

Executive Summary

America's Internet Domain

NeuStar is keenly aware that the usTLD is both a national public resource and asset of the U.S. Government that requires responsible management, careful oversight, and firm enforcement of all governing policies. We are committed to ensuring that the usTLD remains a secure and reliable domain space for all American Internet users, including state and local governments, schools, libraries, businesses, consumers, and children.

There are many key differentiators between the usTLD and every other TLD in existence. To protect its integrity, the usTLD has important policies and procedures that do not exist, or often go unenforced, in any other TLD. Those key policies are what make the usTLD so special – they anchor the reliability of the space and, most importantly, the trust of the American Internet user. NeuStar is committed to enforcing every usTLD policy to defend that trust, and we look forward to working with the Department of Commerce to ensure those policies and procedures outpace and protect against future threats, technical or behavioral, to the security and stability of the usTLD.

NeuStar's administration of the usTLD is based on the fundamental principles of reliability, security, stability, integrity, innovation and responsible growth. Unlike other TLDs, success in the usTLD cannot be measured only by the number of domains under management, or the profitability of the business, or the value of a domain name in the secondary marketplace. The true success of the usTLD lies in preserving its integrity and reliability thus maximizing the safety and utility of usTLD for American Internet users.

NeuStar is proud to be the usTLD Administrator, and we look forward to continuing our critical role managing the American Internet address into the next decade. The usTLD demands the best and NeuStar again answers that call.

The NeuStar Difference

NeuStar was incorporated in 1998 to meet the technical and operational challenges of the communications industry when the U.S. government mandated local telephone number portability. Since that time, NeuStar has introduced many customer-responsive technologies that deliver a

Highlights

- **NeuStar provides an existing, proven infrastructure based wholly in the United States that meets or exceeds every selection criteria in the RFQ.**
- **NeuStar's continued administration of the usTLD offers zero transition risk, leverages unparalleled existing expertise, and extends our record of excellence as usTLD Administrator.**
- **NeuStar is a financially strong, publicly traded, U.S. corporation with over 850 employees, 2006 revenues of \$333.0 million and net income of \$73.9 million.**
- **NeuStar's solution offers improved services at a fair and reasonable rate to all stakeholders. Registry fees are unchanged from the present contract.**

broad range of essential clearinghouse capabilities for a wide variety of service providers. NeuStar's existing services include a highly scalable, robust and flexible Internet domain name registry platform that enables reliable and equitable delivery of DNS and domain registration services to end user consumers through hundreds of usTLD accredited registrars and Delegated Managers. In addition to our gTLD and DNS services, we have successfully managed the usTLD since 2001 and have overseen a significant but responsible increase in the number of domains under management, from zero to 1.26 million.

Integrity is the cornerstone of NeuStar's solution for the usTLD. Our long-term vision of the usTLD is to have it regarded as the world's premier country-code TLD, and that goal can only be achieved by ensuring that every aspect of its administration is managed with integrity. Integrity permeates every element of our solution and is fundamental to our corporate mission to lead and serve the industry as a neutral third party.

NeuStar is uniquely qualified to ensure the continued success of the usTLD. Our plan builds on our legacy of managing public resources in a responsible and neutral manner. NeuStar's proven experience in implementing advanced technologies to meet the needs of the public and private sectors will continue to guarantee a high level of service to usTLD registrars, registrants, and locality space users, and enable the further introduction of enhanced services. NeuStar is committed to working collaboratively with usTLD stakeholders to develop policy that reflects both the needs of the community and of the U.S. Government. NeuStar's registries are designed and administered to ensure all industry participants have equal access, our services are provided equitably to all service providers, and our corporate focus is on the industry as a whole. This, in combination with our reputation for integrity, experience, neutrality, and industry expertise makes NeuStar the ideal vendor to continue as usTLD Administrator.

Our solution can be broken down into seven key differentiators, each of which is defined below.

