

NEUSTAR INC  
Form DEF 14A  
April 30, 2010

**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:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fees is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

Edgar Filing: NEUSTAR INC - Form DEF 14A

- o Fee previously paid with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

---

Fellow Stockholders:

We are pleased to invite you to attend the 2010 Annual Meeting of Stockholders of Neustar, Inc. to be held on Wednesday, June 23, 2010 at 5:00 p.m. local time, at the Hyatt Regency Reston, located at 1800 Presidents Street, Reston, Virginia 20190.

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 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 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 of and continued interest in Neustar.

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 23, 2010**

- Time and Date** 5:00 p.m. (local time) on June 23, 2010.
- Place** The Hyatt Regency Reston, located at 1800 Presidents Street, Reston, Virginia 20190.
- Items of Business**
1. Elect the three directors named in the proxy statement to the Board of Directors to hold office until our Annual Meeting of Stockholders in 2013 and until their respective successors have been elected or appointed;
  2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2010; and
  3. Transact any other business that may properly come before the Meeting or any adjournment or postponement of the Meeting.
- Adjournments and Postponements** Any action on the items of business described above may be considered at the Meeting at the time and on the date specified above or at any time and date to which the 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 26, 2010.
- Voting** Your vote is very important. Whether or not you plan to attend the 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 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.

By order of the Board of Directors,

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

Edgar Filing: NEUSTAR INC - Form DEF 14A

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting of Stockholders to Be Held on June 23, 2010.**

**This 2010 Proxy Statement and 2009 Annual Report are available  
at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=25439>.**

---

**TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS</u>	1
<u>GOVERNANCE OF THE COMPANY</u>	6
<u>Our Principles of Corporate Governance</u>	6
<u>Board Leadership</u>	7
<u>Director Independence</u>	8
<u>Director Resignation Policy</u>	9
<u>Board and Committee Membership</u>	9
<u>Risk Oversight</u>	14
<u>Communications with Directors</u>	15
<u>Code of Business Conduct</u>	15
<u>Compensation Committee Interlocks and Insider Participation</u>	15
<u>COMPENSATION DISCUSSION &amp; ANALYSIS</u>	16
<u>COMPENSATION COMMITTEE REPORT</u>	26
<u>EXECUTIVE COMPENSATION TABLES AND DISCUSSION</u>	27
<u>2009 DIRECTOR COMPENSATION</u>	40
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	42
<u>BENEFICIAL OWNERSHIP OF SHARES OF COMMON STOCK</u>	43
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	44
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	45
<u>PROPOSALS REQUIRING YOUR VOTE</u>	45
<u>ITEM 1 Election of Directors</u>	45
<u>BOARD OF DIRECTORS</u>	46
<u>EXECUTIVE OFFICERS AND MANAGEMENT</u>	50
<u>ITEM 2 Ratification of Independent Registered Public Accounting Firm</u>	51
<u>Audit and Non-Audit Fees</u>	51
<u>Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm</u>	52
<u>Audit Committee Report</u>	52
<u>REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS, NOMINATION OF DIRECTORS AND OTHER BUSINESS OF STOCKHOLDERS</u>	53

**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 2010 Annual Meeting of Stockholders and at any adjournment or postponement that may take place. Unless the context otherwise requires, the terms us, we, our, Neustar, and the Company include NeuStar, Inc. and its consolidated subsidiaries.

You are invited to attend our Annual Meeting of Stockholders on Wednesday, June 23, 2010, beginning at 5:00 p.m. local time (the Meeting). The Meeting will be held at the Hyatt Regency Reston, located at 1800 Presidents Street, Reston, Virginia 20190.

This Notice of Annual Meeting of Stockholders, proxy statement, form of proxy and voting instructions and our 2009 Annual Report are first being mailed starting on or around May 7, 2010.

**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: Corporate Secretary  
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 26, 2010 (the Record Date) are entitled to receive this Notice and to vote their shares at the Meeting. As of the Record Date, there were 74,972,838 shares of Class A common stock outstanding and entitled to vote and 3,082 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 2009 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 2009 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***

To vote by mail, please 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](http://www.voteproxy.com). Please have your proxy card in hand 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 22, 2010.

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 need 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 Corporate 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 26, 2010, 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 broker, 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. Additional copies of this Notice of Annual Meeting of Stockholders and proxy statement will be sent promptly after receipt of your request.

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 Corporate Secretary of the Company.

**How can I vote on each of the matters?**

In the election of directors (Item 1), 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 (Item 2), 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 for each of the proposals?**

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.

The election of directors (Item 1) is non-discretionary, and brokers who hold shares for the accounts of their clients and who have not received instructions from their clients do not have discretion to vote on this item. If you are a beneficial owner, your bank, broker or other nominee is permitted to vote your shares on the ratification of Ernst & Young LLP as our independent registered public accounting firm (Item 2) even if the bank or broker does not receive voting instructions from you.

A plurality of the votes cast is required for the election of directors. 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. As discussed under Director Resignation Policy below, our Board of Directors has adopted a policy providing that in any uncontested election of directors, any director nominee who receives a greater number of votes withheld from his or her election than votes for such election shall tender his or her resignation to the Board within 30 days of certification of the stockholder vote.

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 (Item 2). 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 2010).

#### **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 at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=25439>. 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:* If you vote on the Internet at [www.voteproxy.com](http://www.voteproxy.com), simply follow the prompts for enrolling in the electronic proxy delivery service. You also may enroll in the electronic proxy delivery service at any time in the future by going directly to [www.amstock.com](http://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 or 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.

**How may I obtain Neustar's Form 10-K and other financial information?**

A copy of our 2009 Annual Report, which includes our 2009 Form 10-K, has been sent with our Notice of Annual Meeting and Proxy Statement.

**Stockholders may request another free copy of our 2009 Annual Report, which includes our 2009 Form 10-K, from:**

**Neustar, Inc.  
Attn: Corporate Secretary  
46000 Center Oak Plaza  
Sterling, VA 20166**

**Alternatively, current and prospective investors can access the 2009 Annual Report, which includes our 2009 Form 10-K, and other financial information on our website at *www.neustar.biz* under the caption Investor Relations or on the Securities and Exchange Commission's website at *www.sec.gov*.**

We also will furnish any exhibit to the 2009 Form 10-K if specifically requested upon payment of charges that approximate our cost of reproduction.

## 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 regularly reviews the principles and recommends changes to the Board of Directors as appropriate. Our Principles of Corporate Governance (the Principles ) are available on our website at [www.neustar.biz](http://www.neustar.biz) under the captions Investor Relations Principles. A free printed copy is available to any stockholder who requests it from us at the address on page 5.

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 stockholders, oversees the management of the Company and its business. The Board appoints the senior management team, which is responsible for operating the Company's business, and monitors the performance of senior management.

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 ( CEO ). The Board may in its discretion separate the roles if it deems it advisable and in the Company's best interests to do so. The Board selects an independent lead director on an annual basis. The Board's leadership structure is discussed in more detail under Board Leadership below.

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 four 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.

Unless otherwise approved by the Nominating and Corporate Governance Committee, directors may not stand for reelection after age 72.

The Chairman and CEO, in consultation with the lead director, 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 lead director chairs these executive sessions.

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, including the position of Chairman and CEO.

The Compensation Committee is responsible for reviewing and approving 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 review and approval. Both the goals and the evaluation are submitted to 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 Nominating and Corporate Governance Committee is responsible for developing, administering and overseeing processes for conducting evaluations.

## **Board Leadership**

Jeffrey Ganek currently serves as both our Chairman and CEO, a structure that has served the Company well for many years. Mr. Ganek's combined role promotes unified leadership and direction for the Company, and it allows for a single, clear focus for management to execute the Company's strategic initiatives and business plans. It also results in a single leader being directly accountable to the Board, and through the Board to stockholders.

The Board believes that strong, independent Board oversight is a critical aspect of effective corporate governance. For this reason, the Board (other than Mr. Ganek) is composed entirely of independent directors, who meet regularly in executive session without management present. In addition, the Board has established the position of lead independent director, with the following roles and responsibilities:

presiding at meetings of the Board where Mr. Ganek is not present, including chairing regular executive sessions of the independent directors;

having the authority to call executive sessions of the independent directors;

serving as a liaison between Mr. Ganek and the other independent directors; and

advising Mr. Ganek on Board agendas, schedules, and the flow of information sent to the Board.

The Board believes that a single leader serving as Chairman and CEO, together with an experienced and engaged lead independent director, is the most appropriate structure for the Board at this time. However, the Board regularly reviews Board and Company leadership as part of the succession planning process and retains authority to

separate the roles of Chairman and CEO in the future, based on the needs and circumstances of the Company at the time.

### **Director Independence**

Our Principles of Corporate Governance include the following provisions concerning director independence:

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. Specifically, an independent director is a director who has no material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company.

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 has established standards to assist it in determining director independence. Under these standards, which are included as Appendix A to the Principles of Corporate Governance, a director is not independent if, within the preceding three years:

the director was employed by the Company, or an immediate family member of the director was employed by the Company as an executive officer;

the director or an immediate family member received more than \$120,000 per year in direct compensation from the Company, other than Board and committee fees, pensions or other forms of deferred compensation;

the director or an immediate family member had specified employment relationships with the Company's independent auditor; or

the director or an immediate family member was part of an interlocking directorate in which the director or family member was employed as an executive officer of another company where any of the Company's executive officers served on the compensation committee.

In addition, a director is not independent if the director is an employee, or an immediate family member is an executive officer, of a company that made payments to, or received payments from, the Company in excess of specified amounts during the preceding three years.

Finally, a director is not independent if the director or the director's spouse is an executive officer of a nonprofit organization to which the Company made contributions in excess of specified amounts during the preceding three years.

The Board undertook its annual review of director independence in February 2010. Based on the standards set forth in our Principles of Corporate Governance and outlined above, the Board affirmatively determined that current directors Gareth C. C. Chang, James G. Cullen, Joel P. Friedman, Ross K. Ireland, Paul A. Lacouture, Kenneth A. Pickar, Michael J. Rowny, and Hellene S. Runtagh are independent. The Board determined that Jeffrey E. Ganek is not independent as a result of his employment with the Company. In evaluating Mr. Lacouture's independence, the Board considered that Mr. Lacouture's son-in-law is a non-executive employee of a customer of the Company, and that Mr. Lacouture has continuing financial ties stemming from his own former employment with that customer. The

Board determined that these relationships were not material and did not preclude independence under the standards outlined above.

All members of the Audit, Compensation, and Nominating and Corporate Governance Committees must be independent directors as defined by our Principles of Corporate Governance. Members of the Audit Committee must also satisfy additional, heightened independence requirements under Securities and Exchange Commission and New York Stock Exchange rules, which provide that Audit Committee members may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company (other than Board and committee fees, pensions or other forms of deferred compensation) and may not be affiliated persons of the Company.

## Director Resignation Policy

The Board has a policy providing that in any uncontested election of directors, any director nominee who receives a greater number of votes withheld from his or her election than votes for such election shall tender his or her resignation to the Board within 30 days of certification of the stockholder vote.

In deciding whether to accept the resignation, the Board will consider all factors deemed relevant, including the stated reasons why stockholders who cast withhold votes did so, any actions taken to address those stated reasons, the qualifications of the director, and whether the director's resignation from the Board would be in the best interests of the Company and its stockholders. Only the independent directors, excluding the nominee in question, will decide the nominee's status.

The Board will reach its decision within 90 days of certification of the stockholder vote and will promptly disclose its final decision, together with a full explanation of the process and the reasons for rejecting the tendered resignation, if applicable, in a Form 8-K furnished to the Securities and Exchange Commission. If the Board accepts a director's resignation under the policy, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill such vacancy or reduce the size of the Board.

## Board and Committee Membership

Our Board of Directors currently has nine seats, divided into three classes: Class I (three seats), Class II (three seats) and Class III (three seats).

The Board of Directors met 11 times during 2009. During 2009, each of our directors attended 75% or more of the aggregate of (a) the total number of meetings of the Board of Directors held while a director and (b) the total number of meetings held by all committees on which the director served (during the period in which the director served on such committees). Our Board has adopted a policy that our directors are expected and strongly encouraged to attend each Annual Meeting of Stockholders absent compelling circumstances. All of our directors then on the Board attended our 2009 Annual Meeting of Stockholders.

The table below provides the current membership information for the Board of Directors and each standing committee of the Board.

Name	Position	Year Current Term Expires	Audit Committee Member	Compensation Committee Member	Neutrality Committee Member	Nominating and Corporate Governance Committee Member
Mr. Chang	Class III director	2010		X		
Mr. Cullen	Class I director	2011	X*			X
Mr. Friedman	Class I director	2011		X*		
Mr. Ganek	Class III director	2010			X	
Mr. Ireland	Class II director	2012		X	X	
Mr. Lacouture	Class II director	2012	X			

Edgar Filing: NEUSTAR INC - Form DEF 14A

Dr. Pickar	Class I director	2011		X	X*	
Mr. Rowny	Class II director	2012	X			X
Ms. Runtagh	Class III director	2010	X			X*

\* Chair

***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 our management, our principal internal auditor, our independent registered public accounting firm (independent auditors), and our 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 the Company and the audits of our financial statements and internal control over financial reporting, including the integrity of the financial statements; our compliance with legal and regulatory authority requirements; the independent auditors' qualifications and independence; the performance of our internal audit function and independent auditors; and the preparation of a report of the Audit Committee to be included in our 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;

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 audit 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;



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; and

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 12 times during 2009.

The members of the Audit Committee as of the date of this proxy statement are Messrs. Cullen (Chair), Lacouture and Rowny and Ms. Runtagh.

The Board of Directors has determined that each of the members of the Audit Committee 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, that each such member also meets the heightened standards for Audit Committee independence described under the heading "Director Independence" above, and that each of Messrs. Cullen and Rowny is an "audit committee financial expert" as defined by the Securities and Exchange Commission.

The report of the Audit Committee is included on page 52. A copy of the Audit Committee Charter is available on our website at [www.neustar.biz](http://www.neustar.biz), under the captions "Investor Relations" "Committee Composition". A free printed copy is available to any stockholder who requests it from us at the address on page 5.

### ***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 stockholders, 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 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 and management;

reviewing the governance structure of the Company;

assisting the Board in evaluating and overseeing the management of governance-related risk;

reviewing external developments in corporate governance matters; and

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. The Committee has sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.

The Nominating and Corporate Governance Committee met six times during 2009.

The members of the Nominating and Corporate Governance Committee as of the date of this proxy statement are Ms. Runtagh (Chair) and Messrs. Cullen and Rowny.

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](http://www.neustar.biz), under the captions "Investor Relations" "Committee Composition". A free printed copy is available to any stockholder who requests it from us at the address on page 5.

The Nominating and Corporate Governance Committee is responsible for recommending candidates for election to the Board and believes that director candidates should have certain minimum qualifications, including the highest level of integrity, maturity of judgment based on a record of senior-level experience, commitment to serving the interests of our stockholders, and a reputation and background that demonstrate that Neustar has a Board with experience that is appropriate and consistent with our 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 Principles of Corporate Governance, the Committee considers the number of other boards 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 certain of our contracts, directors cannot be employees or directors of a telecommunications service provider ( "TSP" ) or own more than 5% of the voting 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.

While the Nominating and Corporate Governance Committee has not adopted a formal policy with regard to diversity, the Committee seeks to achieve a diversity of strengths and backgrounds on the Board, particularly in the areas described above. The Committee further aims to have gender and racial diversity on the Board. The Committee believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with our goal of maintaining a Board that best serves the needs of the Company and the interests of our stockholders.

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 and former Board members, management, 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. Additional information about the skills and qualifications of our current directors is set forth on pages 46-49.

The Nominating and Corporate Governance Committee has in the past retained, and may in the future retain, a third-party search firm to assist the Committee in identifying and evaluating potential nominees for the Board. The Committee will also consider candidates for director recommended by our stockholders. Any stockholder recommendations proposed for consideration by the Committee should include the candidate's name and qualifications for Board membership and should be addressed to the Nominating and Corporate Governance Committee, care of our Corporate Secretary, at Neustar, Inc., 46000 Center Oak Plaza, Sterling, VA 20166. Properly submitted candidates who meet the criteria outlined above will be evaluated by the Committee in the same manner as candidates recommended by other sources.

In addition, our bylaws permit stockholders to nominate individuals for election at annual stockholder meetings and to solicit proxies in favor of such nominees. The process for nominating directors in accordance with our bylaws is discussed below under the heading *Requirements, Including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business of Stockholders*.

