bell Atlantic Corporation

Gareth C. C. Chang
Chairman and
Chief Executive Officer
of Towona Media

Joel P. Friedman
Former President
of Accenture's Business Process
Outsourcing Organization

Mark N. Greene
Former Chief Executive Officer
of Fair Isaac Corporation

Lisa A. Hook
President and
Chief Executive Officer

Ross K. Ireland
Retired Senior Executive
Vice President of Services and
Chief Technology Officer
of SBC Communications Inc.

Paul A. Lacouture
Retired Executive Vice President
of Engineering and Technology
for Verizon Telecom

Michael J. Rowny
Chairman of Rowny Capital

Hellene S. Runtagh
Former President and
Chief Executive Officer
of Berwind Group

EXECUTIVE OFFICERS

Lisa A. Hook
President and
Chief Executive Officer

Paul S. Lalljie
Senior Vice President and
Chief Financial Officer

Mark F. Bregman
Senior Vice President and
Chief Technology Officer

Scott Blake Harris
General Counsel
and Senior Vice President,
External Affairs

Steve J. Edwards
Senior Vice President,
Carrier Services

Alexander L. Berry
Senior Vice President,
Enterprise Services

Dennis G. Ainge
Senior Vice President,
Information Services

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Vice President and
Deputy General Counsel
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Stock Information
Neustar stock is publicly traded on the
NYSE under the ticker symbol NSR.