

FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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VIA FACSIMILE AND FIRST CLASS MAIL

Gerald J. Kovach  
Senior Vice President  
Neustar, Inc.  
1775 Pennsylvania Ave., N.W.  
4<sup>th</sup> Floor  
Washington, DC 20006

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

Dear Mr. Kovach:

In this letter, the Wireline Competition Bureau (Bureau) responds to Neustar Inc.'s (Neustar's) October 13 and 15, 2010, letters requesting approval by the Federal Communications Commission (Commission) to enter into certain debt transactions.<sup>1</sup> Specifically, Neustar requests that the Commission allow Neustar to issue three billion dollars of debt for certain transactions.<sup>2</sup> The Commission has previously allowed Neustar to issue a maximum one billion dollars of debt for these transactions.<sup>3</sup> After review of all the information submitted by Neustar relating to its request, we have determined that certain of the proposed debt transactions are consistent with Commission requirements referenced below.

On October 15, 2010, Neustar requested approval to issue up to an aggregate of three billion dollars of debt through credit facilities, by public/private debt offerings, or

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<sup>1</sup> Letter from Gerald J. Kovach, Senior Vice President, External Affairs, Neustar, to Sharon Gillett, Chief, Wireline Competition Bureau, Federal Communications Commission (Oct. 15, 2010) (October 15, 2010 *Ex Parte* Letter); Letter from Gerald J. Kovach, Senior Vice President, External Affairs, Neustar, to Sharon Gillett, Chief, Wireline Competition Bureau, Federal Communications Commission (Oct. 13, 2010) (October 13, 2010 *Ex Parte* Letter); *See also* Letter from Gerald J. Kovach, Senior Vice President, External Affairs, Neustar, to Marlene Dortch, Secretary, Federal Communications Commission (Oct. 25, 2010) (October 25, 2010 *Ex Parte* Letter).

<sup>2</sup> *Id.*

<sup>3</sup> Letter from Tom Navin, Chief, Wireline Competition Bureau, Federal Communications Commission, to Gerald J. Kovach, Senior Vice President, External Affairs, Neustar, Inc., CC Docket No. 92-237, Letter, 22 FCC Red 513 (2007) (WCB Letter).

by a combination of such transactions.<sup>4</sup> The Bureau sought comment on Neustar's request, which came in the form of two letters.<sup>5</sup> No comments were received. Neustar subsequently discussed the mechanism by which the company will audit the beneficial owners of debt issued under the terms of the requested pre-approval.<sup>6</sup> Neustar commits that it will report to the Commission three months after first issuing debt under the requested authority, and then again three months later, regarding the results of Neustar's audit of the debtholders.<sup>7</sup>

Neustar has certain neutrality requirements under the Commission's rules. Under section 52.12(a)(1)(ii), Neustar may not issue a majority of its debt to any telecommunications service provider (TSP).<sup>8</sup> In addition, in the *Safe Harbor Order*, the Commission required Neustar to seek prior approval before issuing any debt to a TSP or TSP affiliate.<sup>9</sup> Neustar states that its debt transactions will be subject to previous safeguards delineated in the WCB Letter, that they comport with Neustar's obligations under section 52.12(a)(1)(ii), and that they fully protect the company's neutrality.<sup>10</sup>

<sup>4</sup> October 15, 2010 *Ex Parte* Letter. Neustar's October 15 request amended an earlier request on October 13, 2010 for a pre-approved limit of two billion dollars. See October 13, 2010 *Ex Parte* Letter.

<sup>5</sup> *Wireline Competition Bureau Seeks Comment on Neustar Request for FCC's Approval to Increase Neustar's Pre-Approved Limit for Certain Debt Transactions*, Public Notice, DA 10-1991, CC Docket No. 92-237 (rel. Oct. 15, 2010); *Wireline Competition Bureau Seeks Comment on Neustar Amended Request for FCC's Approval to Increase Neustar's Pre-Approved Limit for Certain Debt Transactions*, Public Notice, DA 10-1995, CC Docket No. 92-237 (rel. Oct. 18, 2010).

<sup>6</sup> Neustar states that it plans to use the services of one or more third parties to track the identity of debtholders and their trading activity at the activity level. To the extent that Neustar receives debtholder information at the broker level, it will attempt to identify the beneficial ownership of the debt by contacting the broker or [via] other means, as necessary to comply with the Commission's audit requirements. October 25, 2010 *Ex Parte* Letter.