1. No Transition Risk

NeuStar is the clear and best choice to continue in the role of usTLD Administrator. NeuStar is the only Quoter whose operation of the usTLD guarantees responsible and reliable management with zero risk of transition. NeuStar is the only Quoter with experience in the unique and critical policies and processes of the usTLD. Other Quoters face major challenges in the operation and administration of the space.

2. Unparalleled Experience with Unique Policies and Procedures

NeuStar currently administers and enforces a large number of policies and procedures that are unique to the usTLD. These policies are the cornerstone upon which the integrity and quality of the space rests. Because no other Quoter can claim any direct experience in these key areas, only NeuStar can guarantee continued, uninterrupted policy and contractual enforcement with the lowest level of resource commitment from the DoC. NeuStar staff is in regular communication with the DoC COTR on a wide range of policy development, operational, technical, and other key issues.

3. Robust, Secure, and Stable Technical Infrastructure

NeuStar has a demonstrated history of core registry stability leveraging a production-proven existing infrastructure. Our core registry systems are located entirely within the United States and have a record of quality performance including 100% DNS up-time. Selecting NeuStar to continue as usTLD Administrator will ensure continued stability, reliability and confidence among accredited registrars and registrants.

4. A Trusted Partnership

NeuStar is a U.S. corporation headquartered in Sterling, Virginia with a Washington, D.C.-based government relations office. We have locations both in and around Washington, DC, and have close relationships with numerous U.S. government agencies and congressional offices and are committed to maintaining our excellent reputation as a trusted partner to the U.S. Government. Over the last six years, NeuStar has proven to be a reliable and responsive contractor to the DoC. We have cooperated closely to develop numerous key policies and procedures and we are fully committed to remaining a constructive and trusted partner in the administration of the usTLD.

5. Financial Strength

NeuStar has the financial strength, stability and resources to meet and exceed every obligation in the RFQ. In 2005, NeuStar became a publicly-traded entity on the New York Stock Exchange (NYSE) under the symbol NSR. In 2006, NeuStar had gross revenue of \$333m and net income of \$73.9m. In 2006, by selecting a financially strong company with significant resources, the U.S. Department of Commerce can be assured of the stability and reliability of the usTLD Administrator.

6. Unassailable Neutrality

As required by FCC rules establishing the qualifications and obligations of the North American Numbering Plan (NANP) Administrator and the National Pooling Administrator, and under our contracts with North American Portability Management, LLC to provide telephone number portability services, NeuStar is required to comply with strict neutrality regulations and policies. Under our neutrality requirements, we are obliged to operate in a neutral and impartial manner. Our commitment to neutrality extends to administration of the usTLD. As such, we do not own, and are not owned by a TLD registrar and we never, directly or indirectly, show any preference to a registrar. Neutrality is a key component of fair and robust competition and NeuStar is the only current TLD registry operator who provides this neutrality.

7. Commitment to the usTLD

The usTLD is a vital segment of NeuStar's DNS business and represents a significant percentage of our domain names under management. NeuStar considers the usTLD a critical resource that is key to our TLD portfolio. We have invested significantly in the development, management and improvement of our systems to ensure that the usTLD benefits from a secure, robust and scalable infrastructure. Further, as outlined in Section A, in an industry rife with turnover, NeuStar has retained its usTLD Team to ensure continuity and to leverage years of expertise and experience.

Not only is the usTLD critical to NeuStar, but we recognize that it is also a significant national public resource. Therefore, NeuStar is focused on improving and expanding the usTLD in a responsible manner that ensures the integrity and reliability of the space. Through the enforcement of key and unique usTLD policies, NeuStar has demonstrated a commitment to the quality of the usTLD. Unlike the activities of many other registry operators, NeuStar continues to work to expand the usTLD without undermining its integrity and reliability.