### ***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 our executive officers and to produce the annual report on executive compensation to be included in our proxy statement. The Compensation Committee is specifically responsible for:

- overseeing the Company's overall compensation structure, policies and programs, and assessing whether that structure establishes appropriate incentives for management and employees;

- assisting the Board in evaluating and overseeing the management of compensation-related risk;

- 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;

approving, amending or modifying the terms of any compensation or benefit plan that does not require stockholder approval;

monitoring compliance by executive officers and directors with stock ownership guidelines adopted by the Company;

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; and

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 14 times in 2009.

The members of the Compensation Committee as of the date of this proxy statement are Messrs. Friedman (Chair), Chang and Ireland 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.

Additional information regarding the processes and procedures of the Compensation Committee, the scope of the Committee's authority, and the role of executive officers and compensation consultants in determining or recommending compensation is set forth below under the heading "Compensation Discussion & Analysis."

A copy of the Compensation Committee Charter is available on our website at [www.neustar.biz](http://www.neustar.biz), under the captions "Investor Relations" and "Committee Composition." A free printed copy is available to any stockholder who requests it from us at the address on page 5.

### ***The Neutrality Committee***

Under Federal Communications Commission rules and orders and certain of our contracts, 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.

The members of the Neutrality Committee as of the date of this proxy statement are Dr. Pickar (Chair) and Messrs. Ganek and Ireland. The Neutrality Committee met four times during 2009.

### ***Executive Sessions***

Neustar's independent directors meet in executive session without management present at least quarterly. The lead director, currently James G. Cullen, chairs these executive sessions.

### **Risk Oversight**



Enterprise Risk Management, or ERM, is a company-wide initiative that involves identifying, assessing and managing risks that could affect our ability to meet business objectives or execute our corporate strategy. As part of our ERM process, the Board receives regular reports from management on a broad range of potential risks (including operational, financial, legal and regulatory, human capital, and strategic and reputational risks) and the steps management is taking to manage those risks.

While the full Board has general oversight responsibility for ERM, the Board has allocated and delegated certain responsibilities to its committees. Consistent with New York Stock Exchange rules, the Audit Committee reviews and discusses with management and our independent auditors the Company's major risk exposures and the steps management has taken to monitor and control such exposure. The Audit Committee also discusses guidelines

and policies governing the ERM process. In addition, the Compensation Committee and the Nominating and Corporate Governance Committee receive reports from management and assist the Board in evaluating risks within their purview, as set forth in their charters. When a committee receives a report on material risk, the chair of the relevant committee reports on the discussion at the next full Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

The Board's allocation of risk oversight responsibility, and our overall ERM process, may change from time to time based on the evolving needs of the Company.

### **Communications with Directors**

Stockholders and other interested parties may communicate with the Board of Directors by writing c/o the Corporate Secretary, Neustar, Inc., 46000 Center Oak Plaza, Sterling, Virginia 20166. Communications intended for a specific director or directors, including the lead director or the independent directors as a group, should be addressed to the attention of the relevant individual(s) c/o the Corporate Secretary at the same address. Our 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 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 Corporate Secretary that is intended for the Board and request copies of any such correspondence.

In addition, the Audit Committee of our Board 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 (888) 396-9033, by email to the Audit Committee at [CorporateCode@neustar.biz](mailto:CorporateCode@neustar.biz), or through a confidential web form, available at [www.neustar.biz](http://www.neustar.biz) under the captions Investor Relations Contact the Board. To the extent permitted by applicable law, concerns may be submitted anonymously and confidentially.

### **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 contractors providing services to or on behalf of the Company.

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, and protecting the Company's information and information regarding other companies. All directors, officers, employees and contractors are obligated to report violations and suspected violations of the Code in accordance with the reporting procedures described in the Code.

Our Corporate Code of Business Conduct is available on our website at [www.neustar.biz](http://www.neustar.biz) under the captions Investor Relations Code of Conduct. A free printed copy is available to any stockholder who requests it from the address on page 5.

### **Compensation Committee Interlocks and Insider Participation**

The current members of our Compensation Committee, who also served as members of the Committee in 2009, are Messrs. Chang, Friedman and Ireland and Dr. Pickar. No member of the Compensation Committee has been an officer or employee of Neustar or any of our subsidiaries at any time. None of our executive officers serves as a member of the board of directors or compensation committee of any other company that has one or more executive officers

serving as a member of our Board or our Compensation Committee.

## COMPENSATION DISCUSSION & ANALYSIS

### Overview

#### *Executive Compensation Programs*

Our executive compensation programs are designed to create value for our stockholders by supporting the achievement of our business and financial objectives. To this end, we have formulated our programs for executives (including our named executive officers, as defined below) to reward superior financial and operating performance, to align executives' interests with those of our stockholders, and to encourage talented individuals to join and remain with the Company and contribute to our growth and success.

Our executive compensation programs are intended to be both competitive and fair. In determining the types and amount of compensation for each executive, we focus on the executive's performance and potential, level of responsibility, and current compensation and stock ownership levels, as well as our retention needs and competitive practice. The material elements of our executive compensation programs consist of base salary, annual cash incentive compensation, and equity awards.

#### *2009 Named Executive Officers*

Our named executive officers for 2009 are our Chief Executive Officer, Jeffrey Ganek; our Chief Financial Officer, Paul Lalljie; our former Chief Financial Officer, Jeffrey Babka; our President and Chief Operating Officer, Lisa Hook; our Chief Strategy Officer, John Dziak; and our Chief Technology Officer, Eric Burger. Except where noted below, our analysis of named executive officer compensation for 2009 excludes Mr. Babka, who stepped down as our Chief Financial Officer in January 2009.

#### *2009 Performance and Compensation*

Despite uncertain and challenging economic conditions, the Company achieved solid profitability and cash generation in 2009 against essentially flat revenue growth over 2008. In January 2009, the Company amended its contracts to provide number portability administration services in the United States. Although this amendment contemplated a revenue decline of approximately \$29 million in 2009, it allowed for growth through innovation, especially in the world of Internet Protocol, and gave us enhanced visibility and reliability for a substantial portion of our revenue through mid-2015. Given our contract changes and the economic conditions, our focus in 2009 was on improving sales efficiency, managing expenses, and aligning costs with revenue to deliver strong profits and cash generation.

(The Company's financial results for 2009 are discussed in more detail in the Management's Discussion & Analysis section of our Annual Report on Form 10-K for 2009, as filed with the SEC.)

Overall, we believe the compensation paid to our named executive officers for 2009 was fair and consistent with our pay-for-performance philosophy. Through strong execution, including service and sales expansion and cost management efforts, the Company exceeded its revenue and profitability goals for 2009, and our executives received commensurate awards under our annual cash incentive plan. On the other hand, our executives received no payout on the performance share units granted to them for the 2007-2009 performance period, as our cumulative financial results were lower than expected when goals were set in 2007, due to revenue shortfalls in certain parts of our business and our amended number portability contracts. Additionally, many of our executives' stock options remained underwater in 2009, meaning the option exercise price was greater than the market price. As a result, actual compensation for our

executives over the longer term lagged behind reported target (grant date) values.

For 2010 and beyond, our focus will remain on pay-for-performance, and we intend to continue linking a significant portion of executive pay to achievement of longer-term financial objectives.

## **Compensation Objectives**

### ***Performance***

The primary objective of our compensation programs is to motivate and reward superior performance. Elements of executive compensation that depend upon performance include:

annual cash incentive compensation, which is based on the achievement of predetermined business and financial objectives; and

equity compensation, which is designed to motivate our executives to enhance stockholder value and achieve longer-term Company financial objectives.

We have attempted, and will seek in the future, to remain flexible as to the form of equity compensation that we use. Our equity awards have included stock options, restricted stock and performance share units.

### ***Alignment of Interests***

We seek to align the interests of our executives with those of our stockholders. Elements of compensation that align executive and stockholder interests include:

annual cash incentive compensation, which focuses on key financial measurements that drive stockholder value; and

equity compensation, which links a significant portion of compensation to stock price appreciation and, in the case of performance share units, to meeting longer-term Company financial objectives linked to stockholder value creation.

As discussed below, we have also adopted management stock ownership guidelines and equity award clawbacks to align executives' interests more closely with those of our stockholders.

### ***Retention***

Our executive compensation programs are designed to help us attract and retain key management talent. Elements of compensation that encourage our executives to maintain a long-term commitment to Neustar include:

option and restricted stock awards, which generally vest over three or four years; and

performance share unit awards, which generally vest after three years if cumulative financial goals are achieved.

## **Implementing Compensation Objectives**

### ***Determining Compensation***

In making compensation decisions, we review the performance of the Company and each executive. We also consider the executive's level of responsibility, the importance of the executive's role in achieving our corporate objectives, and the executive's long-term potential, while taking into account his or her current compensation, realized and unrealized equity gains and stock ownership levels, and our stock selling guidelines for executives. Finally, we weigh

competitive practice, relevant business and organizational changes, retention needs and internal pay equity. Specific factors that affect compensation decisions for our named executive officers include:

financial and operating measurements such as revenue growth, earnings and operating margins;

strategic objectives such as acquisitions, divestitures, global expansion, diversification and innovation;

achieving specific operational goals, such as improved productivity and customer service, for the Company or the executive's functional area; and

individual objectives, including goals relating to leadership and development, risk management and succession planning.

In order to attract and retain the best management talent, we believe we must provide a total compensation package that is competitive relative to our peers. For this purpose, we consider compensation surveys conducted by Radford, a nationally recognized consulting firm, with a focus on surveys of companies in the technology/communications business service sector that have revenues comparable to ours.

In addition to the survey data described above, we consider the practices of specific companies that we have identified as our peers. These public companies are selected annually by the Compensation Committee on the basis of industry (technology), similar business models and comparable financials (including revenues, profitability, market capitalization and growth profiles). For 2009, these companies were:

Akamai Technologies, Inc.

Crown Castle International Corp.

Equinix, Inc.

Informatica Corp.

NTELOS Holdings Corp.

Red Hat, Inc.

SAVVIS, Inc.

Ansys Technologies Inc.

Dolby Laboratories, Inc.

FactSet Research Systems Inc.

MEMC Electronic Materials, Inc.

Polycom, Inc.

Salesforce.com, Inc.

SBA Communications Corp.

In developing this list, the Compensation Committee focused on companies meeting at least two of the following four financial criteria: revenues ranging from \$250 million to \$1 billion; five-year projected revenue growth (compounded annual growth rate, or CAGR) of at least 20%; earnings before interest, taxes, depreciation and amortization ( EBITDA ) margin of at least 40%; and market capitalization ranging from \$1 billion to \$5 billion. The peer group for 2009 consisted of eight companies that were used for benchmarking purposes in 2008 and six additional companies that met the above criteria. At the time the Compensation Committee evaluated the 2009 peer group, Neustar's revenue approximated the 25<sup>th</sup> percentile of the peer group, EBITDA margin and market capitalization approximated the median of the peer group, and five-year revenue growth was between the median and 75<sup>th</sup> percentile of the peer group.

After reviewing the survey and peer group data described above, we determine the approximate range within which to target total direct compensation for our executives. Within any range, we incorporate flexibility to respond to and adjust for the evolving business environment and our specific hiring and retention needs. For 2009, excluding Mr. Lalljie's Interim CFO compensation arrangement and the special new-hire equity awards described under

Compensation of the Named Executive Officers below, we set overall target total direct compensation for our executives to fall between the median and 75<sup>th</sup> percentile of competitive practice, in recognition of the high degree of difficulty associated with meeting our financial and strategic objectives, our aggressive revenue and earnings targets, and our higher than peer group reliance on performance-based compensation. As described below, individual levels may vary from the targeted competitive position based on factors such as individual performance, executive responsibilities relative to benchmark position responsibilities, skill set and experience, and tenure in a particular position.

Our compensation programs are designed to strike a balance between cash and equity and between annual and long-term incentives that the Compensation Committee considers appropriate. Our mix of compensation elements is designed to reward near-term results (in the form of annual cash incentive compensation) and motivate long-term performance (in the form of equity awards that vest over multi-year periods and which are based, in the case of performance share units, on the achievement of Company financial objectives). For 2009, approximately one-half to three-fourths of total target compensation for our named executive officers was composed of long-term equity compensation, with the balance being primarily base salary and annual cash incentive compensation.



***Role of Compensation Committee and Management***

The Compensation Committee has primary responsibility for overseeing the design and implementation of our executive compensation programs. The Compensation Committee, with input from the other independent directors, evaluates the performance of the CEO. The Compensation Committee then recommends CEO compensation to the independent directors for approval. The CEO and the Compensation Committee together review the performance of our other executive officers and determine their compensation based on recommendations from the CEO and the

Senior Vice President, Human Resources. The CEO, CFO and Senior Vice President, Human Resources also provide information and recommendations to the Compensation Committee regarding Company financial targets under our annual incentive plan and our performance share unit awards, and the cost and dilutive implications of the executive compensation program. The other named executive officers do not play a role in their own individual compensation determinations, other than discussing individual performance objectives with the CEO.

As part of its responsibility for overseeing our compensation programs, the Compensation Committee assists management and the Board of Directors in evaluating risks arising from our compensation policies and practices. The Committee believes that our compensation programs are designed with an appropriate balance of risk and reward in relation to the Company's overall business strategy and do not incent executives to take unnecessary or excessive risks. Among the program attributes that discourage inappropriate risk-taking are:

- the balance between annual and long-term compensation, including that a significant portion of target compensation for our executives is delivered in the form of equity incentives that vest over several years;

- the Committee's ability to modify annual cash incentives to reflect the quality of earnings, individual performance, and other factors that it believes should influence compensation;

- the equity program's focus on longer-term operating performance as well as stock price appreciation;

- equity award clawback provisions, which serve as a deterrent to activities that could harm the Company; and

- our stock ownership guidelines, which encourage a longer-term perspective and align the interests of executives with other stockholders.

Risk oversight is discussed in more detail on page 14.

### ***Role of Compensation Consultants***

The Compensation Committee has retained Frederic W. Cook & Co., Inc. to review market trends and advise the Committee regarding executive compensation. Representatives from Cook are responsible for preparing and reviewing Committee materials, attending Committee meetings, assisting the Committee with program design, and generally providing advice and counsel to the Committee and the Senior Vice President, Human Resources as compensation issues arise. The Committee also looks to Cook for assistance in assessing the competitiveness of our executive compensation programs. In 2009, Cook provided additional guidance to the Committee regarding the design of our 2009 Stock Incentive Plan.

Cook reports directly to the Committee, although the Committee has instructed Cook to work with management to compile information and gain an understanding of the Company and any issues for consideration by the Committee. Cook did not receive professional fees from Neustar in 2009 other than in connection with advising the Committee on executive compensation matters and the 2009 Stock Incentive Plan, as described above.

### ***Equity Grant Process and Clawbacks***

All equity grants to our employees, including our named executive officers, are approved by the Compensation Committee. The Committee grants equity awards on an annual basis to employees at an appropriate level of seniority within the Company whose performance and potential contributions warrant such consideration. New hires at this level of seniority are generally granted equity awards upon or shortly after hire. On occasion, special retention and recognition grants are made to individuals deemed critical to retain, difficult to replace or high-potential employees.

The exercise price of each stock option awarded to our employees is the closing price of our common stock on the date of grant. If the Committee meets after the release of our quarterly or annual earnings information, the grant date is set as the date of the meeting. If the Committee meets prior to the release of earnings information, the Committee designates a grant date that is several days after the release of earnings information, in order to allow for dissemination of earnings information to the public.

All grants to executives under our 2009 Stock Incentive Plan, and all grants to executives in 2007, 2008 and 2009 under our prior stock incentive plan, include provisions under which the Company can claw back shares (or the value thereof) in the event that an executive engages in activity detrimental to the Company. Detrimental activity is defined to include dishonesty, fraud and willful misconduct as well as violation of certain non-compete, non-solicit, confidentiality and other obligations set forth in grant agreements.

### ***Stock Ownership Guidelines***

The Compensation Committee adopted stock ownership guidelines for executives effective January 1, 2008. The guidelines are designed to increase executives' equity stakes in the Company and to align executives' interests more closely with those of our stockholders. The guidelines provide that, within five years, the CEO should attain an investment position in Neustar stock equal to at least four times his base salary, the President and COO should attain an investment position equal to at least three times her base salary, and all other executive officers should attain an investment position equal to at least two times their base salary. The number of shares needed to be owned is calculated annually based on the executive's salary and an average of the prior year's quarter-end closing stock prices.

