

NEUSTAR INC
Form DEF 14A
April 24, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

NeuStar, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 1. Title of each class of securities to which transaction applies:
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-

Fellow Stockholders:

We are pleased to invite you to attend the 2006 Annual Meeting of Stockholders of NeuStar, Inc. to be held on Wednesday, June 14, 2006 at 4:30 p.m., local time, at the Hilton McLean Tysons Corner, located at 7920 Jones Branch Drive, McLean, Virginia, 22102.

Details regarding admission to the Meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Stockholders and proxy statement.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the Internet, by telephone or by mailing a proxy or voting instruction card. Voting over the Internet, by phone or by written proxy will ensure your representation at the Annual Meeting regardless of whether you attend in person. Please review the instructions on the proxy or voting instruction card regarding each of these voting options.

Thank you for your ongoing support and continued interest in NeuStar, Inc.

Sincerely,

Jeffrey E. Ganek
Chairman of the Board and
Chief Executive Officer

NEUSTAR, INC.
46000 CENTER OAK PLAZA
STERLING, VIRGINIA 20166
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
June 14, 2006

Time and Date	4:30 p.m. (local time) on June 14, 2006.
Place	The Hilton McLean Tysons Corner, located at 7920 Jones Branch Drive, McLean, Virginia, 22102.
Items of Business	<p>Elect three directors to the Board of Directors to hold office until our Annual Meeting of Stockholders in 2009 and until their respective successors have been elected or appointed;</p> <p>Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2006; and</p> <p>Transact any other business that may properly come before the Meeting or any adjournment or postponement of the Meeting.</p>
Adjournments and Postponements	Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.
Record Date	You are entitled to notice of and to vote at the Meeting and at any adjournment or postponement that may take place only if you were a stockholder as of the close of business on April 24, 2006.
Voting	<p>Your vote is very important. Whether or not you plan to attend the Annual Meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. You may submit your proxy or voting instruction card for the Annual Meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided, or, in most cases, by using the telephone or the Internet. For specific instructions on how to vote your shares, please refer to the section entitled Questions and Answers beginning on page 1 of this proxy statement and the instructions on the proxy or voting instruction card. You can revoke a proxy prior to its exercise at the Meeting by following the instructions in the accompanying proxy statement.</p>

By order of the Board of Directors,

Martin K. Lowen
Senior Vice President, General Counsel and Secretary

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NEUSTAR, INC.
46000 CENTER OAK PLAZA
STERLING, VIRGINIA 20166
PROXY STATEMENT
QUESTIONS AND ANSWERS

Why did I receive these proxy materials?

We are sending you this proxy statement as part of a solicitation by the Board of Directors of NeuStar, Inc. for use at our 2006 Annual Meeting of Stockholders and at any adjournment or postponement that may take place. Unless the context otherwise requires, the terms us, we, our, and the Company include NeuStar, Inc. and its consolidated subsidiaries.

You are invited to attend our Annual Meeting of Stockholders on Wednesday, June 14, 2006, beginning at 4:30 p.m., local time. The Meeting will be held at the Hilton McLean Tysons Corner, located at 7920 Jones Branch Drive, McLean, Virginia, 22102.

This Notice of Annual Meeting of Stockholders, proxy statement, form of proxy and voting instructions and our 2005 Annual Report are first being mailed starting approximately April 27, 2006.

Do I need a ticket to attend the Meeting?

You will need an admission ticket or proof of ownership to enter the Meeting. An admission ticket is attached to your proxy card if you hold shares directly in your name as a stockholder of record. If you plan to attend the Meeting, please vote your proxy but keep the admission ticket and bring it with you to the Meeting.

If your shares are held beneficially in the name of a bank, broker or other nominee and you plan to attend the Meeting, you must present proof of your ownership of NeuStar stock, such as a bank or brokerage account statement, to be admitted to the Meeting. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of NeuStar stock, to:

NeuStar, Inc.
Attn: Sarah Mashburn
46000 Center Oak Plaza
Sterling, Virginia 20166

All stockholders also must present a form of personal identification in order to be admitted to the Meeting.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Meeting.

Who is entitled to vote at the Meeting?