NeuStar as Administrator of Unique Policies

The usTLD is different from all other TLDs, with policies and procedures not found in any other domain. In addition to contributing to the integrity and reliability of the domain, these elements add complexity to the operation and administration of the space. Only NeuStar has the requisite experience to manage that complexity in a responsible and efficient manner.

A key component of our successful management of the usTLD has been the development, implementation and enforcement of unique policies and procedures that support a more robust, certain and reliable DNS. In order to meet these critical needs, NeuStar worked closely with the DoC to develop a framework for the management of four key usTLD segments: (1) legacy hierarchical locality space; (2) expanded second-level space; (3) kids.us; and (4) reserved names. In each of these areas, our policies support predictable, equitable, transparent and reliable domain name registration and resolution. NeuStar is the only Quoter with direct experience in the administration of these unique, critical and highly visible policies.

In each of the following cases, NeuStar is uniquely positioned with specific, long-term, first-hand experience and expertise that no other registry operator in the world can claim. Every other Quoter would require significant education, training and oversight from the DoC to assume these critical responsibilities, with no guarantee of reliable implementation. It would require a steep learning curve for the successor operator that the American Internet Community could not afford.

Exhibit ES-1 offers a graphic comparison of the usTLD with other TLDs. The unique components that set the usTLD space apart from all others are described in detail below.

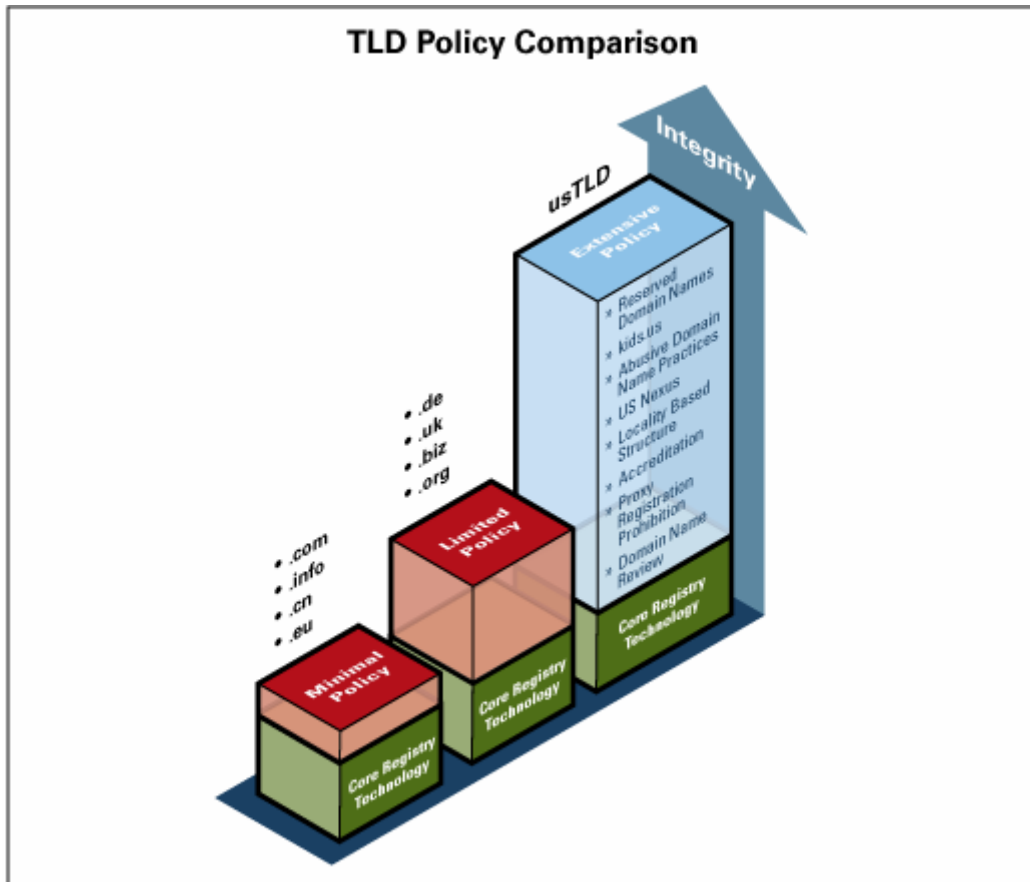


Exhibit ES-1. The usTLD unique and critical policies and processes build integrity and ensure quality of the space.