Shares counted toward meeting the guidelines include shares owned outright by the executive or his or her spouse, including shares acquired upon the exercise of stock options and shares delivered upon vesting of restricted stock; performance shares earned by the executive; deferred stock units; shares held in trust that are included in the executive's ownership reports filed with the SEC; and shares held in the executive's retirement accounts. Unexercised stock options and unvested restricted stock or performance share units do not count toward meeting the guidelines.

Under the guidelines, each executive is expected to retain a percentage of the shares received from the Company's equity compensation program (for example, upon the exercise of options, vesting of restricted stock, or receipt of shares under performance-based awards) until his or her expected ownership level is achieved. For the CEO, this retention ratio is 100%; for the President and COO, the retention ratio is 75%; and for all other executive officers, the retention ratio is 50%. The retention ratios only apply to equity awards granted on or after January 1, 2007.

As of January 1, 2010, Mr. Ganek met his expected ownership level under the guidelines. Our other executive officers are expected to meet their ownership levels by the later of January 1, 2013 or five years after becoming covered by the guidelines, and are making progress toward meeting the guidelines.

### ***Management Stock Selling Guidelines***

Each year, our Nominating and Corporate Governance Committee and Board of Directors adopt a policy governing sales of Neustar stock by our executives. Like the stock ownership guidelines, the stock selling guidelines are intended to align the interests of executives with those of our stockholders by requiring the executives to retain a meaningful percentage of their equity holdings in the Company. The Compensation Committee considers the impact of the stock selling guidelines, together with realized and unrealized equity gains, when evaluating retention needs and executive compensation generally.

### **Elements Used to Achieve Compensation Objectives**

#### ***Base Salary***

Base salaries are intended to be commensurate with each executive's position and level of responsibility. Decisions regarding salary levels also take into account the executive's current salary, the amounts paid to his or her peers within and outside the Company, and our obligations under existing employment agreements.

Base salaries are evaluated annually or as necessary in response to organizational or business changes. Although salaries are considered annually, they are not automatically increased if the Compensation Committee (or the independent directors, in the case of the CEO) believes that they are at appropriate levels or that other elements of compensation deserve greater weight in light of our stated objectives. This is consistent with our goal of offering competitive compensation that is tied to the achievement of our performance objectives.

Base salaries paid to the named executive officers in 2009 are discussed below and shown in the Summary Compensation Table on page 27. In 2009, we set base salaries for the named executive officers (other than Ms. Hook and Mr. Dziak) to fall between the median and 75<sup>th</sup> percentile of competitive practice. This competitive positioning is consistent with our targeted competitive positioning of median to 75<sup>th</sup> percentile and reflects consideration of existing salary levels and executive responsibilities, skill set and experience. Ms. Hook's and Mr. Dziak's base salaries for 2009 were set above the 75<sup>th</sup> percentile, reflecting consideration of their skill sets, experience and compensation levels with previous employers.

### ***Cash Incentive Compensation***

Annual cash incentive awards provide an inducement for achieving short-term or annual performance goals that we consider to be important contributors to stockholder value. At the beginning of each year, the Compensation Committee (with the input of the other independent directors) establishes the performance goals and targets applicable under the relevant incentive plan for awards that our executives are eligible to earn for the year. The Committee does this through a two-step process that is designed to meet the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code.

First, the Committee establishes a maximum award (or cap) for each executive under our tax-compliant Performance Achievement Reward (PAR) Plan. In 2009, the caps were based on a percentage of Company EBITDA. Second, the Committee considers the business and financial objectives upon which it intends to measure performance and calculate actual payouts to executives, subject to the caps. For 2009, these objectives included corporate, departmental and individual goals (described under Compensation of the Named Executive Officers Cash Incentive Compensation below).

After the end of the fiscal year, the Compensation Committee reviews our full-year results against the performance goals previously established for the year. The Committee then determines individual payouts, again in two steps. First, the Committee calculates the maximum amount that could be paid to each executive under the PAR Plan formula. Second, the Committee (and the independent directors, in the case of the CEO) determines the extent to which corporate, departmental and individual performance goals for the year were met and approves an appropriate payout for each executive. Payouts are generally made in February or early March following the performance year.

The cash incentive compensation paid to the named executive officers for 2009 is discussed below and shown in the Summary Compensation Table on page 27.

### ***Equity Compensation***

Our equity compensation programs are designed to reward contributions to our financial and operational success, motivate future performance, align the interests of our executives with those of our stockholders, and retain key executives through the term of the awards. When making annual equity grant decisions, we consider competitive market data as well as market practice regarding the types of equity to grant. When making special retention and promotion grants, we also consider the value of existing grants and vesting profiles.

Our equity awards have included stock options, performance share units and restricted stock. In 2009, stock options and performance share units were awarded as part of our annual equity compensation program. Restricted stock was used for new hires and to address specific retention and recognition needs. As discussed above, we have attempted, and will seek in the future, to remain flexible as to the form of equity compensation that we use so that we can properly motivate our executives to enhance stockholder value and achieve specific Company objectives.

When determining the appropriate mix of equity grants, we weigh the dilutive impact and cost of these grants (determined in accordance with Statement of Financial Accounting Standards, or SFAS, No. 123(R)) with their potential benefits. We believe that providing more than one type of award helps to balance our compensation objectives. For example, stock options have value only to the extent that the price of Neustar stock on the date of exercise exceeds the price on the grant date, and thus are an effective compensation element only if the stock price increases over the term of the award. In this sense, stock options are a motivational tool and are supportive of our growth strategy. Performance share units, which we began using in 2007, are fully at risk and depend upon key

performance measures that drive value for our stockholders, thus aligning the interests of our executives and stockholders. The receipt of shares underlying performance share units is determined entirely by the Company's achievement of predetermined financial objectives. For 2009, as discussed below, these objectives related to cumulative Company revenue and EBITDA. The Compensation Committee elected to use cumulative revenue and EBITDA for the performance share units because we believe these measures focus our executives on profitable growth that is expected to enhance stockholder value over the longer term. (For a description of how EBITDA is calculated from our audited financial statements, please see page 24.) Finally, restricted stock offers executives the opportunity to receive shares of Neustar stock on the date the restriction lapses. In this regard, restricted stock serves both to reward and retain executives.

In managing the overall cost of our equity compensation program, we set an annual budget with respect to total expense and the potential dilutive impact to stockholders. Budgets have been set at levels that we believe are reasonable relative to peer companies, taking into account our compensation objectives, and affordable at various performance levels.

The stock options, performance share units and restricted stock awards granted to the named executive officers in 2009 are discussed below and shown in the 2009 Grants of Plan-Based Awards table on page 29.

### ***Deferred Compensation***

In 2008, the Board of Directors approved the Neustar, Inc. Deferred Compensation Plan, which permits employees at the vice president level and above, including the named executive officers, to defer certain elements of compensation in order to delay taxation on such amounts. We believe that this is a standard benefit arrangement commonly offered at companies of our size. Specifically, the Plan permits deferral of up to 75% of base salary and up to 90% of annual cash incentive awards and bonuses. We may elect to provide matching contributions to the extent that deferrals under the Plan have the effect of reducing a participant's 401(k) compensation (and thus the matching contribution offered to all employees under our 401(k) plan), although we have not done so to date. Amounts deferred or matched under the Plan are credited with investment earnings based on investment options selected by the participants.

As shown in the 2009 Nonqualified Deferred Compensation table on page 34, one of our named executive officers elected to participate in the Plan for 2009.

### ***Other Compensation***

In general, our executives receive health and welfare benefits under the same programs and subject to the same eligibility requirements that apply to all Company employees. Likewise, executives participate in our 401(k) plan on the same terms and conditions as apply to other Company employees. We do not provide defined benefit (pension) or supplemental retirement plans for our executives.

On occasion, we provide our executives with other benefits that we believe are reasonable, competitive and consistent with our compensation objectives. These benefits, which constitute only a small portion of each named executive officer's total compensation, are discussed below and shown in the All Other Compensation column of the Summary Compensation Table on page 27.

### ***Severance and Change-in-Control Arrangements***

As discussed under Potential Payments upon Termination or Change in Control below, we maintain severance and equity award arrangements that provide benefits to key management employees, including our named executive officers, if they experience specified termination or change-in-control events.



We believe that reasonable severance and change-in-control protections for our named executive officers are necessary in order for us to attract and retain qualified executives. We have defined the events that would trigger payments in a manner that we believe is reasonable and consistent with current market practices. For example, the definition of "good reason" in our severance and change-in-control arrangements is intended to be limited to true circumstances of constructive discharge and includes notice and opportunity-to-cure provisions, so that severance rights are not triggered inadvertently. In addition, the rights in our change-in-control arrangements are "double

trigger meaning that in order for change-in-control benefits to be payable, there must occur both a change in control and an affirmative action by us or our successor to terminate (or constructively terminate) an executive's employment. Our change-in-control arrangements also do not provide for excise tax gross-ups. Finally, any payments under our severance plan are conditioned on the executive's execution of a release of claims and agreement to abide by specific non-compete, non-solicit, confidentiality and other obligations set forth in the plan.

We periodically review the necessity and design of our executive severance and change-in-control arrangements. As our needs, the regulatory framework and market practices evolve, we will consider whether changes to our policies are appropriate.

### ***Individual Arrangements***

On occasion, we enter into individual arrangements with our executives. These arrangements are designed to further our compensation objectives and meet specific hiring and retention needs.

We entered into two such agreements with Mr. Lalljie in 2009. The first agreement, in January 2009, related to Mr. Lalljie's appointment as our Interim CFO. Under that agreement, we established that Mr. Lalljie's base salary would be \$300,000 and that he would receive a guaranteed bonus for the period during which he served as Interim CFO and for three months thereafter. In addition, as discussed below, the Compensation Committee approved a special equity award for Mr. Lalljie in connection with his entry into this agreement. In the event that Mr. Lalljie's employment had been terminated without cause or by him with good reason prior to the date the equity award vested, Mr. Lalljie would have received an additional payment of \$400,000.

The second agreement with Mr. Lalljie, in December 2009, superseded and replaced the January 2009 agreement. Under the December 2009 agreement, we established that Mr. Lalljie's base salary would be \$325,000, retroactive to the date he was appointed as our permanent CFO. We further agreed that Mr. Lalljie would be eligible to receive a cash incentive award for 2009 based on performance goals previously established by the Compensation Committee, with any such award to be reduced by the guaranteed bonus payments made to Mr. Lalljie under the January 2009 agreement. Finally, as discussed below, the Compensation Committee approved two equity awards for Mr. Lalljie in connection with his entry into this agreement. In return, Mr. Lalljie agreed to forego his eligibility for the \$400,000 payment described above.

### **Compensation of the Named Executive Officers**

In determining total compensation for our named executive officers for 2009, we evaluated the financial and operational performance of the Company and considered each executive's contributions to that performance. For a discussion of the Company's 2009 performance, see [Overview 2009 Performance and Compensation](#) above.

#### ***Base Salary***

The Compensation Committee (and the independent directors, in the case of the CEO) approved 2009 base salaries for the continuing named executive officers in February 2009 (other than Dr. Burger, who joined the Company in June 2009). The Compensation Committee determined not to raise base salaries for the named executive officers at that time, although the Committee subsequently raised Mr. Lalljie's salary in connection with his appointment as our permanent CFO. The following table sets forth the 2009 base salaries for the named executive officers:

<b>Name</b>	<b>2009 Salary</b>	<b>Effective Date</b>
-------------	--------------------	-----------------------

Edgar Filing: NEUSTAR INC - Form DEF 14A

Jeffrey Ganek	\$ 560,606	January 1, 2009
Lisa Hook	\$ 435,000	January 1, 2009
Paul Lalljie	\$ 325,000*	June 25, 2009
John Dziak	\$ 320,000	March 2, 2009
Eric Burger	\$ 275,000	June 1, 2009

\* As discussed above, the Compensation Committee increased Mr. Lalljie's salary from \$300,000 to \$325,000 effective June 25, 2009 (the date of his appointment as our permanent CFO).

***Cash Incentive Compensation***

In March 2009, the Compensation Committee set performance goals and targets under our annual cash incentive plan for 2009. Consistent with the process described above, the Committee first determined that the maximum award for Mr. Ganek (for tax purposes) would be 1% of the Company's 2009 EBITDA, not to exceed \$2,000,000, and the maximum award for each of the other named executive officers would be 0.75% of 2009 EBITDA, not to exceed \$2,000,000 per executive.

The Compensation Committee then considered the business and financial objectives upon which it would measure performance and calculate actual payouts for 2009. For the named executive officers, the Committee determined to base a significant portion of awards on the Company's achievement of established goals relating to 2009 revenue and EBITDA. The remaining portion, if any, would be based on individual achievement. The Committee elected to use Company revenue and EBITDA as performance measures for 2009 because we believe these measures focus our executives on profitable growth that is expected to lead to enhanced stockholder value.

Finally, the Compensation Committee (and the independent directors, in the case of the CEO) agreed to use the following targets, presented as a percentage of base salary, for executive awards in 2009:

<b>Name</b>	<b>2009 Target</b>
Jeffrey Ganek	100%
Lisa Hook	100%
Paul Lalljie	55%*
John Dziak	60%
Eric Burger	50%

\* Pursuant to his December 2009 agreement (described on page 23 above), Mr. Lalljie was eligible to receive an award for 2009 based on a target of 50% of his initial 2009 salary (\$300,000) for the first half of 2009 and 60% of his subsequent 2009 salary (\$325,000) for the second half of 2009, reduced by the guaranteed bonus payments made to him under his January 2009 agreement.

In early 2010, the Compensation Committee reviewed the Company's 2009 financial results. Based on 2009 EBITDA of \$205.6 million (calculated from our audited financial statements as follows), the Committee determined that the maximum amount that could be paid to Mr. Ganek was \$2,000,000, and the maximum payout for each of the other named executive officers was \$1,541,985.

	<b>(In thousands)</b>
Net income	\$ 101,141
Add: Depreciation and amortization	38,040
Less: Other expense (income)	(1,448)
Add: Provision for income taxes	67,865
<b>EBITDA</b>	<b>\$ 205,598</b>

(In computing maximum payouts for tax purposes, the following events would have been disregarded had they occurred: corporate transactions; changes in accounting methods; and charges for discontinued operations, extraordinary items, and other unusual or non-recurring items, each as defined by Generally Accepted Accounting Principles and identified in our financial statements, notes to the financial statements, Management's Discussion and Analysis, or other SEC filings. None of these events occurred in 2009.)

The Compensation Committee then evaluated the extent to which business and financial objectives for the year were met. Based on strong financial performance in 2009 (revenue of \$480.4 million and EBITDA of \$205.6 million, versus target revenue of \$479.7 million and target EBITDA of \$190.6 million), the Committee set the Company portion of awards at 156% of target.

Finally, the Compensation Committee reviewed the performance of each named executive officer to determine individual payouts. Among the factors considered by the Committee were leadership and development; contributions to the Company's financial and operating performance; dedication to customer priorities;

development of corporate strategy; and commitment to the Company's long-term success. Following its review, the Committee (and the independent directors, in the case of the CEO) determined to pay the following amounts for 2009, reflecting strong performance across the Company and the executive team:

Name	2009 Award	Percentage of Target
Jeffrey Ganek	\$ 1,024,545	183%
Lisa Hook	\$ 775,990	178%
Paul Lalljie	\$ 359,280*	208%
John Dziak	\$ 231,680	145%
Eric Burger	\$ 116,142	145%

\* As discussed above, Mr. Lalljie's award was reduced by the guaranteed bonus payments made to him under his January 2009 agreement. Mr. Lalljie's net award for 2009 (after subtracting the guaranteed bonus payments) was \$254,896.

### ***Equity Compensation***

In 2009, the Compensation Committee granted a combination of stock options, performance share units and restricted stock to our named executive officers. This combination reflected a balancing of several of our compensation objectives, including motivating performance, aligning the interests of our executives and stockholders, and attracting and retaining key executives.

For Mr. Ganek and Ms. Hook, roughly half of the 2009 equity compensation award value was delivered in stock options, and half of the value was delivered in performance share units. We believe this weighting provides an appropriate focus for the CEO and President/COO on both stockholder value creation and long-term operating performance. Mr. Ganek's and Ms. Hook's 2009 stock options vest over four years, and their performance share units vest on January 1, 2012 based upon the achievement of cumulative revenue and EBITDA goals set by the Compensation Committee at the time of grant. These performance share unit goals reflect our internal, confidential business plan (the disclosure of which we believe would result in competitive harm to us) and require a high level of financial performance.