Holders of NeuStar common stock at the close of business on April 24, 2006 (the Record Date), are entitled to receive this Notice and to vote their shares at the Meeting. As of April 1, 2006, there were 71,467,364 shares of Class A common stock outstanding and entitled to vote and 27,284 shares of Class B common stock outstanding and entitled to vote. All holders of common stock shall vote together as a single class, and each holder of common stock is entitled to one vote per share of Class A common stock and one vote per share of Class B common stock on each matter properly brought before the Meeting.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with NeuStar's transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the stockholder of record. The

Notice of Annual Meeting of Stockholders, proxy statement and proxy card and our 2005 annual Report have been sent directly to you by NeuStar.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The Notice of Annual Meeting of Stockholders, proxy statement and proxy card and our 2005 Annual Report have been forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or on the Internet (if available).

How do I vote?

You may vote using any of the following methods:

By Mail

Be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

If you are a stockholder of record, and the prepaid envelope is missing, please mail your completed proxy card to **NeuStar, Inc., 46000 Center Oak Plaza, Sterling, Virginia 20166, Attn: Corporate Secretary.**

By Telephone or on the Internet

The telephone and Internet voting procedures established by NeuStar for stockholders of record are designed to authenticate your identity, allow you to give your voting instructions and confirm that those instructions have been properly recorded.

You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you are located outside the U.S., see your proxy card for additional instructions.

The website for Internet voting is www.voteproxy.com. Please have your proxy card handy when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day, and will close at 11:59 p.m. Eastern Daylight Time on June 13, 2006.

The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

If you vote by telephone or on the Internet, you do not have to return your proxy card or voting instruction card.

In Person at the Meeting

All stockholders may vote in person at the Meeting. You may also be represented by another person at the Meeting by executing a legal proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other nominee and present it to the inspectors of election with your ballot to be able to vote at the Meeting.

What can I do if I change my mind after I vote my shares?

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

written notice to the Secretary of the Company;

timely delivery of a valid, later-dated proxy or a later-dated vote by telephone or on the Internet; or

voting in person at the Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other nominee. You may also vote in person at the Meeting if you obtain a legal proxy as described in the answer to the previous question.

All shares that have been properly voted and not revoked will be cast as votes at the Meeting.

What shares can I vote?

You can vote all shares that you owned on April 24, 2006, the record date. These shares include (1) shares held directly in your name as the stockholder of record; and (2) shares held for you as the beneficial owner through a stockbroker, bank or other nominee.

What is householding and how does it affect me?

We have adopted a procedure approved by the Securities and Exchange Commission called householding. Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Notice of Annual Meeting of Stockholders and proxy statement, unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees and conserve natural resources.

Stockholders who participate in householding will continue to receive separate proxy cards.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the Notice of Annual Meeting of Stockholders and proxy statement, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact our transfer agent, American Stock Transfer & Trust Company (in writing: 59 Maiden Lane (Plaza Level), New York, NY 10038; from within the United States by telephone: (866) 668-6550; from outside the United States by telephone: (718) 921-8500).

If you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting of Stockholders and proxy statement, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact American Stock Transfer & Trust Company as indicated above.

Beneficial owners can request information about householding from their banks, brokers or other nominees.

Is there a list of stockholders entitled to vote at the Meeting?

The names of stockholders of record entitled to vote at the Meeting will be available at the Meeting and for ten days prior to the Meeting for any purpose germane to the Meeting, between the hours of 8:45 a.m. and 4:30 p.m., at our principal executive offices at 46000 Center Oak Plaza, Sterling, Virginia 20166, by contacting the Secretary of the Company.

How can I vote on each of the matters?

In the election of directors, you may vote for all of the nominees, or your vote may be withheld with respect to one or more of the nominees. For the ratification of Ernst & Young LLP as our independent

registered public accounting firm, you may vote for or against, or you may indicate that you wish to abstain from voting on this matter.

What are the voting requirements to elect the directors and to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2006?

The presence of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock entitled to vote at the Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a bank, broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

If you are a beneficial owner, your bank, broker or other nominee is permitted to vote your shares on the election of directors and the ratification of Ernst & Young LLP as our independent registered public accounting firm even if the broker does not receive voting instructions from you. We believe that because the matters being voted upon at the Meeting are not among the specified matters on which banks, brokers or other holders of record holding shares for a beneficial owner are prohibited from voting undirected shares, there will be no broker non-votes at the Meeting.