- Locality-based structure** – Unlike any other TLD, the usTLD has over 17,000 locality-based domains managed by over 1,500 delegated managers. The administration of the locality-based structure is highly complex and labor-intensive and is completely unique to the usTLD. The locality space requires a significant resource commitment by the usTLD Administrator, both in supporting delegated managers and acting as a delegated manager for approximately 10,000 individual locality domains. This requires clear understanding of the policy requirements and procedures for securing usTLD policy compliance from both delegated managers and locality registrants. **Only NeuStar provides this level of experience and expertise.**
- Kids.us** – As required by the Dot Kids Act of 2002, the usTLD includes a unique requirement in kids.us. As the usTLD Administrator, NeuStar is charged with developing and implementing policies, procedures and enforcement mechanisms to ensure that all web content using kids.us domains is appropriate for children aged 13 and younger. The policy and administrative requirements of kids.us do not exist in any other TLD and are a critical function in the protection of children from the dangers of the Internet. **Only NeuStar has the experience and expertise to ensure the continued reliability of the kids.us space.**

- **WHOIS Accuracy and Proxy Registration Prohibition** – The usTLD Administrator is required to collect accurate up-to-date WHOIS information for all usTLD domain registrations (including locality-based names) and, unlike other TLD operators, is required to conduct checks to confirm compliance. Also unique is an absolute prohibition against proxy or “private” registrations that shield the true identity of the domain name registrant. **Only NeuStar has the demonstrated experience and expertise to continue this important function.**
- **Registrar Accreditation** – Unlike gTLDs where the Internet Corporation for Assigned Names and Numbers (ICANN) is responsible for the initial accreditation of registrars, NeuStar is responsible for accrediting registrars for the usTLD through the usTLD Registrar Accreditation Agreement and for securing an usTLD Administrator-Registrar Agreement that ensures the flow-through and enforcement of all usTLD policies. As the incumbent usTLD Administrator, NeuStar has existing contractual relationships with usTLD-accredited registrars that establish clear and comprehensive parameters for the management of the expanded usTLD space. These legal relationships provide the accountability and administrative certainty necessary for the stable operation of the usTLD. **Of all potential bidders, only NeuStar has the experience to continue this important role.**
- **United States Nexus Requirement** – As usTLD Administrator, NeuStar developed, implemented and continues to enforce a unique system of “Nexus” requirements. Nexus is a requires usTLD registrants state their eligibility for a domain. The usTLD Administrator is required to collect Nexus data, conduct compliance reviews, and administer a process for processing Nexus violation reports and for resolving Nexus disputes. **Only NeuStar has the experience, expertise and relationships to ensure the integrity of the usTLD.**
- **Domain Name Review** - As the usTLD Administrator, NeuStar is required to administer a policy that preserves and enhances the value of the .US Internet address to all users, including, in particular, state and local governments, libraries and K-12 schools. As the usTLD Administrator, NeuStar reviews for possible deletion all registered second-level and locality domain names that contain any of the seven words identified in *Federal Communications Commission v. Pacifica Foundation*, 438 U.S. 726, 98 S. Ct. 3026, 57 L.Ed.2d 1073 (1978), the “Seven Words”. **Only NeuStar has experience in enforcing this important policy requirement.**
- **Abusive Domain Name Practices** -NeuStar takes every opportunity to prevent and eliminate fraud, online identity theft, phishing, pharming, and email spoofing, including the use of bot-nets to perpetrate these activities. By taking an active role in researching and monitoring these sorts of activities, and by utilizing our unique position as a TLD registry operator, NeuStar has developed a framework for working with various law enforcement and security communities to mitigate these threats in the usTLD. We have an extensive and documented process for removing a domain from the zone when its presence poses a threat to the security and stability of the Intranet infrastructure or usTLD. NeuStar has successfully implemented this first-a-kind program since 2006. **Only NeuStar offers industry-leading experience and effort to protect the integrity of the usTLD.**
- **Reserved Domain Names** - as the usTLD Administrator, NeuStar manages a number of reserved names, including names consistent with typical ICANN TLD polices, names set aside for local, state and Government use, names for kids.us, and names set aside for