Mr. Lalljie received two sets of equity awards in 2009. First, Mr. Lalljie was granted restricted stock in connection with his appointment as our Interim CFO. Mr. Lalljie's restricted stock vests in full on January 1, 2012. Second, Mr. Lalljie was granted stock options and performance share units in connection with his appointment as our permanent CFO. The terms of Mr. Lalljie's stock options and performance share units are consistent with those described above for Mr. Ganek and Ms. Hook.

Finally, Mr. Dziak and Dr. Burger received special new-hire equity awards, composed of stock options and restricted stock, in connection with their hiring in 2009. Mr. Dziak's and Dr. Burger's 2009 stock options and restricted stock vest over four years.

All of the awards described above are reflected in the 2009 Grants of Plan-Based Awards table on page 29.

### ***Other Compensation***

Other benefits provided to the named executive officers for 2009 include one or more of the following: Company contributions to 401(k) plan accounts, which are available to all of our employees; relocation expenses (including reimbursement of associated taxes); and temporary living expenses. These benefits constituted only a small portion of each executive's total compensation for 2009.

**Tax Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code of 1986, as amended, imposes a limit of \$1 million on the amount that a public company may deduct for compensation paid to the company's CEO and to each of the company's other named executive officers (excluding the CFO). This limitation does not apply to compensation that meets the

requirements under Section 162(m) for qualifying performance-based compensation (*i.e.*, compensation paid only if performance meets pre-established, objective goals based on criteria approved by stockholders).

Although we consider the impact of Section 162(m) when developing and implementing our executive compensation programs, we believe that it is important to preserve flexibility in adopting and administering programs to promote varying corporate goals. Accordingly, we have not adopted a policy requiring all compensation to be deductible, and amounts paid under any of our compensation programs may be determined not to so qualify.

### **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed the Compensation Discussion & Analysis set forth above and has discussed that Analysis with management. Based on its review and discussion with management, the Committee recommended to the Board of Directors that the Compensation Discussion & Analysis be included in the Company's 2010 proxy statement and incorporated by reference in the Company's Annual Report on Form 10-K for 2009. This report is provided by the following independent directors, who compose the Committee:

Joel P. Friedman (Chair)  
Gareth Chang  
Ross K. Ireland  
Dr. Kenneth A. Pickar



## EXECUTIVE COMPENSATION TABLES AND DISCUSSION

## Summary Compensation Table

The following table sets forth all compensation paid by us, for the period shown, to our principal executive officer, our principal financial officer, our former principal financial officer, and our three most highly compensated executive officers other than our principal executive officer and principal financial officer who were serving as executive officers at the end of 2009. We refer to these individuals as the named executive officers elsewhere in this proxy statement.

Name and Principal Position	Year	Salary (\$)	Bonus(1) (\$)	Stock Awards(2) (\$)	Option Awards(3) (\$)	Non-Equity	All	Total (\$)
						Incentive Plan Compensation(6) (\$)	Other Compensation(4) (\$)	
Jeffrey Ganek Chairman and Chief Executive Officer(5)	2009	560,606		1,422,036	1,182,016	1,024,545	10,343	4,199,546
	2008	560,606		1,295,258	1,067,846	322,349	12,350	3,258,409
Paul Lalljie SVP and Chief Financial Officer(6)	2007	553,240		1,527,819	960,442	504,545	13,960	3,560,006
	2009	313,014	104,384	530,480	118,650	254,896	13,002	1,334,426
Jeffrey Babka(7) SVP and Chief Financial Officer	2009	95,462					12,381	107,843
	2008	340,000		1,171,216	308,334	127,500	37,349	1,984,399
Lisa Hook(8) President and Chief Operating Officer	2007	339,231		325,900	232,468	229,500	36,946	1,164,045
	2009	435,000		630,990	524,432	775,990	13,150	2,379,562
John Dziak(9) SVP and Chief Strategy Officer	2008	418,269		1,055,200	1,611,350	305,588	10,789	3,401,196
	2009	258,461		154,240	500,500	231,680		1,144,881
Eric Burger(10) SVP and Chief Technology Officer	2009	153,365		182,560	594,300	116,142	93,857	1,140,224

- (1) Reported amounts have been adjusted to (a) include amounts earned with respect to performance in the year shown but paid in the following year, and (b) exclude amounts earned with respect to performance in the previous year but paid in the year shown.
- (2) This column represents the aggregate grant date fair value of restricted stock and performance share units granted to the named executive officers in the year shown, computed in accordance with FASB ASC Topic 718. For information about the assumptions and underlying calculations upon which we base grant date fair value, see Note 15 to the Neustar audited financial statements in our Annual Report on Form 10-K for the year ended

December 31, 2009, as filed with the SEC. These amounts may not correspond to the actual value that will be recognized by the named executive officers.

- (3) This column represents the aggregate grant date fair value of stock options granted to the named executive officers in the year shown, computed in accordance with FASB ASC Topic 718. For information about the assumptions and underlying calculations upon which we base grant date fair value, see Note 15 to the Neustar audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC. These amounts may not correspond to the actual value that will be recognized by the named executive officers.
- (4) See the All Other Compensation table below.
- (5) Consistent with FASB ASC Topic 718, the grant date fair value of Mr. Ganek's performance share units was computed based on target performance. If maximum performance had been used, the grant date fair value of the units awarded to Mr. Ganek in 2009, 2008 and 2007 would have been \$2,133,054, \$1,942,887 and \$2,291,729, respectively.
- (6) Mr. Lalljie was appointed as Interim CFO in January 2009 and as CFO in June 2009. Consistent with FASB ASC Topic 718, the grant date fair value of Mr. Lalljie's performance share units was computed based on target performance. If maximum performance had been used, the grant date fair value of the units awarded to Mr. Lalljie in 2009 would have been \$235,620.

- (7) Mr. Babka stepped down as CFO in January 2009 and left the Company in April 2009. Consistent with FASB ASC Topic 718, the grant date fair value of Mr. Babka's performance share units was computed based on target performance. If maximum performance had been used, the grant date fair value of the units awarded to Mr. Babka in 2008 and 2007 would have been \$1,159,359 and \$488,850, respectively.
- (8) Ms. Hook joined the Company in January 2008. Consistent with FASB ASC Topic 718, the grant date fair value of Ms. Hook's performance share units was computed based on target performance. If maximum performance had been used, the grant date fair value of the units awarded to Ms. Hook in 2009 would have been \$946,485.
- (9) Mr. Dziak joined the Company in March 2009.
- (10) Dr. Burger joined the Company in June 2009.

### All Other Compensation

The following table describes the components of All Other Compensation in the Summary Compensation Table for each named executive officer for 2009.

Name	Company Contributions to Individual s		Total (\$)
	401(k) Account (\$)	Other Benefits(1) (\$)	
Jeffrey Ganek	10,343		10,343
Paul Lalljie	13,002		13,002
Jeffrey Babka	12,381		12,381
Lisa Hook	13,150		13,150
John Dziak			
Eric Burger	9,202	84,655(2)	93,857

- (1) This column includes the total value of other benefits (including perquisites and personal benefits) paid to each named executive officer. To the extent that the total value of perquisites and other personal benefits did not exceed \$10,000, the value of such benefits has been omitted in accordance with SEC rules. With the exception of Dr. Burger, no single benefit exceeded the greater of \$25,000 or 10% of the total amount of such benefits.
- (2) Other benefits are composed of relocation expenses (\$53,052), including packing and shipment of household goods, house-hunting trips, home closing assistance, moving expenses, and home sale and purchase assistance; reimbursement of taxes (\$23,412) associated with the above-described relocation expenses; and temporary living expenses (\$8,191).

**2009 Grants of Plan-Based Awards**

The following table provides information regarding each plan-based award granted to a named executive officer in the last fiscal year. All non-equity incentive plan awards were granted pursuant to the Neustar, Inc. Performance Achievement Reward Plan. All equity awards granted prior to June 24, 2009 were granted pursuant to the Neustar, Inc. 2005 Stock Incentive Plan. All equity awards granted on or after June 24, 2009 were granted pursuant to the Neustar, Inc. 2009 Stock Incentive Plan. Mr. Babka did not receive any plan-based awards in 2009.

Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity			Estimated Future Payouts Under Equity			All Other Stock Awards (#)	All Other Option Awards (#)	Exercise Price of Option Awards (\$/Sh)
		Thres-hold (\$)	Target (\$)	Maxi-mum (\$)	Thres-hold (#)	Target (#)	Maxi-mum (#)			
2/23/09	2/23/09				46,200	92,400	138,600			
2/23/09	2/23/09		2,000,000	2,000,000					202,400	15.39
1/12/09	1/12/09							20,000		
12/9/09	12/9/09				3,500	7,000	10,500			
12/9/09	12/9/09		1,541,985	2,000,000					15,000	22.44
2/23/09	2/23/09				20,500	41,000	61,500			
2/23/09	2/23/09		1,541,985	2,000,000					89,800	15.39
5/8/09	5/5/09							8,000		
5/8/09	5/5/09		1,541,985	2,000,000					70,000	19.28
8/3/09	6/25/09							8,000		
8/3/09	6/25/09		1,541,985	2,000,000					70,000	22.82

- (1) These columns show the amounts that each named executive officer could have received under the Performance Achievement Reward Plan for 2009 if the Compensation Committee had not exercised its right to reduce payouts as described under Compensation Discussion & Analysis Compensation of the Named Executive Officers on page 24. Each executive's actual payout for 2009 is set forth in the Summary Compensation Table above.
- (2) These columns show the number of shares that each named executive officer could receive under the performance share unit awards granted in 2009 if various levels of performance are achieved. The vesting of the performance share units is described under Notes to Summary Compensation Table and 2009 Grants of Plan-Based Awards Table below.

**Notes to Summary Compensation Table and 2009 Grants of Plan-Based Awards Table**

As discussed under Compensation Discussion & Analysis above, the Compensation Committee considers numerous factors, including individual and Company performance, position and level of responsibility, market data, and the recommendations of our CEO, in determining each executive's salary, non-equity incentive award, equity awards and other compensation. The Compensation Committee also takes into account individual agreements, as described under Compensation Discussion & Analysis Individual Arrangements above.

In 2009, with the exception of Mr. Babka (who stepped down as our CFO in January 2009), the base salaries of the named executive officers constituted less than one-fourth of their total compensation (as reported in the Summary Compensation Table), with the remaining three-fourths or more of total compensation composed principally of performance-based cash and equity awards.

The non-equity incentive awards in the Summary Compensation Table were approved by our Compensation Committee (and in the case of Mr. Ganek, by the independent directors) in February 2010 pursuant to the Neustar, Inc. Performance Achievement Reward Plan. The Compensation Committee established the performance goals and

maximum payouts applicable to these awards in March 2009. Our Performance Achievement Reward Plan goals and payments are discussed in more detail under Compensation Discussion & Analysis Elements Used to Achieve Compensation Objectives and Compensation Discussion & Analysis Compensation of the Named Executive Officers above.

The stock option, restricted stock and performance share unit awards in the 2009 Grants of Plan-Based Awards table were granted by the Compensation Committee under the Neustar, Inc. 2005 Stock Incentive Plan (for grants prior to June 24, 2009) and the Neustar, Inc. 2009 Stock Incentive Plan (for grants on and after June 24, 2009). Additional details regarding equity grants made in 2009 are set forth below.

*Stock options.* Stock options granted in 2009 have a seven-year maximum term. Twenty-five percent of the options granted to Mr. Ganek and Ms. Hook on February 23, 2009 vested on February 23, 2010, and the remaining options vest in 36 monthly installments thereafter. Twenty-five percent of the options granted to Mr. Dziak on May 8, 2009 vested on March 2, 2010 (the anniversary of his hire date), and the remaining options vest in 36 monthly installments thereafter. Twenty-five percent of the options granted to Dr. Burger on August 3, 2009 vest on June 1, 2010 (the anniversary of his hire date), and the remaining options vest in 36 monthly installments thereafter. Twenty-five percent of the options granted to Mr. Lalljie on December 9, 2009 vest on June 25, 2010 (the anniversary of his appointment as CFO), and the remaining options vest in 36 monthly installments thereafter.

*Performance share units.* All of the performance share units granted to the named executive officers in 2009 vest on January 1, 2012 based on, and subject to, the achievement of cumulative revenue and EBITDA goals set by the Compensation Committee in February 2009. Holders of performance share units may receive dividend equivalents, subject to the same restrictions and risk of forfeiture as the underlying performance share units. We did not pay any dividend equivalents in 2009.

*Restricted shares.* The restricted shares granted to Mr. Lalljie on January 12, 2009 vest on January 1, 2012. Twenty-five percent of the restricted shares granted to Mr. Dziak on May 8, 2009 vested on March 2, 2010, and the remaining shares vest in equal annual installments thereafter. The restricted shares granted to Dr. Burger on August 3, 2009 vest 25% on each of June 1, 2010, 2011, 2012 and 2013. Holders of restricted shares may receive dividends, subject (in the case of stock dividends) to the same restrictions as the underlying restricted shares. We did not pay any dividends in 2009.

### Outstanding Equity Awards at December 31, 2009

The following table provides information regarding unexercised options, unvested stock and equity incentive plan awards outstanding as of December 31, 2009 for each named executive officer.

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Jeffrey Ganek	72,659			0.07	4/10/10				
	38,639			4.29	6/6/12				
	419,999			6.43	12/18/13				
	100,631	4,369(1)		30.20	2/22/13				
						700(2)	16,128		
	56,811	25,819(3)		32.59	3/1/14			23,440(4)	540,058
	56,190	66,410(5)		26.38	2/22/15			24,550(6)	565,632
		202,400(7)		15.39	2/23/16			138,600(8)	3,193,344
Paul Lalljie	2,624			6.25	6/22/14				
	3,281			22.00	6/28/15				
	12,500			27.85	8/1/15				
	4,313	187(9)		30.20	2/22/13				
						165(10)	3,802		
	3,025	1,375(11)		32.59	3/1/14			1,100(12)	25,344
	4,580	5,420(13)		26.38	2/22/15			1,540(14)	35,482
					5,501(15)	126,743			
					20,000(16)	460,800			

Edgar Filing: NEUSTAR INC - Form DEF 14A

		15,000(17)	22.44	12/9/16			10,500(18)	241,920
Jeffrey Babka								
Lisa Hook	88,644	96,356(19)	26.38	2/22/15				
					18,750(20)	432,000		
		89,800(22)	15.39	2/23/16			15,000(21)	345,600
John Dziak		70,000(24)	19.28	5/8/16			61,500(23)	1,416,960
					8,000(25)	184,320		
Eric Burger		70,000(26)	22.82	8/3/16				
					8,000(27)	184,320		

- (1) Options with respect to 2,188 and 2,181 shares of our Class A common stock vested on January 31 and February 28, 2010, respectively.
- (2) 700 shares of restricted stock vested on February 22, 2010.
- (3) Options with respect to 1,722, 1,721 and 1,722 shares of our Class A common stock vested on January 31, February 28 and March 31, 2010, respectively. The remaining options will vest in equal monthly installments on the last day of each calendar month through March 31, 2011.
- (4) Performance share units did not vest on January 1, 2010 due to below-threshold achievement of cumulative revenue and EBITDA goals. The number of units reported is based on threshold (minimum) performance, as required by SEC rules.