A plurality of the votes cast is required for the election of directors. This means that the director nominees with the most for votes will be elected. Thus, shares present at the Meeting that are not voted for a particular nominee, shares present in person or represented by proxy where the stockholder properly withholds authority to vote for such nominee, and broker non-votes, if any, will not be counted towards such nominee's achievement of a plurality. Stockholders may not cumulate their votes in favor of any one nominee.

Under our bylaws, the affirmative vote of the majority of the votes cast affirmatively or negatively is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm. Abstentions and broker non-votes, if any, are not counted as votes for or against this item.

If you sign your proxy card or voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board (for all director nominees named in the proxy statement and for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2006).

Could other matters be decided at the Meeting?

At the date of this proxy statement, we did not know of any matters to be raised at the Meeting other than those referred to in this proxy statement.

If other matters are properly presented at the Meeting for consideration, the proxy holders named on the proxy card will have the discretion to vote on those matters for you.

Can I access the Notice of Annual Meeting of Stockholders and proxy statement on the Internet?

The Notice of Annual Meeting of Stockholders and proxy statement are available under the Investor Relations tab on our Website at www.neustar.biz. Instead of receiving future copies of our proxy statement by mail, most stockholders can elect to receive an e-mail that will provide electronic links to them. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business, and also will give you an electronic link to the proxy voting site.

Stockholders of Record: You may enroll in the electronic proxy delivery service at any time in the future by going directly to www.amstock.com and following the enrollment instructions.

Beneficial Owners: If you hold your shares in a brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your bank or other nominee regarding the availability of this service.

Who will pay for the cost of this proxy solicitation?

We will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees, acting without special compensation, in person or by telephone, electronic transmission and facsimile transmission.

Who will count the vote?

Representatives of our transfer agent, American Stock Transfer & Trust Company, will tabulate the votes and act as inspectors of election.

GOVERNANCE OF THE COMPANY

Our Principles of Corporate Governance

The Board of Directors has adopted a set of corporate governance principles as a framework for the governance of the Company. The Nominating and Corporate Governance Committee reviews the principles annually and recommends changes to the Board of Directors as appropriate. Our Principles of Corporate Governance are available on our website at www.neustar.biz under the captions Investor Relations Corporate Governance Principles. Stockholders may request free copies of our Principles of Corporate Governance by sending a written request to our Corporate Secretary at NeuStar, Inc., 46000 Center Oak Plaza, Sterling, VA 20166.

Among other matters, the principles contain the following items concerning the Board of Directors:

The Board of Directors, which is elected by the Company's shareholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company's business, and monitors the performance of senior management.

A substantial majority of the Board is made up of independent directors. An independent director is a director who meets the independence requirements of the New York Stock Exchange for directors, as determined by the Board. The Board has adopted standards to assist it in assessing the independence of directors. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Board is divided into three classes, approximately equal in number, with staggered terms of three years each, so that the term of one class expires at each annual meeting of stockholders.

The Board presently believes that it is in the best interests of the Company for a single person to serve as Chairman of the Board and Chief Executive Officer. The Board may in its discretion separate the roles if it deems it advisable and in the Company's best interests to do so.

When a director's principal occupation or business association changes substantially during the director's tenure on the Board, the director must tender his or her resignation for consideration by the Nominating and Corporate Governance Committee. The Committee recommends to the Board the action, if any, to be taken with respect to the resignation.

Ordinarily, directors may not serve on the boards of more than six public companies so as not to interfere with their service as a director of the Company. Directors should also advise the chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another corporate board.

Directors, other than those serving on the Board as of the date of the Company's initial public offering, may not stand for reelection after age 72.

The Chairman and CEO establishes the agenda for each Board meeting. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chair of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

The independent directors meet in executive session without management present at least quarterly.

The Board reviews the Company's long-term strategic plan and business unit initiatives at least annually.

The Board has four standing committees: Audit, Nominating and Corporate Governance, Compensation, and Neutrality. The Audit, Nominating and Corporate Governance, and Compensation Committees consist solely of independent directors. In addition, directors who serve on the Audit Committee must meet additional, heightened independence criteria applicable to audit committee members. All committees report regularly to the full Board with respect to their activities.

