



August 16, 2000

John Hoffman  
Chair – North American Numbering Council  
6607 Willow Lane  
Mission Hills, KS 66208-1974

In accordance with FCC Order 99-346<sup>1</sup> (“Order”), released November 17, 1999, NeuStar, Inc. submits the results of its 1Q2000 Neutrality Audit (attached).

Per the Order, NeuStar, as part of its Code of Conduct, is required to hire an independent entity to conduct a neutrality review, or audit, of NeuStar on a quarterly basis and provide the results of this review to the FCC Common Carrier Bureau. Ernst & Young LLP was selected by NeuStar to conduct the audit with the approval of the Commission. Ernst & Young consulted with the Commission in the development of an audit methodology, which encompassed NeuStar’s compliance with the NeuStar Neutrality Procedures, which, in turn, implemented the NeuStar Code of Conduct and the Commission’s neutrality rules at 47 C.F.R., Section 52.12(a)(1). Further, as noted in the attached report, Ernst & Young adhered to the relevant standards of the American Institute of Certified Public Accountants. Finally, the NeuStar Code of Conduct states the results of the audit are to be provided to the FCC, NANC and the LLCs.

The results of the first quarter 2000 neutrality audit were presented to the NeuStar Board of Directors on August 2, 2000. The Board reviewed the results of the audit for independence, integrity, accuracy and irregularities, and the Board certified its acceptance of the audit report.

The two non-compliance items noted in the report have been addressed via appropriate modifications to the NeuStar Neutrality Compliance Procedures as well as changes to NeuStar internal processes for handling central office code applications.

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<sup>1</sup> Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business, CC Docket No. 92-237, NSD File No. 98-151.

NEUSTAR, INC.  
1120 Vermont Avenue, N.W.  
Suite 550  
Washington, DC 20005  
Phone 202 533 2600  
Fax 202 533 2975

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If you have any questions, please feel free to contact me at 202-533-2655.

Sincerely,

A handwritten signature in cursive script, appearing to read "John C. Manning".

John C. Manning  
NeuStar

Attachment

cc: Cheryl Callahan  
Jeannie Grimes

## Report of Independent Accountants

**NeuStar, Inc. Board of Directors  
and  
Federal Communications Commission (FCC)**

We have examined NeuStar, Inc.'s (the Company's) assertion, included in the accompanying Report of Management on Compliance as of March 31, 2000, that the Company complied with the Neutrality Compliance Procedures (Neutrality Procedures) as of March 31, 2000. The Company is responsible for the design, distribution, and monitoring of such methods and procedures in place upon which the Company's assertion to the FCC is based. Our responsibility is to express an opinion on the Company's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included both a determination of the existence and distribution of such methods and procedures upon which the Company's assertion is based as well as examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that except for noncompliance with the requirement of all personnel signing their Annual Certification of Compliance on or before March 31, 2000 and occurrences in which the CO Code Administrator did not contact the assignee to request clarification within 30 days of the end of the six month period, the Company complied with the aforementioned requirements as of March 31, 2000, described in management's report, is fairly stated, in all material respects.

As discussed in management's assertion, the following material noncompliance occurred at the Company as of March 31, 2000.

1. Although all Company directors and employees participated in neutrality training on or before March 31, 2000, as required by the Neutrality Procedures, ten percent of a personnel audit sample did not sign their Annual Certification of Compliance forms until after that date. All personnel signed their Annual Certification by April 11, 2000, prior to the beginning of the neutrality audit for the first quarter of 2000.
2. Of 2,786 instances during the first quarter of 2000 where the CO Code assignee failed to submit a Part 4 form within six months of the initially published effective date, there were 445 occurrences in which the CO Code Administrator did not contact the assignee to request clarification within 30 days of the end of the six month period or document the reason(s) for such

delay in contacting the assignee. Subsequently, the CO Code Administrator contacted the assignees and has followed up appropriately in all 445 instances.