- (5) Options with respect to 2,554 shares of our Class A common stock vested on each of January 31, February 28 and March 31, 2010. The remaining options will vest in equal monthly installments on the last day of each calendar month through February 29, 2012.
- (6) Performance share units will vest on January 1, 2011 based on, and subject to, the achievement of cumulative revenue and EBITDA goals. The number of units reported is based on threshold (minimum) performance, as required by SEC rules, and does not necessarily reflect the actual payout to be received by Mr. Ganek.
- (7) Options with respect to 50,600 and 4,217 shares of our Class A common stock vested on February 23 and March 31, 2010, respectively. The remaining options will vest in equal monthly installments on the last day of each calendar month through February 28, 2013.
- (8) Performance share units will vest on January 1, 2012 based on, and subject to, the achievement of cumulative revenue and EBITDA goals. The number of units reported is based on maximum performance, as required by SEC rules, and does not necessarily reflect the actual payout to be received by Mr. Ganek.
- (9) Options with respect to 94 and 93 shares of our Class A common stock vested on January 31 and February 28, 2010, respectively.
- (10) 165 shares of restricted stock vested on February 22, 2010.
- (11) Options with respect to 92, 92 and 91 shares of our Class A common stock vested on January 31, February 28 and March 31, 2010, respectively. The remaining options will vest in equal monthly installments on the last day of each calendar month through March 31, 2011.
- (12) Performance share units did not vest on January 1, 2010 due to below-threshold achievement of cumulative revenue and EBITDA goals. The number of units reported is based on threshold (minimum) performance, as required by SEC rules.
- (13) Options with respect to 208 shares of our Class A common stock vested on each of January 31, February 28 and March 31, 2010. The remaining options will vest in equal monthly installments on the last day of each calendar month through February 29, 2012.
- (14) Performance share units will vest on January 1, 2011 based on, and subject to, the achievement of cumulative revenue and EBITDA goals. The number of units reported is based on threshold (minimum) performance, as required by SEC rules, and does not necessarily reflect the actual payout to be received by Mr. Lalljie.
- (15) Restricted shares will vest on May 12, 2011.
- (16) Restricted shares will vest on January 1, 2012.
- (17) Options with respect to 3,750 shares of our Class A common stock will vest on June 25, 2010. The remaining options will vest in equal monthly installments on the last day of each calendar month through June 30, 2013.
- (18) Performance share units will vest on January 1, 2012 based on, and subject to, the achievement of cumulative revenue and EBITDA goals. The number of units reported is based on maximum performance, as required by SEC rules, and does not necessarily reflect the actual payout to be received by Mr. Lalljie.

- (19) Options with respect to 3,854 shares of our Class A common stock vested on each of January 31, February 28 and March 31, 2010. The remaining options will vest in equal monthly installments on the last day of each calendar month through January 31, 2012.
- (20) 6,250 shares of restricted stock vested on January 7, 2010. The remaining shares will vest in equal annual installments on January 7, 2011 and 2012.
- (21) Restricted shares will vest on or prior to February 22, 2011, based on, and subject to, the achievement of certain stock price goals.
- (22) Options with respect to 22,450 and 1,871 shares of our Class A common stock vested on February 23 and March 31, 2010, respectively. The remaining options will vest in equal monthly installments on the last day of each calendar month through February 28, 2013.

- (23) Performance share units will vest on January 1, 2012 based on, and subject to, the achievement of cumulative revenue and EBITDA goals. The number of units reported is based on maximum performance, as required by SEC rules, and does not necessarily reflect the actual payout to be received by Ms. Hook.
- (24) Options with respect to 17,500 shares of our Class A common stock vested on March 2, 2010. The remaining options will vest in equal monthly installments on the last day of each calendar month through March 31, 2013.
- (25) 2,000 shares of restricted stock vested on March 2, 2010. The remaining shares will vest in equal annual installments on March 2, 2011, 2012 and 2013.
- (26) Options with respect to 17,500 shares of our Class A common stock will vest on June 1, 2010. The remaining options will vest in equal monthly installments on the last day of each calendar month through June 30, 2013.
- (27) 2,000 shares of restricted stock will vest on June 1, 2010. The remaining shares will vest in equal annual installments on June 1, 2011, 2012 and 2013.

**2009 Option Exercises and Stock Vested**

The following table provides information regarding option exercises and stock vested during the last fiscal year for each named executive officer.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Jeffrey Ganek	36,329	500,006	700	10,885
Paul Lalljie			2,874	66,959
Jeffrey Babka	171,364	1,788,183	425	6,609
Lisa Hook			6,250	121,688
John Dziak				
Eric Burger				

**2009 Nonqualified Deferred Compensation**

The Neustar, Inc. Deferred Compensation Plan permits employees at the vice president level and above, including the named executive officers, to defer certain elements of compensation in order to delay taxation on such amounts. The following table provides information about Mr. Ganek's participation in this plan. None of our other named executive officers participated in this plan in 2009.

Name	Executive	Registrant	Aggregate	Aggregate
	Contributions in Last FY (\$)	Contributions in Last FY (\$)	Earnings in Last FY (\$)	Withdrawals/ Distributions (\$)
Jeffrey Ganek	710,568(1)		310,814(2)	1,192,296(3)

(1) All of the reported contributions have been included as 2009 compensation in the Summary Compensation Table.

(2) The reported earnings have not been included as compensation in the Summary Compensation Table.

(3) The aggregate balance includes contributions of \$194,056 reported as 2008 compensation in the Summary Compensation Table, less 2008 losses of \$23,142.

The Neustar, Inc. Deferred Compensation Plan permits deferral of up to 75% of base salary and up to 90% of annual cash incentive awards and bonuses. We may elect to provide matching contributions to the extent that deferrals under the plan have the effect of reducing a participant's 401(k) compensation (and thus the matching contribution offered to all employees under our 401(k) plan), although we have not done so to date.

Amounts deferred or matched under the plan are credited with investment earnings based on the performance of investment options selected by the participants. Available investment options represent a range of asset classes, including cash, bond, value, index and growth funds. Participants may change their investment elections at any time. In general, deferrals and earnings are distributed to participants either at a specific date prior to retirement or termination of employment or at retirement or termination, as designated by the participant. Participants also may designate the form (lump sum or installments) of their distributions.

## **Potential Payments upon Termination or Change in Control**

### **2007 Key Employee Severance Pay Plan**

The Neustar, Inc. 2007 Key Employee Severance Pay Plan provides severance benefits for key management employees, including the named executive officers, if they are involuntarily terminated from employment without cause, if they terminate their employment for good reason, or if there is a closure, discontinuance of operations, sale of assets or other corporate event, provided they are not offered comparable employment with our successor or an affiliate. Under the plan, cause generally means the employee's insubordination, dishonesty, fraud, moral turpitude, willful misconduct, or willful failure or refusal to attempt to perform his or her duties or responsibilities. Good reason generally means any of the following events occurring solely within two years after a change in control or other qualifying corporate transaction and the Company's or a successor company's failure to cure such event within 30 days of receiving notice from the employee: (i) a reduction in base salary, except pursuant to a policy generally applicable to senior management resulting in a reduction of 10% or less; (ii) the successor company's failure to provide employee benefits that are substantially comparable to those provided prior to the change in control; (iii) the successor company requiring the employee to be based at an office location that is more than 50 miles further from the employee's office location prior to the change in control; or (iv) a material breach by the successor company of its obligations under the plan. Qualifying corporate transactions include a merger or consolidation in which the Company is not the surviving corporation, the replacement of a majority of our Board of Directors, the sale of all or substantially all of our assets, the liquidation or dissolution of the Company, or the acquisition of a majority of our outstanding stock.

If triggered, the plan entitles the named executive officers (other than Mr. Ganek, as described below) to benefits equal to one year's salary; a pro-rata bonus, based on actual results, for the year of termination; and reimbursement of a portion of the premium for continuation coverage under our medical plan. In the event of a termination following a change in control or other qualifying corporate transaction, the officers will also be entitled to an amount equal to the average annual incentive bonus received (or to be received) with respect to the three years preceding termination. All benefits are contingent on the employee signing a release of all claims and acknowledging his or her obligations under the plan, including obligations not to disclose our confidential information or to compete with or disparage Neustar or interfere with our business during the one-year period (or 18-month period for Mr. Ganek) following termination. The Compensation Committee may, in its sole discretion, cause Neustar to pay severance benefits at the same rate for an additional period as consideration for an extension of the employee's obligations under the plan. An employee will not be eligible for benefits under the plan if he or she violates these obligations.

The severance benefits provided for by the plan are paid in installments without interest over a one-year period (or an 18-month period for Mr. Ganek) through our normal payroll processes, subject to a six-month delay in payment for certain employees as required by Section 409A of the Internal Revenue Code. An employee is not eligible for a severance benefit under the plan if the employee is entitled, pursuant to any agreement providing cash benefits, to cash severance in an amount in excess of the severance benefit upon termination of employment. In addition, the benefit to be provided under the plan shall be reduced dollar-for-dollar (but not below zero) by the benefits required to be paid under federal, state or local law or under any other plan, program or arrangement. The Board may amend or terminate the plan at any time after 90 days' notice to the covered employees, provided that an amendment or termination may not adversely affect the severance benefits to which any employee is entitled if such employee's termination occurred prior to the date of the amendment or termination.

### **Letter Agreement with Mr. Ganek**

In 2008, in consideration for the termination of Mr. Ganek's rights under a prior employment continuation agreement, we entered into a letter agreement with Mr. Ganek that provides for additional benefits under the 2007 Key Employee Severance Pay Plan. If Mr. Ganek's employment is terminated without cause, if he terminates his employment for

good reason, or if there is a closure, discontinuance of operations, sale of assets or other corporate event and he is not offered comparable employment with our successor or an affiliate, Mr. Ganek will be entitled to receive 250% of his annual base salary; a pro-rata bonus, based on actual results, for the year of termination; and reimbursement of a portion of his premium for continuation coverage under our medical plan. In the event of a

termination following a change in control or other qualifying corporate transaction, Mr. Ganek will also be entitled to an amount equal to 150% of the average annual incentive bonus received (or to be received) with respect to the three years preceding termination.

The letter agreement preserved the definition of "good reason" from Mr. Ganek's prior employment continuation agreement. Specifically, "good reason" means any of the following events and the Company's failure to cure such event within 30 days of receiving notice from Mr. Ganek: (i) a substantial diminution in status, title, position, authority, duties or responsibilities; (ii) a reduction in base salary other than in connection with a reduction for all senior management; or (iii) the Company requiring Mr. Ganek to be based at an office location that is more than 50 miles from both his existing office location and his house. All other terms and conditions of the 2007 Key Employee Severance Pay Plan, including those relating to execution of a release and compliance with noncompetition and other obligations under the plan, continue to apply to Mr. Ganek.

### **Equity Award Agreements**

Under our long-term incentive compensation plans and the named executive officers' option agreements, if we experience a change in control or other qualifying corporate transaction, all of the options will vest in full, unless the options are assumed or continued by the surviving company, or unless the surviving company substitutes the options with substantially equivalent options. If the surviving company assumes or replaces the options, the options will vest and become exercisable if the officer's employment is terminated within two years of the corporate transaction, unless the officer's employment is terminated by the surviving company for cause or by the officer without good reason (except that Mr. Lalljie's non-executive agreements do not include good-reason protection).

Under the named executive officers' restricted stock agreements, if we experience a change in control or other qualifying corporate transaction and a portion of the restricted stock remains unvested following the corporate transaction, the restricted stock will vest in full if the officer's employment is terminated within two years of the corporate transaction, unless the officer's employment is terminated by the surviving company for cause or by the officer without good reason (Mr. Lalljie's non-executive agreements do not include good-reason protection).

Under the named executive officers' performance award agreements, if an officer becomes disabled or dies prior to the vesting date, the officer or his representative will receive a pro-rata payment as if the target level of performance set forth in the agreement had been attained (or, for 2009 Stock Incentive Plan awards where the performance period has ended prior to the qualifying event, a pro-rata payment based on actual performance). Additionally, if we experience a change in control or other qualifying corporate transaction, the performance share units will be converted without proration into shares of restricted stock that vest on the original vesting date, subject to the officer's continued service. The number of shares of restricted stock into which the performance share units convert will be determined as set forth in the agreement. The restricted stock will vest in full if the officer's employment is terminated within two years of the corporate transaction, unless the officer's employment is terminated by the surviving company for cause or by the officer without good reason (Mr. Lalljie's non-executive agreements do not include good-reason protection).

Our 2009 Stock Incentive Plan generally defines "cause" as an employee's insubordination, dishonesty, fraud, moral turpitude, willful misconduct, or willful failure or refusal to attempt to perform his or her duties or responsibilities for any reason other than illness or incapacity. Under the 2005 Stock Incentive Plan, "cause" generally means an employee's insubordination, dishonesty, fraud, incompetence, moral turpitude, willful misconduct, refusal to attempt to perform his or her duties or responsibilities, or materially unsatisfactory performance of his or her duties.

For purposes of our equity awards, "good reason" generally means any of the following events and the Company's or a successor company's failure to cure such event within 30 days of receiving notice from the employee: (i) a reduction in base salary, except pursuant to a policy generally applicable to senior management resulting in a reduction of 10% or



less; (ii) the successor company's failure to provide employee benefits that are substantially comparable to those provided prior to the change in control; (iii) the successor company requiring the employee to be based at an office location that is more than 50 miles further from the employee's existing office location; or (iv) a material breach by the successor company of its obligations under the plans. Qualifying corporate transactions include a merger or consolidation where the Company's stockholders prior to the transaction do not

own a majority of the shares of the surviving company in approximately the same proportion as before the transaction, the replacement of a majority of our Board of Directors, the sale of all or substantially all of our assets, the liquidation or dissolution of the Company, or the acquisition of a majority of our outstanding stock.

Under the named executive officers' agreements relating to option, restricted stock and performance share units granted in 2009, benefits are contingent upon the officer's compliance with certain prohibitions on disclosure of confidential information and disparagement of Neustar. In addition, the officer must agree not to compete with Neustar or to engage in solicitation during the 18-month period following termination of employment.

### Potential Payments as of December 31, 2009

The following tables show the value of the potential payments and benefits our named executive officers (other than Mr. Babka, who is no longer employed by Neustar) would receive in various scenarios involving a termination of their employment or a change in control or other qualifying corporate transaction, assuming a December 31, 2009 triggering date and, where applicable, using a price per share for our common stock of \$23.04 (the closing market price as reported on the New York Stock Exchange for December 31, 2009).

#### Jeffrey Ganek

Payments Upon Termination	Termination by Employee		Involuntary Termination without Cause		Involuntary Termination for Retirement		Change in Control		Death	Disability
	Voluntary	for Good	Cause	Cause	Cause	Cause	Control	Control	Control	Control
Severance Payments	\$ 0	\$ 2,443,357(1)	\$ 2,443,357(2)	\$ 0	\$ 0	\$ 3,369,077(3)	\$ 0	\$ 0	\$ 0	\$ 0
Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,548,360(4)	\$ 0	\$ 0	\$ 0	\$ 0
Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,128(5)	\$ 0	\$ 0	\$ 0	\$ 0
Performance Share Units	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,128,896(6)	\$ 2,450,949(7)	\$ 2,450,949(7)	\$ 2,450,949(7)	\$ 2,450,949(7)
Total	\$ 0	\$ 2,443,357	\$ 2,443,357	\$ 0	\$ 0	\$ 7,062,461	\$ 2,450,949	\$ 2,450,949	\$ 2,450,949	\$ 2,450,949

- (1) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, as modified by Mr. Ganek's letter agreement, assuming the Compensation Committee did not elect to extend benefits for an additional period. Includes \$17,297 for reimbursement of a portion of the premium for 18 months of continuation coverage under our medical plan.
- (2) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, as modified by Mr. Ganek's letter agreement, assuming the Compensation Committee did not elect to extend benefits for an additional period. Includes \$17,297 for reimbursement of a portion of the premium for 18 months of continuation coverage under our medical plan.
- (3) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, as modified by Mr. Ganek's letter agreement, if Mr. Ganek were not offered comparable employment with our successor or if he experienced a qualifying termination following the change in control. Includes \$17,297 for reimbursement of a

portion of the premium for 18 months of continuation coverage under our medical plan.

- (4) Reflects the fair market value (less exercise price) of the underlying shares as of December 31, 2009 of all unvested in-the-money options, the vesting of which would accelerate if the options were not assumed, continued or substituted by the surviving company or if Mr. Ganek experienced a qualifying termination following the change in control. As of December 31, 2009, the exercise price of Mr. Ganek's unvested options from 2006, 2007 and 2008 exceeded the fair market value of the underlying shares.
- (5) Reflects the fair market value as of December 31, 2009 of all restricted stock, the vesting of which would accelerate if Mr. Ganek experienced a qualifying termination following the change in control.
- (6) Reflects the fair market value of the underlying shares as of December 31, 2009 of all performance share units, which would be converted into shares of restricted stock upon a change in control, based on actual performance for performance share units granted in 2007, deemed performance for performance share units granted in 2008, and target performance for performance share units granted in 2009. The vesting of the restricted stock would accelerate if Mr. Ganek experienced a qualifying termination following the change in control.
- (7) Represents a pro-rata payment based on target performance.