The Nominating and Corporate Governance Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Committee members and chairs are recommended to the Board by the Nominating and Corporate Governance Committee and appointed by the full Board.

At the invitation of the Board, members of senior management may attend Board meetings or portions of meetings for the purpose of presenting matters to the Board and participating in discussions. Directors also have full and free access to other members of management and to employees of the Company.

The Board has the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the performance of its functions. Each of the Audit, Nominating and Corporate Governance, and Compensation Committees has similar authority to retain outside advisors as it determines appropriate to assist it in the performance of its functions.

The Compensation Committee annually reviews the compensation of directors. Director compensation is set by the Board based upon the recommendation of the Compensation Committee. Non-management directors receive a combination of cash and equity compensation for service on the Board.

The Board plans for succession to the position of Chairman and CEO as well as certain other senior management positions. These plans are reviewed by the Nominating and Corporate Governance Committee. The CEO reports to the Board periodically on succession planning and management development and provides the Board with recommendations and evaluations of potential successors. The Chairman and CEO also makes available to the Board, on a continuing basis, recommendations regarding who should assume the position of Chairman and CEO in the event that he or she becomes unable or unwilling to perform the duties of this position.

The Compensation Committee is responsible for setting annual and long-term performance goals for the CEO, evaluating the CEO's performance against those goals, and recommending the CEO's compensation to the independent directors for approval. Both the goals and the evaluation are submitted for consideration by the independent directors meeting in executive session. The results of the evaluation are shared with the CEO and used by the Compensation Committee in considering the CEO's compensation, which is approved by the independent directors meeting in executive session.

The Company has an orientation process for Board members that is designed to familiarize new directors with the Company's business, operations, finances, and governance practices. The Board encourages directors to participate in education programs to assist them in performing their responsibilities as directors.

The Board conducts an annual self-evaluation to assess its performance. The Audit, Nominating and Corporate Governance, and Compensation Committees conduct annual self-evaluations to assess their performance. The ability of individual directors to contribute to the Board is considered in connection with the renomination process. The Nominating and Corporate Governance Committee is responsible for developing, administering and overseeing processes for conducting evaluations.

Governance Information

Executive Sessions

NeuStar's independent directors meet in executive session without management present at least quarterly. The presiding director at the executive session is selected by a majority of the independent directors.

Communications with Directors

Stockholders and other interested parties may communicate with the Board of Directors by writing c/o the General Counsel and Corporate Secretary, NeuStar, Inc., 46000 Center Oak Plaza, Sterling, Virginia 20166. Communications intended for a specific director or directors should be addressed to the attention of the relevant individual(s) c/o the

General Counsel and Corporate Secretary at the same address.

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Our General Counsel and Corporate Secretary will review all correspondence intended for the Board and will regularly forward to the Board a summary of such correspondence and copies of correspondence that, in the opinion of the General Counsel and Corporate Secretary, is of significant importance to the functions of the Board or otherwise requires the Board's attention. Directors may at any time review a log of all correspondence received by the General Counsel and Corporate Secretary that is intended for the Board and request copies of any such correspondence.

In addition, the Audit Committee of our Board of Directors has established a procedure for parties to submit concerns regarding what they believe to be questionable accounting, internal accounting controls, and auditing matters. Concerns may be reported through our Compliance Hotline at (800) 958-8839, by email to the Audit Committee at CorporateCode@neustar.biz, or through a confidential ethics web form, available at www.neustar.biz under the captions "Investor Relations" "Corporate Governance" "Contact the Board." Concerns may be submitted anonymously and confidentially.

Director Independence Standards

Pursuant to New York Stock Exchange listing standards, the Board of Directors has adopted a set of categorical standards to assist it in assessing the independence of directors. Under these standards, an independent director must be determined by the Board of Directors to have no material relationship with NeuStar or any of its consolidated subsidiaries, either directly or as a partner, shareholder or officer of an organization that has a relationship with NeuStar. The standards specify the criteria by which independence will be determined, including guidelines for directors and their immediate family members with respect to employment or past employment with NeuStar, receipt of compensation from NeuStar, relationships with NeuStar's internal or external auditor, employment with a company if an executive officer of NeuStar serves on that company's Compensation Committee, employment with a company that has made payments to or received payments from NeuStar in excess of certain amounts, or service as an executive officer of a non-profit organization to which NeuStar has made contributions in excess of certain amounts.