development for public benefit. Unlike any other registry operator, the usTLD Administrator is responsible for acting as registrar for these domains, including providing ongoing customer support, delegation support, and administering processes such as renewals. **Only NeuStar has the necessary experience and relationships to continue management of the usTLD reserved name programs.**

Solution Summary

NeuStar's administration of the usTLD is grounded in the fundamental principles of reliability, security, stability, integrity, innovation and growth. As the current usTLD Administrator, we understand that the management of the space involves much more than just processing domain name registrations. The usTLD Administrator plays a key role in the preservation, protection and enhancement of a national asset that operates in an increasingly dynamic business and technical environment.

NeuStar is the only Quoter with the specific knowledge and key experience required to successfully administer the usTLD. NeuStar offers a proven and existing registry infrastructure and selecting NeuStar will eliminate any transition risk. Selecting NeuStar will also lock up our extensive and irreplaceable knowledge, experience and expertise for at least an additional three years. To abandon that resource would put the stability, security, reliability and integrity of the usTLD at risk.

Over the last six years, NeuStar has benefited greatly from hands-on experience in administering the usTLD. During that time, we worked closely with the DoC to improve the usTLD space, including contract modifications as detailed in Proposal Section B, Sub-section C.2.

We believe the existing usTLD policies are necessary to ensure the continued stability and reliability of the space and are therefore committed to continuing all existing usTLD policies and procedures.

NeuStar is committed to the continued development and expansion of the usTLD. As we believe there is always room for improvement in a dynamic Internet environment, we propose the following new or enhanced policies and procedures that, pending individual approval by the DoC, will further enhance the reliability, security and integrity of the usTLD:

- **IPv6** - NeuStar's SRS is currently capable of registering IPv6 name servers and we will continue providing this service.
- **Internationalized Domain Names (IDN)** - IDNs will make the usTLD more inclusive to all Americans by introducing new language scripts that will most benefit the minority communities in the United States.
- **WHOIS Accuracy Program** - We will implement a comprehensive WHOIS Accuracy Program to allow third-parties to submit inquiries regarding the accuracy of WHOIS data, check registrar compliance of WHOIS requirements and audit such results.
- **Nexus Compliance Tool** - To help improve U.S. Nexus compliance, we will create an automated Nexus Compliance Tool that allows parties to submit complaints of alleged Nexus violations.