*Lisa Hook*

Payments Upon Termination	Termination by Employee		Involuntary Termination		Involuntary Termination		Change in		
	Voluntary Termination	Good Reason	without Cause	Termination for Cause	Retirement	Control	Death	Disability	
Severance Payments	\$ 0	\$ 0(1)	\$ 1,222,572(2)	\$ 0	\$ 0	\$ 1,763,361(3)	\$ 0	\$ 0	
Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 686,970(4)	\$ 0	\$ 0	
Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 777,600(5)	\$ 0	\$ 0	
Performance Share Units	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 944,640(6)	\$ 282,586(7)	\$ 282,586(7)	
Total	\$ 0	\$ 0	\$ 1,222,572	\$ 0	\$ 0	\$ 4,172,571	\$ 282,586	\$ 282,586	

- (1) Under the 2007 Key Employee Severance Pay Plan, severance benefits generally are not payable upon a termination for good reason absent a change in control. For amounts payable upon termination following a change in control, see Change in Control.
- (2) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, assuming the Compensation Committee did not elect to extend benefits for an additional period. Includes \$11,582 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan.
- (3) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan if Ms. Hook were not offered comparable employment with our successor or if she experienced a qualifying termination following the change in control. Includes \$11,582 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan.
- (4) Reflects the fair market value (less exercise price) of the underlying shares as of December 31, 2009 of all unvested in-the-money options, the vesting of which would accelerate if the options were not assumed, continued or substituted by the surviving company or if Ms. Hook experienced a qualifying termination following the change in control. As of December 31, 2009, the exercise price of Ms. Hook's unvested options from 2008 exceeded the fair market value of the underlying shares.
- (5) Reflects the fair market value as of December 31, 2009 of all restricted stock, the vesting of which would accelerate if Ms. Hook experienced a qualifying termination following the change in control.
- (6) Reflects the fair market value of the underlying shares as of December 31, 2009 of all performance share units, which would be converted into shares of restricted stock based on target performance upon a change in control. The vesting of the restricted stock would accelerate if Ms. Hook experienced a qualifying termination following the change in control.
- (7) Represents a pro-rata payment based on target performance.

*Paul Lalljie*

Payments	Termination		Involuntary		Termination		Involuntary		Change in
	by	Employee	Termination	Involuntary	for	Retirement	Control	Death	
Upon	Voluntary	Good	without	Termination	for	Control	Death	Disability	
Termination	Termination	Reason	Cause	Cause	Retirement	Control	Death	Disability	
Severance Payments	\$ 0	\$ 0(1)	\$ 588,695(2)	\$ 0	\$ 0	\$ 947,975(3)	\$ 0	\$ 0	\$ 0
Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000(4)	\$ 0	\$ 0	\$ 0
Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 587,543(5)	\$ 0	\$ 0	\$ 0
Performance Share Units	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 161,280(6)	\$ 101,630(7)	\$ 101,630(7)	\$ 101,630(7)
Total	\$ 0	\$ 0	\$ 588,695	\$ 0	\$ 0	\$ 1,705,798	\$ 101,630	\$ 101,630	\$ 101,630

(1) Under the 2007 Key Employee Severance Pay Plan, severance benefits generally are not payable upon a termination for good reason absent a change in control. For amounts payable upon termination following a change in control, see Change in Control.

(2) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, assuming the Compensation Committee did not elect to extend benefits for an additional period. Includes \$8,799 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan. Pro-rata bonus excludes guaranteed bonus payments made to Mr. Lalljie for 2009.

- (3) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan if Mr. Lalljie were not offered comparable employment with our successor or if he experienced a qualifying termination following the change in control. Includes \$8,799 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan. Pro-rata bonus excludes guaranteed bonus payments made to Mr. Lalljie for 2009.
- (4) Reflects the fair market value (less exercise price) of the underlying shares as of December 31, 2009 of all unvested in-the-money options, the vesting of which would accelerate if the options were not assumed, continued or substituted by the surviving company or if Mr. Lalljie experienced a qualifying termination following the change in control. As of December 31, 2009, the exercise price of Mr. Lalljie's unvested options from 2006, 2007 and 2008 exceeded the fair market value of the underlying shares.
- (5) Reflects the fair market value as of December 31, 2009 of restricted stock, the vesting of which would accelerate if Mr. Lalljie experienced a qualifying termination following the change in control. Excludes Mr. Lalljie's 2006 restricted stock grant, which did not provide for accelerated vesting in connection with a change in control.
- (6) Reflects the fair market value of the underlying shares as of December 31, 2009 of all performance share units, which would be converted into shares of restricted stock upon a change in control, based on actual performance for performance share units granted in 2007, deemed performance for performance share units granted in 2008, and target performance for performance share units granted in 2009. The vesting of the restricted stock would accelerate if Mr. Lalljie experienced a qualifying termination following the change in control.
- (7) Represents a pro-rata payment based on target performance.

**John Dziak**

Payments Upon Termination	Termination		Involuntary		Termination		Involuntary		Change in	
	Voluntary	Good	without	Termination	Retirement	Control	Death	Disability		
	Termination	Reason	Cause	Cause						
Severance Payments	\$ 0	\$ 0(1)	\$ 563,262(2)	\$ 0	\$ 0	\$ 755,262(3)	\$ 0	\$ 0		
Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 263,200(4)	\$ 0	\$ 0		
Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,320(5)	\$ 0	\$ 0		
Performance Share Units	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Total	\$ 0	\$ 0	\$ 563,262	\$ 0	\$ 0	\$ 1,202,782	\$ 0	\$ 0		

(1) Under the 2007 Key Employee Severance Pay Plan, severance benefits generally are not payable upon a termination for good reason absent a change in control. For amounts payable upon termination following a change in control, see Change in Control.

(2)

Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, assuming the Compensation Committee did not elect to extend benefits for an additional period. Includes \$11,582 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan.

- (3) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan if Mr. Dziak were not offered comparable employment with our successor or if he experienced a qualifying termination following the change in control. Includes \$11,582 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan.
- (4) Reflects the fair market value (less exercise price) of the underlying shares as of December 31, 2009 of all unvested in-the-money options, the vesting of which would accelerate if the options were not assumed, continued or substituted by the surviving company or if Mr. Dziak experienced a qualifying termination following the change in control.
- (5) Reflects the fair market value as of December 31, 2009 of all restricted stock, the vesting of which would accelerate if Mr. Dziak experienced a qualifying termination following the change in control.

*Eric Burger*

Payments Upon Termination	Termination by Employee for		Involuntary Termination without Cause	Involuntary Termination for Cause Retirement		Change in Control		Death Disability	
	Voluntary	Good Reason							
Severance Payments	\$ 0	\$ 0(1)	\$ 402,724(2)	\$ 0	\$ 0	\$ 540,224(3)	\$ 0	\$ 0	
Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,400(4)	\$ 0	\$ 0	
Restricted Stock	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,320(5)	\$ 0	\$ 0	
Performance Share Units	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total	\$ 0	\$ 0	\$ 402,724	\$ 0	\$ 0	\$ 739,944	\$ 0	\$ 0	

- (1) Under the 2007 Key Employee Severance Pay Plan, severance benefits generally are not payable upon a termination for good reason absent a change in control. For amounts payable upon termination following a change in control, see Change in Control.
- (2) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan, assuming the Compensation Committee did not elect to extend benefits for an additional period. Includes \$11,582 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan.
- (3) Represents the amount payable pursuant to the 2007 Key Employee Severance Pay Plan if Dr. Burger were not offered comparable employment with our successor or if he experienced a qualifying termination following the change in control. Includes \$11,582 for reimbursement of a portion of the premium for 12 months of continuation coverage under our medical plan.
- (4) Reflects the fair market value (less exercise price) of the underlying shares as of December 31, 2009 of all unvested in-the-money options, the vesting of which would accelerate if the options were not assumed, continued or substituted by the surviving company or if Dr. Burger experienced a qualifying termination following the change in control.
- (5) Reflects the fair market value as of December 31, 2009 of all restricted stock, the vesting of which would accelerate if Dr. Burger experienced a qualifying termination following the change in control.

*Jeffrey Babka*

As of April 1, 2009, Mr. Babka was no longer employed by Neustar. Mr. Babka was not entitled to severance benefits, and his unvested equity awards were terminated as of April 1, 2009.

**2009 Director Compensation**



Edgar Filing: NEUSTAR INC - Form DEF 14A

The following table sets forth all compensation paid by us to the non-management members of our Board of Directors for the last fiscal year.

Name	Fees		Non-Equity Incentive			Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards(1) (\$)	Option Awards (\$)	Plan Compensation (\$)	All Other Compensation (\$)	
Gareth C. C. Chang	67,500	149,987(2)				217,487
James G. Cullen	117,500	149,987(3)	(4)			267,487
Joel P. Friedman	80,000	149,987(5)				229,987
Ross K. Ireland	72,500	149,987(6)				222,487
Paul A. Lacouture	70,000	149,987(7)				219,987
Kenneth A. Pickar	77,500	149,987(8)				227,487
Michael J. Rowny	77,500	149,987(9)				227,487
Hellene S. Runtagh	85,000	149,987(10)				234,987

- (1) For information about the assumptions and underlying calculations upon which we base grant date fair value, see Note 15 to the Neustar audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009.
- (2) As of December 31, 2009, Mr. Chang held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 7,925 shares of our Class A common stock.
- (3) As of December 31, 2009, Mr. Cullen held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 15,233 shares of our Class A common stock.
- (4) As of December 31, 2009, Mr. Cullen held options to purchase 45,993 shares of our Class A common stock.
- (5) As of December 31, 2009, Mr. Friedman held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 15,599 shares of our Class A common stock.
- (6) As of December 31, 2009, Mr. Ireland held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 15,233 shares of our Class A common stock.
- (7) As of December 31, 2009, Mr. Lacouture held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 10,178 shares of our Class A common stock.
- (8) As of December 31, 2009, Dr. Pickar held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 15,233 shares of our Class A common stock.
- (9) As of December 31, 2009, Mr. Rowny held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 15,599 shares of our Class A common stock.
- (10) As of December 31, 2009, Ms. Runtagh held RSUs representing 6,564 shares of our Class A common stock and deferred stock units representing 15,599 shares of our Class A common stock.

### **Outside Director Compensation**

Our policy with respect to director compensation provides that non-management directors will receive an annual retainer of \$60,000. The lead director will receive an additional retainer of \$30,000, and committee chairs will receive additional retainers as follows: \$20,000 for the Audit Committee and Compensation Committee Chairs; \$15,000 for the Nominating and Corporate Governance Committee Chair; and \$10,000 for the Neutrality Committee Chair. Committee members (other than the chair) will receive additional retainers as follows: \$10,000 for Audit Committee members; \$7,500 for Compensation Committee and Nominating and Corporate Governance Committee members; and \$5,000 for Neutrality Committee members. All amounts are paid to directors quarterly in arrears. Directors are also reimbursed for expenses related to attending Board and committee meetings.

Non-management directors also receive an annual restricted stock unit ( RSU ) grant equal to \$150,000 divided by the closing price of our Class A common stock on the date of grant. Such grants are made on the first business day of the calendar month following the election of directors at the annual meeting of stockholders. These RSUs vest in full on the earlier of the first anniversary of the date of grant or the day preceding the next year's annual meeting of stockholders. Upon vesting, each director's RSUs will be automatically deferred into deferred stock units, which will be delivered to the director in shares of our Class A common stock six months following the director's termination of Board service.

The Compensation Committee will continue to evaluate the compensation of our directors from time to time as it deems appropriate and may in the future recommend to the Board an increase in or changes to such compensation depending on the results of any such evaluation.

**Deferred Compensation**

The Neustar, Inc. Deferred Compensation Plan permits non-employee directors to defer certain elements of compensation in order to delay taxation on such amounts. Specifically, the Plan permits deferral of up to 100% of director fees, including Board, lead director, committee chair and committee member retainers. Amounts deferred under the Plan are credited with investment earnings based on investment options selected by the participants. One director participated in the Plan during 2009.

## Board Stock Ownership Guidelines

The Board of Directors adopted stock ownership guidelines for non-employee directors effective January 1, 2008. The guidelines provide that, within five years, directors should attain an investment position in Neustar stock equal to at least five times the annual retainer for Board service. The number of shares needed to be owned is calculated annually based on the annual retainer and an average of the prior year's quarter-end closing stock prices.

Shares counted toward meeting the guidelines include shares owned outright by the director or his or her spouse, including shares acquired upon the exercise of stock options and shares delivered upon vesting of restricted stock; performance shares earned by the director; deferred stock units; shares held in trust that are included in the director's ownership reports filed with the SEC; and shares held in the director's retirement accounts. Unexercised stock options and unvested restricted stock or performance share units do not count toward meeting the guidelines.

## EQUITY COMPENSATION PLAN INFORMATION

We currently maintain three compensation plans under which shares of our Class A common stock have been authorized for issuance to directors, employees and consultants: the 1999 Equity Incentive Plan, the 2005 Stock Incentive Plan and the 2009 Stock Incentive Plan. All of these plans were approved by our stockholders. We will not make any further awards under the 1999 Equity Incentive Plan or the 2005 Stock Incentive Plan. The following table provides information as of December 31, 2009 about outstanding options and shares reserved for issuance under the plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	Options, Warrants and Rights (a)	(b)	(c)
Equity compensation plans approved by security holders	7,374,048(1)	\$ 19.37(2)	10,641,598
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	7,374,048	\$ 19.37	10,641,598

(1) Includes (a) 163,111 shares of Class A common stock underlying restricted stock units issued to our non-management directors, and (b) 1,259,679 shares of Class A common stock, which represents the maximum number of shares deliverable in respect of the 839,786 performance-vested restricted stock units that were outstanding as of December 31, 2009.

(2)

Excludes (a) 163,111 shares of Class A common stock underlying restricted stock units issued to our non-management directors, and (b) 1,259,679 shares of Class A common stock, which represents the maximum number of shares deliverable in respect of the 839,786 performance-vested restricted stock units that were outstanding as of December 31, 2009.

**BENEFICIAL OWNERSHIP OF SHARES OF COMMON STOCK**

The following table sets forth information regarding ownership of our common stock as of April 1, 2010 by holders of more than 5% of our combined classes of common stock, each of our directors and named executive officers, and all of our directors and executive officers as a group. The information in this table is based on our records, information filed with the Securities and Exchange Commission ( SEC ) and information provided to us, except where otherwise noted. Except as otherwise indicated, (i) each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table, and (ii) the business address of each person shown below is 46000 Center Oak Plaza, Sterling, Virginia 20166.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class(1)
<b>5% owners</b>		
PRIMECAP Management Company(2)	6,913,313	9.23%
TimesSquare Capital Management, LLC(3)	5,240,161	7.00%
BlackRock, Inc.(4)	4,125,444	5.51%
<b>Directors, nominees and named executive officers</b>		
Jeffrey Ganek, Chairman and Chief Executive Officer	1,468,137(5)	1.94%
Paul Lalljie, SVP and Chief Financial Officer	35,378(6)	*
Jeffrey Babka, Former SVP and Chief Financial Officer		
Lisa Hook, President and Chief Operating Officer	143,415(7)	*
John Dziak, SVP and Chief Strategy Officer	21,653(8)	*
Eric Burger, SVP and Chief Technology Officer		
Gareth Chang, Director	7,925(9)	*
James Cullen, Director	15,233(10)	*
Joel Friedman, Director	15,599(11)	*
Ross Ireland, Director	16,233(12)	*
Paul Lacouture, Director	10,178(13)	*
Kenneth Pickar, Director	15,233(14)	*
Michael Rowny, Director	16,599(15)	*
Hellene Runtagh, Director	15,599(16)	*
<b>Directors, nominees and executive officers as a group (17 persons)</b>	<b>2,002,228(17)</b>	<b>2.63%</b>

\* Denotes less than 1% ownership.

(1) Percentages are based on 74,891,054 shares of Class A common stock and 3,082 shares of Class B common stock outstanding on April 1, 2010 (reflecting total outstanding shares less 4,980,800 shares of Class A common stock held in treasury) plus, as to the holder thereof only and no other person, the number of shares (if any) that the person has the right to acquire as of April 1, 2010 or within 60 days from such date (May 31, 2010) through the exercise of stock options or similar rights.

(2)

Beneficial ownership information is based on information contained in a Schedule 13G/A filed with the SEC on February 11, 2010 by PRIMECAP Management Company ( PRIMECAP ). PRIMECAP is an investment adviser and has sole dispositive power with respect to 6,913,313 shares of our Class A common stock and sole voting power with respect to 3,750,546 shares of our Class A common stock. The business address of PRIMECAP is 225 South Lake Ave., #400, Pasadena, California 91101.