The Board of Directors has determined that Messrs. Cullen, Dahan, Ireland and Schiff, Ms. Joseph and Dr. Pickar are independent under these standards.

The full text of these director independence standards is attached as Appendix A to our Principles of Corporate Governance, available on our website at www.neustar.biz under the captions "Investor Relations" "Corporate Governance" "Principles."

Code of Business Conduct

Our Board of Directors has adopted a Corporate Code of Business Conduct applicable to all of our directors, officers, employees and all individual contractors providing services to or on behalf of the Company in order to protect and promote organization-wide integrity and to enhance NeuStar's ability to achieve its mission.

The code embodies general principles such as compliance with laws, acting with honesty and integrity, avoidance of conflicts of interest, maintenance of accurate and timely financial and business records, use of the Company's assets, working with customers, suppliers and governments, protecting the Company's information and obtaining information regarding other companies.

All directors, officers, employees and contractors are obligated to report violations and suspected violations of the code and any concerns they may have pertaining to non-compliance with the code by following certain procedures described in the code. All reports of suspected code violations will be forwarded to the General Counsel and Vice President of Human Resources, except for complaints and concerns involving accounting or auditing matters, which will be handled in accordance with procedures established by the Audit Committee.

Our Corporate Code of Business Conduct is available on our website at www.neustar.biz under the captions "Investor Relations" "Corporate Governance" "Code of Conduct." A free printed copy is available to any stockholder who requests it from the address on page 6.

Board and Committee Membership

Our Board of Directors is composed of seven directors, divided into three classes: Class I, Class II and Class III. The term for each class of directors expires at successive meetings. The Board of Directors met 14 times and acted four times by unanimous written consent during 2005. Each of our directors attended 75% or more of the aggregate of the total number of meetings of the Board of Directors held while he was a director and of each standing committee on which he served during the period in which the director served as a member of that committee. Our Board has adopted a policy that our directors are expected and strongly encouraged to attend each Annual Meeting of Stockholders absent compelling circumstances. We did not hold an Annual Meeting of Stockholders in 2005. Instead, our stockholders acted by written consent to elect directors in 2005 prior to becoming a publicly traded company in June 2005.

The table below provides 2005 membership information for the Board of Directors and each standing committee of the Board. After many years of dedicated efforts that have contributed significantly to the success of NeuStar, Dr. Henry Kressel resigned from the Board of Directors, effective December 31, 2005. The Board thanks Dr. Kressel for his dedication and commitment to NeuStar. In connection with the Annual Meeting, consistent with its power and authority under our Certificate of Incorporation, our Board eliminated the Board seat that was vacated by Dr. Kressel and expanded the number of Class II directorships so that the three directors elected at the Annual Meeting will all serve until their successors are duly elected and qualified at our Annual Meeting of Stockholders in 2009.

Name	Position	Year Current Term Expires	Audit Committee Member	Compensation Committee Member	Neutrality Committee Member	Nominating and Corporate Governance Committee Member
Mr. Cullen	Class I director	2008	X*			X
Mr. Ganek	Class III director	2007			X	
Mr. Geller	Class II director	2006			X	
Dr. Kressel(1)	Class I director	2008				
Mr. Landy	Class II director	2006	X	X*		X
Dr. Pickar	Class I director	2008	X	X	X	
Mr. Schiff	Class III director	2007		X		X*

* Chair

(1) Resigned from the Board of Directors effective December 31, 2005.

The Audit Committee

Under the terms of its Charter, the Audit Committee meets at least four times per fiscal year, including periodic meetings in executive session with each of NeuStar's management, NeuStar's principal internal auditor, NeuStar's independent registered public accounting firm, and NeuStar's General Counsel, and reports regularly to the full Board of Directors with respect to its activities. The Audit Committee represents and assists the Board of Directors in overseeing the accounting and financial reporting processes of NeuStar and the audits of NeuStar's financial statements, including the integrity of the financial statements, NeuStar's compliance with legal and regulatory authority requirements, the independent auditors' qualifications and independence, the performance of NeuStar's internal audit function and independent auditors, and the preparation of a report of the Audit Committee to be included in NeuStar's annual proxy statement. The Audit Committee is responsible for:

Directly appointing, retaining, compensating, evaluating, overseeing, and terminating (when appropriate) the Company's independent auditors, who shall report directly to the Committee.