- **DNSSEC** - NeuStar's SRS Registry and DNS infrastructure are capable of supporting DNSSEC. We will work closely with the DoC to assess an implementation plan for DNSSEC in the usTLD.
- **RSS Feeds to Customers** - We will create an RSS feed to provide information on planned maintenances, unplanned outages, or other registry events. The RSS feed will be in addition to our normal email announcements.
- **Domain Usage Surveys** - To help design more effective and efficient marketing programs, NeuStar will conduct periodic surveys to analyze usage trends in the usTLD space, including the number of domains in use, how they are being used, and who is using them.
- **Bulk Transfer Amendment (BTAPPA)** - We will provide a mechanism enabling a usTLD registrar to purchase a portion of another usTLD registrar's domain name portfolio and, with the cooperation of the usTLD Administrator, bulk transfer the names at a reduced fee.
- **usTLD Blog and Message Board** - NeuStar will implement a new process for the collection and dissemination of information related to the usTLD. We will implement a usTLD Blog and usTLD Message Board that supports communication among usTLD registrars and registrants, Delegated Managers, Locality Registrants and the usTLD Administrator.
- **usTLD Add-Delete Grace Period Amendment** - To discourage recent "domain tasting" activity in the usTLD, NeuStar will amend the usTLD Add-Grace Period policy to allow each registrar a monthly deletion maximum of (i) 10% of its new registrations or (ii) fifty (50) domain names, whichever is greater, before the deletions become non-refundable making it too expensive and burdensome for "domainers" to continue the practice.
- **Expansion of DNS Resolution** - We recommend an expansion of our usTLD DNS constellation to make use of additional NeuStar locations already operating around the globe. Additionally, we also recommend adding two existing NeuStar overseas locations to house a pair of Unicast nodes.
- **New Public Resource Domains** - We will actively work to develop all of the public resource domains which we believe will be useful and attractive to the public.

We look forward to working closely with the DoC to identify the most appropriate timing and process for the introduction of these new policies, procedures and processes.

Conclusion

NeuStar has a demonstrated six-year track record of excellence in operating the usTLD. We have ensured the stability and security of the usTLD infrastructure, the integrity of usTLD registrant data, and guaranteed equitable treatment to our customers. In addition to providing unparalleled technical service, NeuStar has developed and enforced many unique policies that are critical to the reliability and long-term integrity of the usTLD. Our record as Administrator of the usTLD demonstrates a clear commitment to our corporate principles of reliability, scalability, neutrality and trust. No other Quoter has this track record.

We look forward to continuing our role as usTLD Administrator and look forward to responding to any questions raised during the evaluation period.



NeuStar's usTLD Evaluation Factor Analysis

Evaluation Criteria	NeuStar Solution Summary
Technical excellence and comprehensiveness of the offered service	<ul style="list-style-type: none"> • NeuStar's continued administration of the usTLD offers zero transition risk; • NeuStar provides an existing, proven infrastructure based wholly in the United States; • NeuStar's proposed service meets or exceeds every selection criteria in the RFQ; • NeuStar's systems, processes and infrastructure are highly stable, secure and reliable. • NeuStar's usTLD Team offers unparalleled and irreplaceable experience and expertise in administering the usTLD.
Past Performance	<ul style="list-style-type: none"> • NeuStar has successfully administered the usTLD since October 2001; • NeuStar has met or exceeded every contractual obligation in the existing contract; • NeuStar received two one-year contract extensions after the initial four year base period based on its successful performance; • NeuStar provided 100% usTLD DNS up-time during the existing contract; • NeuStar has proven to be a trusted partner whose corporate Code of Conduct guarantees that customers will be treated in a fair and neutral manner; • NeuStar has maintained continued, uninterrupted cooperation, communication and consultation with the DoC's COTR. • NeuStar has successfully developed, implemented and enforced a number of unique usTLD policies and procedures; • NeuStar has responsibly marketed and promoted the usTLD, including kids.us, in a manner that guarantees the long-term integrity of the domain; • NeuStar's usTLD Team has demonstrated its expertise and commitment to meeting or exceeding every usTLD obligations.
Financial Fitness	<ul style="list-style-type: none"> • NeuStar is a publicly traded company incorporated in Delaware. • NeuStar had 2006 revenues of \$333.0 million and net income of \$73.9 million. • NeuStar has over 850 employees, is headquartered in Sterling, Virginia with offices in Washington DC, Europe and Asia.
Reasonableness of Proposed Price or Fees to Registrants and Registrars	<ul style="list-style-type: none"> • NeuStar proposes an unchanged annual usTLD wholesale registry fee that provides for ongoing operations, future investment and a reasonable return on investment. • NeuStar's proposal maintains the existing fees charged to registrars while increasing our levels of service. • NeuStar's proposal ensures a fair and competitive market price below that of the TLD market average.