- (3) Beneficial ownership information is based on information contained in a Schedule 13G/A filed with the SEC on February 9, 2010 by TimesSquare Capital Management, LLC ( TimesSquare ). TimesSquare is an investment adviser, and all of the shares reported as beneficially owned by TimesSquare are owned by its clients, who have the right to receive dividends and proceeds from the sale of such shares. In its role as investment adviser, TimesSquare has sole dispositive power with respect to 5,240,161 shares of our Class A

common stock and sole voting power with respect to 4,155,461 shares of our Class A common stock. The business address of TimesSquare is 1177 Avenue of the Americas, 39th Floor, New York, New York 10036.

- (4) Beneficial ownership information is based on information contained in a Schedule 13G filed with the SEC on January 29, 2010 by BlackRock, Inc. ( BlackRock ) on behalf of its subsidiaries. Various persons have the right to receive dividends and proceeds from the sale of the shares reported as beneficially owned by BlackRock. The business address of BlackRock is 40 East 52nd Street, New York, New York 10022.
- (5) Includes (i) 63,348 shares of Class A common stock held in two GRATs, (ii) 100,000 shares of Class A common stock held by JHLA Associates LLC, and (iii) 761,268 shares of Class A common stock subject to options that are exercisable as of April 1, 2010 or within 60 days from such date. Mr. Ganek s spouse has sole voting and investment power with respect to the shares held in the GRATs, and his son has sole voting and investment power with respect to the shares held by JHLA Associates LLC.
- (6) Includes 32,009 shares of Class A common stock subject to options that are exercisable as of April 1, 2010 or within 60 days from such date.
- (7) Includes 135,977 shares of Class A common stock subject to options that are exercisable as of April 1, 2010 or within 60 days from such date.
- (8) Includes 20,416 shares of Class A common stock subject to options that are exercisable as of April 1, 2010 or within 60 days from such date.
- (9) Consists of 7,925 vested deferred stock units held in accordance with our outside director compensation policy.
- (10) Consists of 15,233 vested deferred stock units held in accordance with our outside director compensation policy.
- (11) Consists of 15,599 vested deferred stock units held in accordance with our outside director compensation policy.
- (12) Includes 15,233 vested deferred stock units held in accordance with our outside director compensation policy.
- (13) Consists of 10,178 vested deferred stock units held in accordance with our outside director compensation policy.
- (14) Consists of 15,233 vested deferred stock units held in accordance with our outside director compensation policy.
- (15) Includes 15,599 vested deferred stock units held in accordance with our outside director compensation policy.
- (16) Consists of 15,599 vested deferred stock units held in accordance with our outside director compensation policy.
- (17) Includes (i) 110,599 vested deferred stock units held in accordance with our outside director compensation policy, and (ii) 1,168,162 shares of Class A common stock subject to options that are exercisable as of April 1, 2010 or within 60 days from such date.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**



Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and beneficial owners of greater than 10 percent of our common stock (the Reporting Persons ) to file reports of holdings and transactions in Neustar common stock with the Securities and Exchange Commission and the New York Stock Exchange.

Based solely on these reports and other information provided to us by the Reporting Persons, we believe that all Reporting Persons complied with these reporting requirements during fiscal year 2009 except for the following late report, which was due to an administrative error: a Form 4 for Douglas Arnold covering one transaction.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Transactions with Related Persons

None.

### Policies and Procedures for Review of Transactions with Related Persons

Our Corporate Code of Business Conduct (the Code), which is available on our website at [www.neustar.biz](http://www.neustar.biz) under the captions Investor Relations Code of Conduct, provides that the personal activities and relationships of directors, officers and employees must not conflict, or appear to conflict, with the interests of the Company. Any potential conflict of interest that involves an officer of the Company or a subsidiary including any transaction between the Company and a third party in which the officer has a direct or indirect interest must be approved in advance by the General Counsel and Chief Operating Officer of the Company. Any potential conflict of interest that involves a director or an executive officer of the Company must be approved by the Board of Directors or the Audit Committee.

Loans from the Company to directors and executive officers are prohibited by the Code. Loans from the Company to other officers and employees must be approved in advance by the Board of Directors or the Audit Committee.

All prior approvals required pursuant to the Code must be obtained in writing.

## PROPOSALS REQUIRING YOUR VOTE

### ITEM 1 *Election of Directors*

Our Board of Directors currently has nine seats, divided into three classes: Class I, Class II and Class III. Our Class I directors are James G. Cullen, Joel P. Friedman and Kenneth A. Pickar, and their term ends at the Annual Meeting of Stockholders in 2011. Our Class II directors are Ross K. Ireland, Paul A. Lacouture and Michael J. Rowny, and their term ends at the Annual Meeting of Stockholders in 2012. Our Class III directors are Jeffrey E. Ganek, Gareth C. C. Chang and Hellene S. Runtagh, and their term ends at this Meeting.

We have nominated Messrs. Ganek and Chang and Ms. Runtagh for election to continue as Class III directors. Mr. Ganek is our Chief Executive Officer and has served on the Board since 1999, and Ms. Runtagh has served on the Board since 2006. Mr. Chang was first appointed to the Board on June 1, 2008. A third-party search firm initially identified Mr. Chang as a director candidate, and his candidacy was recommended to the Board by the Nominating and Corporate Governance Committee.

Each nominee for director will, if elected, continue in office until our Annual Meeting of Stockholders in 2013 and until the director's successor has been duly elected and qualified, or until the earlier of the director's death, resignation or retirement. The proxy holders named on the proxy card intend to vote the proxy (if you are a stockholder of record) for the election of each of these nominees, unless you indicate on the proxy card that your vote should be withheld from any of the nominees. Under Securities and Exchange Commission rules, proxies cannot be voted for a greater number of persons than the number of nominees named.

Each nominee has consented to be named as a nominee in this proxy statement, and we expect each nominee to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the other nominees and may be voted for a substitute nominee, unless the Board chooses to reduce the number of directors serving on the

Board.

The principal occupations and certain other information about the nominees and the additional members of our Board of Directors (including the skills and qualifications that led to the conclusion that they should serve as directors) are set forth below.

**The Board of Directors unanimously recommends a vote FOR the election of Messrs. Ganek and Chang and Ms. Runtagh as directors.**

## BOARD OF DIRECTORS

### Name and Age as of April 1, 2010

### Position, Principal Occupation, Business Experience and Directorships

Jeffrey E. Ganek  
Age 57

Mr. Ganek has served as our Chairman of the Board and Chief Executive Officer since December 1999. From December 1995 to December 1999, he was Senior Vice President and Managing Director of Communications Industry Services at Lockheed Martin, an advanced technology company. The Communications Industry Services group of Lockheed Martin, which was acquired from Lockheed Martin in 1999 to form Neustar, provided clearinghouse services to the telecommunications industry. From 1993 to 1995, he was Vice President Asia Operations for Global TeleSystems Group, a communications service provider in Europe and Asia. From 1991 to 1993, he was Vice President of Marketing at GTE Spacenet, a satellite communications service provider. From 1985 to 1991, he was Director of Marketing and Corporate Development at MCI Communications Corporation, a telecommunications company. From 1976 to 1985, he held management positions at AT&T, a telecommunications company, in Corporate Development, Marketing and Finance. Mr. Ganek is also a director and audit committee member of comScore, Inc.

Mr. Ganek's knowledge of all aspects of Neustar's business and his historical understanding of our operations, combined with his drive for innovation and excellence, position him well to serve as our Chairman and CEO. Mr. Ganek has more than 30 years of experience in the communications and technology industries, and he brings broad strategic vision to Neustar and the Board.

Gareth C. C. Chang  
Age 67

Mr. Chang has served as a director of Neustar since 2008. Mr. Chang has served as Chairman and Chief Executive Officer of Towona Media, a digital media provider, since 2008. Mr. Chang has served as executive chairman of Netstar Group Holding Company, a networking system integration company, since 2003. In addition, he has served as Chairman and Managing Partner of GC3 & Associates International, a management consulting and private investment firm specializing in strategic planning and the execution of technology and media enterprises, since 2000. From 1998 to 2000, Mr. Chang was Chairman and CEO of News Corporation's Star TV Group, the leading multi-channel satellite television network providing access to more than 300 million viewers across Asia, the Indian sub-continent, and the Middle East. He also has served in senior executive roles at Hughes Electronics and McDonnell Douglas.

Mr. Chang was selected as a director because of his extensive experience as a leader of global technology and media enterprises, particularly in Asian markets. The Board also benefits from Mr. Chang's perspective as a former director, governance committee member, and compensation committee member of other public companies.

James G. Cullen  
Age 67

Mr. Cullen has served as a director of Neustar since 2005. Mr. Cullen retired as President and Chief Operating Officer of Bell Atlantic Corporation, a local telephone exchange carrier, in 2000. He had assumed those positions in 1998, after having been Vice Chairman since 1995 and, prior to that, President since 1993. He

was President and Chief Executive Officer of Bell Atlantic-New Jersey, Inc. from 1989 to 1993. Mr. Cullen is also a director, audit committee member and chairman of the compensation committee of Prudential Financial, Inc., non-executive Chairman of the Board of Agilent Technologies, Inc. and a director and chairman of the audit committee of Johnson & Johnson.

**Name and Age as of  
April 1, 2010**

**Position, Principal Occupation, Business Experience and Directorships**

Joel P. Friedman  
Age 62

Mr. Cullen was selected as a director because of his expansive knowledge of the communications industry, his executive leadership experience, his financial expertise, and his background serving on the boards of large, multinational public companies. Mr. Cullen's ability to communicate and encourage discussion, together with his experience as a senior director on other boards, makes him an effective lead independent director for the Board.

Mr. Friedman has served as a director of Neustar since 2006. As the former President of the Business Process Outsourcing ( BPO ) organization of Accenture Ltd., a consulting services company, a position he held from 2002 to 2005, Mr. Friedman was responsible for overseeing Accenture's portfolio of BPO businesses as well as fueling new innovation and growth in BPO. He was a member of Accenture's Board of Directors until February 2005 and also served on that company's Executive Committee and Global Leadership Council. Over the course of his 34-year career with Accenture, a national consulting firm, Mr. Friedman held a variety of senior leadership roles. He was a partner in Accenture's Corporate Development organization; served as managing general partner of the company's former venture capital business, Accenture Technology Ventures; led Accenture's banking and capital markets program; and was instrumental in founding and managing Accenture's strategy consulting practice. Mr. Friedman is also a director, audit committee member and finance committee member of SVB Financial Group. Mr. Friedman was selected as a director because of the valuable management experience he brings to the Board. Over the course of his career, Mr. Friedman has led and directed complex business organizations and gained significant experience in corporate development, strategic consulting, compensation and employee management.

Ross K. Ireland  
Age 63

Mr. Ireland has served as a director of Neustar since 2006. Mr. Ireland retired as Senior Executive Vice President of Services and Chief Technology Officer of SBC Communications Inc., a telecommunications services provider, in 2004. He assumed these positions in 1997 when Pacific Telesis Group merged with SBC Communications Inc. He served Pacific Telesis Group in various capacities from 1966 to 1997, including as Vice President and Chief Technology Officer from 1990 to 1997. Mr. Ireland was also a member of the Board of Directors of the Alliance for Telecommunications Industry Solutions, or ATIS, a not-for-profit corporation that provides telecom industry standards and industry operating practices, from 1990 through 2004, including as the Chairman of the Board of ATIS from 2000 through 2004. Mr. Ireland is also a director, audit committee member, compensation committee member and nominating and corporate governance committee member of Adtran, Inc.

Mr. Ireland was selected as a director because of his extensive knowledge of the telecommunications industry and its standards and practices, in addition to his broad technological expertise and senior leadership. Through his service on other company boards, Mr. Ireland also brings valuable experience in audit, compensation and governance matters.

Paul A. Lacouture  
Age 59

Mr. Lacouture has served as a director of Neustar since 2007. Mr. Lacouture retired as Executive Vice President of Engineering and Technology for Verizon Telecom, a

telecommunications services provider, in 2007, a position he had held since 2006. From 2000 to 2006, he was president of the Verizon Network Services Group. Prior to the Bell Atlantic/GTE merger in July 2000, Mr. Lacouture was president of the Network Services group at Bell Atlantic.

**Name and Age as of  
April 1, 2010**

**Position, Principal Occupation, Business Experience and Directorships**

Dr. Kenneth A. Pickar  
Age 70

Mr. Lacouture was selected as a director based on his many years of experience in the telecommunications industry and his knowledge and understanding of our customer base. Mr. Lacouture also provides valuable insight regarding the Company's current products and services, as well as the future technological needs of the Company and the industry.

Dr. Pickar has served as a director of Neustar since 1999. For the last 12 years he has been a Visiting Professor of Mechanical Engineering at the California Institute of Technology (Caltech), where he teaches courses in Technology Management, Entrepreneurship and Product Design. He has also lectured extensively on the subject of Engineering Ethics. Prior to joining Caltech, he was Senior Vice President - Engineering and Technology at AlliedSignal Corp. (Honeywell) and held senior positions at General Electric and Philips Components. Dr. Pickar is a member of the executive committee of the Tech Coast Angels and is an experienced investor in technology companies.

Dr. Pickar was selected as a director based on his rich expertise gained in senior posts for advanced technology development and management. In addition, he has extensive board-level experience with high technology, global companies including Ness Technologies and Level One. During his more than 10 years on our Board, Dr. Pickar has successfully managed our mission-critical Neutrality Committee and its attendant relations with the Federal Communications Commission.

Michael J. Rowny  
Age 59

Mr. Rowny has served as a director of Neustar since 2006. Mr. Rowny has been Chairman of Rowny Capital, a private equity firm, since 1999. From 1994 to 1999, and previously from 1983 to 1986, Mr. Rowny was with MCI Communications Corporation in positions including President and CEO of MCI's International Ventures, Alliances and Correspondent group; acting CFO; Senior Vice President of Finance; and Treasurer. His extensive career in business and government has included positions as Chairman and CEO of the Ransohoff Company, CEO of Hermitage Holding Company, EVP and CFO of ICF Kaiser International, Inc., Vice President of the Bendix Corporation, and Deputy Staff Director of The White House. Mr. Rowny is also a director and audit committee member of Ciena Corporation.

Mr. Rowny was selected as a director because of his extensive executive leadership and international experience, his financial expertise, and his understanding of business opportunities, both as concerns acquisition targets and the industry in general. The Board also benefits from Mr. Rowny's experience as a public company director and audit committee member.



**Name and Age as of  
April 1, 2010**

Hellene S. Runtagh  
Age 61

**Position, Principal Occupation, Business Experience and Directorships**

Ms. Runtagh has served as a director of Neustar since 2006. Ms. Runtagh was formerly President and CEO of Berwind Group, a diverse company with global businesses in pharmaceutical services, life science automation, industrial manufacturing, real estate, and natural resources, from 2001 to 2002. Prior to joining Berwind in 2001, Ms. Runtagh was with Universal Studios, where she last served as Executive Vice President. In this role, Ms. Runtagh was responsible for Studio, Consumer Products, Interactive Games, Information Technology, Online Operations, and retail operations at Universal Studios. Prior to joining Universal Studios, Ms. Runtagh spent 25 years at General Electric Company, where she served as President and CEO of GE Information Services and held general management roles with GE Capital and GE's software businesses. Ms. Runtagh has also held numerous leadership positions, including international operations, marketing and manufacturing, for multiple high technology GE businesses. Ms. Runtagh is also a director, audit committee member and chair of the compensation and executive development committee of Lincoln Electric Holdings, Inc. and a director, audit committee member and compensation committee member of Harman International Industries, Inc.

Ms. Runtagh was selected as a director based on her strong record of senior-level experience and her insight into the considerations necessary to run a successful, diverse global business. Ms. Runtagh's service on other public company boards also allows her to provide the Board with a variety of perspectives on important corporate governance, audit and compensation issues.

**EXECUTIVE OFFICERS AND MANAGEMENT**

Below is information, including biographical information, about our current executive officers (other than Mr. Ganek, whose biographical information appears above).

<b>Name</b>	<b>Age(1)</b>	<b>Position</b>
Lisa Hook	52	President and Chief Operating Officer
Paul S. Lalljie	37	Senior Vice President and Chief Financial Officer
Douglas S. Arnold	55	Senior Vice President, Human Resources
Eric W. Burger	46	Senior Vice President and Chief Technology Officer
John J. Dziak, Jr.	46	Senior Vice President, Strategic Initiatives and Chief Strategy Officer
Martin K. Lowen	45	Senior Vice President, General Counsel and Secretary
Alan Stiffler	49	Senior Vice President, Carrier Solutions North America
Alex Tulchinsky	50	Senior Vice President, Shared Services

(1) As of April 1, 2010.