Reviewing and pre-approving all audit and permissible non-audit services to be provided by the independent auditors, and establishing policies and procedures for the pre-approval of audit and permissible non-audit services to be provided by the independent auditors.

At least annually, obtaining and reviewing a report by the independent auditors describing: (a) the auditors internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues.

At least annually, reviewing the qualifications, independence and performance of the independent auditors, and discussing with the independent auditors their independence. As part of such annual review, the Committee will obtain and review a report by the independent auditors describing all relationships between the independent auditors and the Company, consistent with professional standards applicable to independent auditors, and any other relationships that may impact the independent auditors' independence.

Upon completion of the annual audit, reviewing with the independent auditors their experiences, any audit problems or difficulties encountered (including restrictions on their work, cooperation received or not received, and significant disagreements with corporate management) and management's response, and findings and recommendations concerning their annual audit of the Company.

Meeting to review and discuss with corporate management and the independent auditors the annual audited financial statements, and the unaudited quarterly financial statements, including reviewing the Company's specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, and recommending to the Board whether the annual audited financial statements should be included in the Company's annual report on Form 10-K.

Reviewing and discussing earnings press releases, and corporate practices with respect to earnings press releases and financial information and earnings guidance provided to analysts and ratings agencies.

Reviewing and discussing with management and the independent auditors the Company's major risk exposures and the steps management has taken to monitor and control such exposure.

Reviewing the adequacy and effectiveness of the Company's internal auditing procedures and internal controls over financial reporting, and any programs instituted to correct deficiencies.

Reviewing and discussing the adequacy and effectiveness of the Company's disclosure controls and procedures.

Overseeing the Company's compliance systems with respect to legal and regulatory requirements and reviewing the Company's codes of conduct and programs to monitor compliance with such codes.

Establishing procedures for the submission of complaints regarding accounting, internal accounting controls, or auditing matters. Such procedures will address the receipt, retention, and treatment of complaints received by the Company and the confidential, anonymous submission of employee concerns about questionable auditing or accounting matters.

Investigating, or referring, matters brought to its attention as appropriate, with full access to all books, records, facilities and personnel of the Company.

Reviewing the application of significant regulatory, accounting and auditing initiatives, including new pronouncements.

Establishing policies for the hiring of employees and former employees of the independent auditors.

Annually reviewing and reassessing the adequacy of the Audit Committee Charter and evaluating the performance of the Committee, and recommending changes to the Board as appropriate.

Performing such other functions as assigned by law, the Company's certificate of incorporation or bylaws, or the Board of Directors.

The Audit Committee has the authority to retain, at NeuStar's expense, such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions.

The Audit Committee met ten times and acted by unanimous written consent once during 2005.

The members of the Audit Committee as of the date of this proxy statement are Messrs. Cullen (Chairperson), and Landy and Dr. Pickar. The Board of Directors has determined that each is independent, as defined by the Company's director independence standards and the rules of the New York Stock Exchange and the Securities and Exchange Commission, and that Mr. Cullen is an audit committee financial expert for purposes of the rules of the Securities and Exchange Commission.

Under the rules of the Securities and Exchange Commission, members of the Audit Committee must meet heightened independence standards; however, a minority of the Audit Committee members of the Company may be exempt from the heightened Audit Committee independence standards for one year from the date of effectiveness of the Company's initial public offering registration statement. The Board of Directors has determined that each of Mr. Cullen and Dr. Pickar meet these heightened independence standards. In anticipation of the expiration of Mr. Landy's term of service as a director of NeuStar, the Board has determined that Mr. Schiff will replace Mr. Landy on the Audit Committee after Mr. Landy's successor is elected. The Board of Directors has determined that Mr. Schiff is independent, and will satisfy the heightened independence standards applicable to the members of the Audit Committee.