This report is intended solely for the information and use of the Board of Directors and management of the Company and the FCC and should not be used for any other purpose. Since this report will be filed in documents that are a part of the public record, its distribution is not limited.

*Ernst & Young LLP*

Ernst & Young LLP

June 7, 2000

Attachments

**NeuStar, Inc.**  
**Report of Management on Compliance**  
**as of March 31, 2000**

NeuStar, Inc. ("the Company") is responsible for complying with the Federal Communications Commission's ("FCC's") neutrality regulations governing the North American Numbering Plan Administrator ("NANPA"), 17 C.F.R. § 52.12(a)(1) ("Neutrality Regulations") and the NeuStar Code of Conduct ("Code of Conduct"), covering the Company's NANPA and Local Number Portability Administrator ("LNPA") services, as required by the FCC's Order in CC Docket No. 92-237 and NSD File No. 98-151, FCC 99-346, released on November 17, 1999 ("NANPA Transfer Order"), and is responsible for complying with the NeuStar, Inc. Neutrality Compliance Procedures ("Neutrality Procedures"), which were adopted to implement the Neutrality Regulations and the Code of Conduct.

Management has performed a review of the Company's methods and practices in carrying out its NANPA and LNPA functions as of March 31, 2000. Based on this review and my best judgment, I assert that, with respect to the Company's NANPA and LNPA functions, the Company is in compliance with the Neutrality Procedures as of March 31, 2000, with the exceptions noted below, and that the Neutrality Procedures are consistent with the Neutrality Regulations and the Code of Conduct, as required by the NANPA Transfer Order.

The only exceptions to such compliance of which the Company's management is aware are:

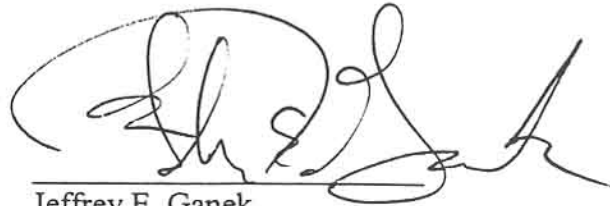
1. Although all Company directors and employees participated in neutrality training on or before March 31, 2000, as required by the Neutrality Procedures, ten percent of a personnel audit sample did not sign their Annual Certification of Compliance forms until after that date. All personnel signed their Annual Certifications by April 11, 2000, prior to the beginning of the neutrality audit for the first quarter of 2000.

2. Of 2,786 instances during the first quarter of 2000 where the CO Code assignee failed to submit a Part 4 form within six months of the initially published effective date, there were 445 occurrences in which the CO Code Administrator did not contact the assignee to request clarification within 30 days of the end of the six month period or document the reason(s) for such delay in contacting the assignee. Subsequently, the CO Code Administrator contacted the assignees and has followed up appropriately in all 445 instances.

I also assert that, as of March 31, 2000, there has been no change in the Company's ownership structure or voting control interests since November 30, 1999 and that Warburg, Pincus & Co. ("Warburg Pincus") does not control more than 40% of the Company's Board. I also assert that, based on the Warburg Pincus certification received by the Board with regard to compliance by Warburg Pincus with its neutrality procedures

as of March 31, 2000, that neither of the Warburg Pincus representatives on the Company's Board had any written or oral communications concerning any Warburg Pincus or Warburg, Pincus Equity Partners, L.P. ("WPEP") investment in any telecommunications service provider, other than communications solely for informational purposes or as may be required by law, with any other Company Board member or employee during the three-month period ending on March 31, 2000.

("Telecommunications service provider" is defined for purposes of this report as a provider of telecommunications service for a fee directly to the public or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.)

A handwritten signature in black ink, appearing to read 'Jeffrey E. Ganek', written over a horizontal line.

Jeffrey E. Ganek  
Chairman and Chief Executive Officer  
NeuStar, Inc.

Dated: June 7, 2000