*Lisa Hook* has served as our President and Chief Operating Officer since joining us in January 2008. Prior to joining Neustar, Ms. Hook served as President and Chief Executive Officer of Sunrocket, Inc., a voice over IP ( VoIP ) service provider, from 2006 to 2007. From 2001 to 2004, she held several executive-level posts at America Online, Inc., a web services company, including President, AOL Broadband, Premium and Developer Services; President, AOL Anywhere; and Senior Vice President and Chief Operating Officer, AOL Mobile. After leaving America Online in 2004, Ms. Hook briefly consulted for AOL and served on various corporate boards. Earlier, she was partner at Brera Capital Partners, LLC and managing director at Alpine Capital Group LLC. Ms. Hook also served in executive and special advisory roles at Time Warner, Inc., was legal adviser to the Chairman of the Federal Communications Commission, and was a senior attorney at Viacom International, Inc. Ms. Hook also serves on the boards of directors for Reed Elsevier PLC, Reed Elsevier NV and Reed Elsevier Group plc.

*Paul S. Lalljie* has served as our Senior Vice President and Chief Financial Officer since June 2009. Prior to becoming our Senior Vice President and Chief Financial Officer, Mr. Lalljie served as our Senior Vice President, Interim Chief Financial Officer and Treasurer from January 2009 to June 2009 and as our Vice President, Financial Planning & Analysis and Treasurer from December 2006 to January 2009. From 2000 through December 2006, Mr. Lalljie served in a variety of roles in corporate finance at the Company, including accounting, financial planning and analysis, treasury and investor relations.

*Douglas S. Arnold* has served as our Senior Vice President, Human Resources since September 2007. Prior to becoming our Senior Vice President, Human Resources, Mr. Arnold served as Vice President, Human Resources, at World Kitchen, Inc., a manufacturer and importer of housewares, from 2003 to 2006.

*Dr. Eric W. Burger* has served as our Senior Vice President and Chief Technology Officer since June 2009. Prior to joining us, from May 2008 to June 2009, Dr. Burger was an independent consultant. From January 2007 to May 2008, he held several executive-level posts at BEA Systems, Inc., a computer software company, including acting general manager, deputy chief technology officer and vice president of engineering. From 2006 to 2007, he served as chief technology officer at Cantata Technology, Inc., a communications software and hardware provider, and from 2004 to

2006, he served as chief technology officer at Brooktrout, Inc., a hardware and software platforms provider.

*John J. Dziak, Jr.* has served as our Senior Vice President, Strategic Initiatives and Chief Strategy Officer since joining us in March 2009. Prior to joining Neustar, Mr. Dziak served as Senior Vice President of Corporate Strategy at Sprint Nextel Corporation, a communications company, from 2007 to 2009. From 2006 to 2007, he was Senior Vice President, Services and Distribution at SkyTerra LP (formerly known as Mobile Satellite Ventures), a developer and supplier of mobile satellite communications services. Prior to that, from 2003 to 2006, he served as Senior Vice President, Corporate Strategy and Business Development at MCI Communications, a communications company. From 1995 to 2003, he served in the Communications and High Tech market unit of Accenture LLP, named partner in 2000. Mr. Dziak is a chartered financial analyst (CFA), earning his charter in 1992.

*Martin K. Lowen* has served as Senior Vice President since May 2005 and as our General Counsel and Secretary since September 2002. Upon joining us in June 2000, he served as Vice President of Law and Business Development. Prior to joining us, Mr. Lowen was an Assistant Vice President at TeleGlobe Communications, a provider of international telecommunications services, from January 1999 to May 2000, where he provided legal advice to senior management and directed many activities within that company's Legal Department. Prior to January 1999, he was a director in the legal department at MCI Communications Corp. and an associate with Skadden, Arps, Slate, Meagher & Flom LLP and Hogan & Hartson LLP.

*Alan Stiffler* has served as Senior Vice President, Carrier Solutions North America since April 2009. Prior to becoming our Senior Vice President, Carrier Solutions North America, from August 2005 to April 2009, Mr. Stiffler served as Vice President, NPAC Account Management. From May 2005 to August 2005, Mr. Stiffler was Senior Director, NPAC Account Management.

*Alex Tulchinsky* has served as Senior Vice President, Shared Services since February 2008. Prior to joining us, Mr. Tulchinsky was the founder and managing partner of TulchTech, LLC, an executive technology consulting company, from August 2007 to February 2008. From December 2006 through July 2007, he was the Senior Vice President of Network and Technology Operations at SunRocket, Inc., a voice over IP service provider. From 1996 to 2006, he held several senior technical leadership and executive-level posts at America Online, Inc., a web services company.

## **ITEM 2    *Ratification of Independent Registered Public Accounting Firm***

The Audit Committee has selected Ernst & Young LLP to serve as our independent registered public accounting firm for 2010.

We are asking our stockholders to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. Although ratification is not required by our bylaws or otherwise, we are submitting the selection of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate practice and because we value our stockholders' views on the Company's independent registered public accounting firm. In the event that our stockholders fail to ratify the selection, the Audit Committee will review its future selection of independent auditors. Even if this selection is ratified, pursuant to the Sarbanes-Oxley Act of 2002, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm and may determine to change the firm selected at such time and based on such factors as it determines to be appropriate.

Representatives of Ernst & Young LLP will be present at the Meeting to answer questions. They also will have the opportunity to make a statement if they desire to do so.

**The Board of Directors unanimously recommends a vote FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for 2010.**

### **Audit and Non-Audit Fees**

The following table presents fees for professional audit services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements and internal control over financial reporting for the years ended December 31, 2008 and December 31, 2009, and fees billed for other services rendered by Ernst & Young LLP during those periods.

**2008**

**2009**

Edgar Filing: NEUSTAR INC - Form DEF 14A

Audit fees(1)	\$ 2,489,282	\$ 2,239,305
Audit-related fees(2)	361,756	525,817
Tax fees(3)	634,766	479,978
Subtotal	\$ 3,485,804	\$ 3,245,100
All other fees(4)	2,500	61,995
Total fees	\$ 3,488,304	\$ 3,307,095

- (1) Audit fees consisted principally of work performed in connection with the audit of our consolidated financial statements, work on the audit of internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002, and review of the unaudited quarterly financial statements.
- (2) Audit-related fees consisted principally of audits that we were required to conduct in connection with our regulatory requirements under the rules, regulations and orders of the Federal Communications Commission, as well as requirements under the provisions of certain of our contracts.
- (3) Tax fees consisted principally of tax compliance and tax consulting work.
- (4) Other fees consisted of miscellaneous other permissible services not included in the first three categories and were immaterial for 2008 and 2009.

#### **Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

Pursuant to the Audit Committee Charter, Audit Committee policy and the requirements of law, the Audit Committee pre-approves all audit and permissible non-audit services to be provided by our independent registered public accounting firm. Pre-approval includes audit services, audit-related services, tax services and other services. In some cases, the full Audit Committee provides pre-approval for up to a year related to a particular defined task or scope of work, subject to a specific budget. In other cases, the chairman of the Audit Committee has the delegated authority from the Audit Committee to pre-approve services, and the chairman then communicates such pre-approvals to the full Audit Committee. To avoid potential conflicts of interest, the law prohibits a publicly traded company from obtaining certain non-audit services from its independent audit firm. We obtain these services from other service providers as needed.

#### **Audit Committee Report**

Neustar's management is responsible for Neustar's financial statements, internal controls and financial reporting process. Neustar's independent registered public accounting firm, Ernst & Young LLP, is responsible for auditing the financial statements and for expressing an opinion as to whether those audited financial statements fairly present, in all material respects, the financial position, results of operations, and cash flows of the Company in conformity with U.S. generally accepted accounting principles. The Audit Committee has been established for the purpose of representing and assisting the Board of Directors in overseeing Neustar's accounting and financial reporting processes and audits of Neustar's annual financial statements and internal control over financial reporting, including the integrity of Neustar's financial statements, Neustar's compliance with legal and regulatory authority requirements, the independent registered public accounting firm's qualifications and independence, and the performance of Neustar's internal audit function and the independent registered public accounting firm. The members of the Audit Committee are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm, nor can the Audit Committee certify that the independent registered public accounting firm is in fact independent under applicable rules.

In this context, the Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed the matters required to be discussed between the independent registered public accounting firm and the Audit Committee under the rules adopted by the Public Company Accounting Oversight Board (PCAOB). In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm regarding its communications with the Audit Committee concerning independence, as required by PCAOB rules, and the Audit Committee has discussed with the independent registered

public accounting firm its independence from the Company and management.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in the Company s

Annual Report on Form 10-K for the year ended December 31, 2009, for filing with the Securities and Exchange Commission.

**The Audit Committee:**

James G. Cullen, Chair  
Paul A. Lacouture  
Michael J. Rowny  
Hellene S. Runtagh

The Audit Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate the Audit Committee Report by reference therein.

**REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS,  
NOMINATION OF DIRECTORS AND OTHER BUSINESS OF STOCKHOLDERS**

Under the rules of the Securities and Exchange Commission, if a stockholder would like us to include a proposal in our proxy statement and form of proxy for presentation at our 2011 Annual Meeting of Stockholders, the proposal must be received by us at our principal executive offices at 46000 Center Oak Plaza, Sterling, Virginia 20166, to the attention of the Corporate Secretary, no later than January 7, 2011.

Alternatively, under our bylaws, if a stockholder would like to propose a matter for presentation at the 2011 Annual Meeting of Stockholders rather than for inclusion in the proxy materials, or would like to nominate a person as a candidate for election to the Board at the 2011 Annual Meeting of Stockholders, the stockholder must follow certain procedures contained in our bylaws. Stockholders may request a free copy of our bylaws from:

Neustar, Inc.  
Attn: Corporate Secretary  
46000 Center Oak Plaza  
Sterling, VA 20166

**Under the bylaws, notice of a nomination or other business must be delivered to the Corporate Secretary no later than the close of business on March 25, 2011 and no earlier than the close of business on February 23, 2011. If the date of our 2011 Annual Meeting of Stockholders is advanced more than 30 days prior to, or delayed by more than 30 days after, the anniversary of the date of the 2010 Annual Meeting of Stockholders, notice must be delivered to the Corporate Secretary not later than the close of business on the later of the 90th day prior to the 2011 Annual Meeting of Stockholders or the 10th day following the day on which public announcement of the date of the meeting is first made. Nominations and the proposal of other business also must satisfy other requirements set forth in the bylaws. The chairman of the meeting may refuse to acknowledge the introduction of any stockholder proposal or nomination not made in compliance with the foregoing procedures.**

If a stockholder fails to comply with the forgoing deadlines established under the bylaws, the Company will have discretionary authority to vote shares under proxies we solicit when and if the nomination or other business is raised at the Annual Meeting of Stockholders and, to the extent permitted by law, on any other business that may properly come before the Annual Meeting and any adjournments or postponements.





**ANNUAL MEETING OF STOCKHOLDERS OF  
June 23, 2010**

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting To Be Held on June 23, 2010:**

The Notice and Proxy Statement and Annual Report are available at  
<http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=25439>.

Please sign, date and mail  
your proxy card in the  
envelope provided as soon  
as possible.

Please detach along perforated line and mail in the envelope provided.

g 20330000000000000000 9

062310

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND  
FOR PROPOSAL 2.  
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK  
YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. Election of  
Directors:

FOR AGAINST ABSTAIN

**FOR ALL  
NOMINEES**

**NOMINEES:**

- Gareth C.C. Chang
- Jeffrey E. Ganek
- Hellene S. Runtagh

2. Ratification of Ernst &  
Young LLP as the Company's  
Independent Registered Public  
Accounting Firm for 2010.

**WITHHOLD  
AUTHORITY  
FOR  
ALL  
NOMINEES**

**If you do not properly sign and return a proxy, or attend  
the meeting and vote in person, your shares cannot be  
voted, nor your instructions followed. Please sign below  
and return this proxy in the enclosed envelope.**

**FOR ALL  
EXCEPT**

(See  
instructions  
below)

**INSTRUCTIONS:** To withhold authority to  
vote for any individual nominee(s), mark **FOR  
ALL EXCEPT** and fill in the circle next to each  
nominee you wish to withhold, as shown here: n

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

g

g

---

**ANNUAL MEETING OF STOCKHOLDERS OF  
June 23, 2010  
PROXY VOTING INSTRUCTIONS**

**INTERNET** - Access **www.voteproxy.com** and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

**Telephone** - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.

Vote online/phone until 11:59 PM EST the day before the meeting.

**MAIL** - Sign, date and mail your proxy card in the envelope provided as soon as possible.

**IN PERSON** - You may vote your shares in person by attending the Annual Meeting.

**COMPANY NUMBER  
ACCOUNT NUMBER**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting To Be Held on June 23, 2010:**

The Notice and Proxy Statement and Annual Report are available at  
<http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=25439>.

Please detach along perforated line and mail in the envelope provided **IF** you are not voting via telephone or the Internet.

g 20330000000000000000 9

062310

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND FOR PROPOSAL 2.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. Election of Directors:

FOR AGAINST ABSTAIN

**NOMINEES:**  
 **FOR ALL NOMINEES**  
 Gareth C.C. Chang  
 Jeffrey E. Ganek  
 Hellene S. Runtagh

2. Ratification of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for 2010.

**WITHHOLD AUTHORITY FOR ALL NOMINEES**

**If you do not properly sign and return a proxy, or attend the meeting and vote in person, your shares cannot be voted, nor your instructions followed. Please sign below and return this proxy in the enclosed envelope.**

**FOR ALL EXCEPT**  
(See

**RECEIVE FUTURE PROXY MATERIALS VIA THE INTERNET**

instructions  
below)

Registered stockholders can elect to receive NeuStar, Inc.'s future proxy materials, including the proxy statement, annual report to stockholders and proxy card, via the Internet. To enroll, please go to our transfer agent's website at [www.amstock.com](http://www.amstock.com). You will need to enter the company number and your account number as provided above.

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: n

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

g

g

**NEUSTAR 2010 ANNUAL MEETING ADMISSION TICKET**  
**Wednesday, June 23, 2010, at 5:00 P.M.**  
**The Hyatt Regency Reston**  
**1800 Presidents Street**  
**Reston, VA 20190**

**Please retain and present this ticket for admission to the meeting**

**From Washington Dulles International:**

Distance from hotel: 7 miles

Directions: Take Dulles Access Road East toward Washington, DC. Take Exit 12, Reston Parkway / VA 602 and make a left onto Reston Parkway. At the third traffic light, turn left onto Bluemont Way. Take a right onto Presidents Street to the hotel.

**From Reagan National Airport:**

Distance from hotel: 22 miles

Directions: Take George Washington Memorial Parkway North (crossing over into Virginia). Take the VA-123 exit toward Chain Bridge / McLean. Keep right at the fork to go on VA-123 S. Merge onto VA-267 W toward I-495 N / Dulles Airport (Portions toll). Take Reston Parkway / VA-602 exit-Exit 12. At the second traffic light, turn left onto Bluemont Way. Turn right onto Presidents Street to the hotel.

o g

**NEUSTAR, INC.**

**PROXY/VOTING INSTRUCTION CARD**

**This proxy is solicited by the Board of Directors of NeuStar, Inc.**  
**for the Annual Meeting of Stockholders**  
**Wednesday, June 23, 2010, 5:00 p.m. at the**  
**The Hyatt Regency Reston, 1800 Presidents Street, Reston, VA 20190**

**As an alternative to completing this form, you may enter your vote instruction by telephone at 1-800-PROXIES, or via the Internet at WWW.VOTEPROXY.COM and follow the simple instructions. Use the Company Number and Account Number shown on your proxy card.**

The undersigned hereby appoints Jeffrey E. Ganek and Martin K. Lowen, and each of them, as proxies, each with full power of substitution, and authorizes them to vote all the shares of common stock held of record by the undersigned on April 26, 2010 at the Annual Meeting, or any adjournment or postponement.

**If no other indication is made, the proxies will vote for the election of the nominees for Director, Gareth C.C. Chang, Jeffrey E. Ganek, and Hellene S. Runtagh, and in accord with the Directors' recommendations on the other subjects listed on the reverse side of this card and at their discretion on any other matter that may properly come before the meeting or any adjournment thereof.**

**(Continued and to be signed on the reverse side.)**

g

14475 g