The report of the Audit Committee is included herein on page 26. A copy of the Audit Committee Charter is attached as Annex 1 to this proxy statement and is available on our website at www.neustar.biz, under the captions Investor Relations Corporate Governance Highlights Committee Charters. A free printed copy is available to any stockholder who requests it from the address on page 6.

The Nominating and Corporate Governance Committee

Under the terms of its Charter, the Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members, recommending to the Board director candidates for election at the annual meeting of shareholders, developing and recommending to the Board a set of corporate governance principles and undertaking a leadership role in shaping corporate governance. Specifically, the committee is responsible for:

Developing and recommending to the Board criteria for identifying and evaluating director candidates;

Identifying, reviewing the qualifications of, and recruiting candidates for election to the Board;

Assessing the contributions and independence of incumbent directors in determining whether to recommend them for reelection to the Board;

Establishing a procedure for the consideration of Board candidates recommended by the stockholders;

Recommending to the Board candidates for election or reelection to the Board at each annual stockholders meeting;

Recommending to the Board candidates to be elected by the Board as necessary to fill vacancies and newly created directorships;

Developing and recommending to the Board a set of corporate governance principles and reviewing and recommending changes to these principles, as necessary;

Making recommendations to the Board concerning the structure, composition and functioning of the Board and its committees;

Recommending to the Board candidates for appointment to Board committees and considering periodically rotating directors among the committees;

Reviewing and recommending to the Board retirement and other tenure policies for directors;

Reviewing directorships in other public companies held by or offered to directors and senior officers of the Company and consulting with the Company's Neutrality Committee regarding such directorships;

Reviewing and assessing the channels through which the Board receives information, and the quality and timeliness of information received;

Reviewing the Company's succession plans relating to the Chief Executive Officer and other senior officers;

Overseeing the annual evaluation of the Board and its committees;

Monitoring compliance by directors with the Company's neutrality guidelines;

Annually evaluating the performance of the Committee and the adequacy of the Committee's charter and recommending changes to the Board as appropriate.

The Nominating and Corporate Governance Committee has the authority to retain, at the Company's expense, such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions.

Because substantially all of our corporate governance policies were adopted by our full Board of Directors prior to our initial public offering, the Nominating and Corporate Governance Committee did not hold any meetings or take any actions by unanimous written consent during 2005. In connection with its recommendation of individuals for election to our Board of Directors at the Annual Meeting of Stockholders, the Nominating and Corporate Governance Committee initiated meetings in 2006.

The members of the Nominating and Corporate Governance Committee as of the date of this proxy statement are Messrs. Cullen, Landy and Schiff. The Board of Directors has determined that each of the members of the Nominating and Corporate Governance Committee is independent, as defined by the Company's director independence standards and the rules of the New York Stock Exchange.

A copy of the Nominating and Corporate Governance Committee Charter is available on our website at www.neustar.biz, under the captions Investor Relations Corporate Governance Highlights Committee Charters. A free printed copy is available to any stockholder who requests it from the address on page 6.

The Nominating and Corporate Governance Committee is responsible for recommending candidates for election to the Board and believes that candidates for director should have certain minimum qualifications, including the highest level of integrity, maturity of judgment based on a record of senior level experience, commitment to the vision of serving the interests of NeuStar's stockholders and the needs of NeuStar's customers by building NeuStar to be the world's leading provider of clearinghouse services that enable operability among service providers, and a reputation and background that demonstrate that NeuStar has a Board with a stature that is appropriate and consistent with NeuStar's long-term vision. Candidates must also have a commitment to devote the time necessary to be active on the Board and the desire and ability to work collegially and as a team with the Board and senior management. Pursuant to our Corporate Governance Principles, the Committee considers the number of other boards of public companies on which the candidate serves. Additionally, as part of the neutrality requirements to which we are subject under Federal Communications Commission rules and orders and our contracts to provide certain of our services, directors cannot be employees or directors of a telecommunications service provider (TSP) or own more than 5% of the common stock of a TSP.