<sup>7</sup> See October 25, 2010 *Ex Parte* Letter.

<sup>8</sup> 47 C.F.R. § 52.12(a)(1)(ii).

<sup>9</sup> *Request of Neustar, Inc. to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership*, CC Docket No. 92-237, Order, 19 FCC Rcd 16982, 16992 (2004) (*Safe Harbor Order*), para. 26. Under section 52.12(a)(1)(i) of the Commission's rules, an "affiliate" is defined as:  
a person who controls, is controlled by, or is under the direct or indirect common control with another person. A person shall be deemed to control another if such person possesses, directly or indirectly –  
(A) An equity interest by stock, partnership (general or limited) interest, joint venture participation, or member interest in the other person ten (10%) percent or more of the total outstanding equity interests in the other person, or  
(B) The power to vote ten (10%) percent or more of the securities (by stock, partnership (general or limited) interest, joint venture participation, or member interest) having ordinary voting power for the election of directors, general partner, or management of such other person, or  
(C) The power to direct or cause the direction of the management and policies of such other person, whether through the ownership of or right to vote voting rights attributable to the stock, partnership (general or limited) interest, joint venture participation, or member interest of such other person, by contract (including but not limited to stockholder agreement, partnership (general or limited) agreement, joint venture agreement, or operating agreement), or otherwise.

<sup>10</sup> See WCB Letter at 2; October 13, 2010 *Ex Parte* Letter; October 15, 2010 *Ex Parte* Letter.

Based on Neustar's representation of the transactions, its commitment to adhere to the safeguards previously established in the WCB Letter, and procedures outlined in its October 25, 2010 *Ex Parte* Letter to identify the beneficial owners of its debt and report to the Commission regarding those debtholders,<sup>11</sup> we grant its request, in part, to increase its pre-approved limit for certain debt transactions to three billion dollars. Specifically, we increase Neustar's pre-approved limit by two billion dollars to three billion dollars in debt by means of public debt issuances only and subject to reporting conditions set forth in the WCB Letter and herein.<sup>12</sup> We believe that public debt issuances conducted in accordance with the Commission's neutrality requirements and the additional safeguards to which Neustar has committed herein will not likely raise neutrality concerns.

After a review of Neustar's amended request, we have determined that the proposed debt transactions as described and as modified herein would be consistent with the requirements set forth in the *Warburg Transfer Order*, the *Safe Harbor Order* and the WCB Letter.<sup>13</sup> As such, this letter constitutes the prior approval for such transactions which is required by the *Safe Harbor Order* and which was granted in the WCB Letter.<sup>14</sup> Our approval is limited to the description and commitments made in this letter, in the WCB Letter, the October 15, 2010 *Ex Parte* Letter, and the October 25, 2010 *Ex Parte* Letter.<sup>15</sup>

Section 251(e) of the Communications Act obligates the Commission to create an impartial entity or entities to administer telecommunications numbering in an equitable manner.<sup>16</sup> We have chosen Neustar as that impartial entity, and we take seriously our obligation to ensure Neustar's neutrality in number administration. If Neustar finds after entering into any transaction that potentially violates the terms of the WCB Letter and this letter, we direct Neustar to notify the Commission immediately and proceed to correct the violation. We caution that should the Commission find that Neustar has failed to abide by the terms set forth in the WCB Letter and this letter, the Commission may seek any and all remedies available, up to and including termination of Neustar's numbering administration contracts.

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<sup>11</sup> *See id.*; October 25, 2010 *Ex Parte* Letter.

<sup>12</sup> WCB Letter at 3-4. Neustar's limits that govern other categories of debt remain the same as in the WCB Letter, subject to the overall limit of three billion dollars across all categories.

<sup>13</sup> *Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business*, CC Docket No. 92-237, Order, 14 FCC Rcd 19792 (1999) (*Warburg Transfer Order*); *Safe Harbor Order*; *WCB 2007 Letter*.

<sup>14</sup> *Safe Harbor Order* at 16992, para. 26; WCB Letter.

<sup>15</sup> *See* WCB Letter; October 15, 2010 *Ex Parte* Letter; October 25, 2010 *Ex Parte* Letter.

<sup>16</sup> 47 U.S.C. § 251(e)(1).

If you have any questions concerning this letter, please communicate with my office at (202) 418-1500.

Sincerely,

Sharon E. Gillett  
Chief, Wireline Competition Bureau