The Committee believes that the Board, as a whole, should include members who collectively bring the following strengths and backgrounds to the Board:

experience as a Chairman and Chief Executive Officer of another company;

senior level experience in the communications industry generally (e.g., wireline, wireless, Internet service providers and providers of Internet protocol and other next-generation communications

services), or with companies that have transaction-based business models, media companies, and systems integration/systems technology companies,

experience with government and public policy;

geographic diversity, with representation from the United States, Asia and Europe; and

strengths in the functional areas of finance, corporate governance, financial statement auditing, business operations and strategic planning for communications companies, and mergers and acquisitions.

The Committee further aims to have gender and racial diversity on the Board.

The Nominating and Corporate Governance Committee uses a variety of methods to identify and evaluate nominees for director. Candidates may come to the attention of the Committee through current Board members, professional search firms (to whom we pay a fee), stockholders or other persons. The Committee evaluates candidates for the Board on the basis of the standards and qualifications set forth above, and seeks to achieve a diversity of strengths and backgrounds on the Board, particularly in the areas described above. Each of the nominees for director was identified by a professional search firm that was engaged by the Nominating and Corporate Governance Committee, which firm was working together with Jeffrey Ganek, our Chairman and CEO, and certain of our non-management directors.

The Nominating and Corporate Governance Committee currently retains a third party search firm to assist the Committee members in identifying and evaluating potential nominees for the Board. The Committee will consider candidates for director suggested by our shareholders, provided that the recommendations are made in accordance with the procedures required under our bylaws and described in this Proxy Statement under the heading **Requirements, Including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business of Stockholders**. Stockholder nominees whose nominations comply with these procedures and who meet the criteria outlined above, in the Committee's Charter, and in our Corporate Governance Principles, will be evaluated by the Corporate Governance Committee in the same manner as the Committee's nominees.

The Compensation Committee

Under the terms of its Charter, the Compensation Committee is to assist the Board of Directors in discharging its responsibilities relating to compensation of NeuStar's executive officers and to produce the annual report on executive compensation to be included in NeuStar's annual proxy statement. The Compensation Committee is specifically responsible for:

Overseeing the Company's overall compensation structure, policies and programs, and assessing whether the Company's compensation structure establishes appropriate incentives for management and employees.

Administering and making recommendations to the Board with respect to the Company's incentive-compensation and equity-based compensation plans.

Reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, evaluating the CEO's performance in light of those goals and objectives, and recommending the CEO's compensation level to the independent directors based on this evaluation.

Overseeing the evaluation of other executive officers and setting their compensation based upon the recommendation of the CEO.

Approving stock option and other stock incentive awards for executive officers.

Reviewing and approving the structure of other benefit plans pertaining to executive officers.

Reviewing and recommending employment and severance arrangements for executive officers, including change-in-control provisions, plans or agreements.

Approving, amending or modifying the terms of any compensation or benefit plan that does not require shareholder approval.

Monitoring compliance by executive officers and directors with the Company's stock ownership guidelines.

Reviewing the compensation of directors for service on the Board and its committees and recommending changes in compensation to the Board.

Annually evaluating the performance of the Committee and the adequacy of the Committee's charter and recommending changes to the Board as appropriate.

Performing such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

The Compensation Committee has the authority to retain, at NeuStar's expense, such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions.

The Compensation Committee met once and acted twice by unanimous written consent in 2005.

The members of the Compensation Committee as of the date of this proxy statement are Messrs. Landy and Schiff and Dr. Pickar. The Board of Directors has determined that each of the members of the Compensation Committee is independent, as defined by the Company's director independence standards and the rules of the New York Stock Exchange.

A copy of the Compensation Committee Charter is available on our website at www.neustar.biz, under the captions Investor Relations Corporate Governance Highlights Committee Charters. A free printed copy is available to any stockholder who requests it from the address on page 6.

The Neutrality Committee

Under Federal Communications Commission rules and orders and our contracts to provide certain of our services, we are required to comply with neutrality regulations and policies. We are examined periodically on our compliance with these requirements by independent third parties. The Neutrality Committee is responsible for receiving reports from the Company's Neutrality Officer with respect to his or her neutrality functions, reviewing the quarterly attestation reports of the accountants who perform the neutrality procedures, reviewing and approving, as necessary, specific corrective actions based on the findings of the accountants, and reviewing and approving any changes or amendments to the Company's Neutrality Compliance Procedures.