NEUSTAR INC
Form 10-K
February 28, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013
Or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File No. 001-32548
NeuStar, Inc.
(Exact name of registrant as specified in its charter)

Delaware	52-2141938
State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
21575 Ridgetop Circle Sterling, Virginia	20166
(Address of principal executive offices)	(Zip Code)

(571) 434-5400
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	þ	Accelerated filer	¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
On February 21, 2014, 61,186,486 shares of NeuStar Class A common stock were outstanding and 3,082 shares of NeuStar Class B common stock were outstanding. The aggregate market value of the NeuStar common equity held by non-affiliates as of June 30, 2013 was approximately $4.2 billion.

Table of Contents

DOCUMENTS INCORPORATED BY REFERENCE:

Information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to portions of NeuStar's definitive proxy statement for its 2014 Annual Meeting of Stockholders, which NeuStar intends to file with the Securities and Exchange Commission within 120 days of December 31, 2013.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Unless the context requires otherwise, references in this report to “Neustar,” “we,” “us,” the “Company” and “our” refer to NeuStar, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. BUSINESS

Our Business

We are a neutral and trusted provider of real-time information services and analytics, using authoritative, hard-to-replicate datasets and proprietary analytics to help our clients promote and protect their businesses. We develop unique solutions using proprietary, third-party and client data sets. These solutions provide accurate, up-to-the-minute insights and data driven intelligence, enabling our clients to make informed, actionable decisions in real time, one customer interaction at a time. We also offer a broad range of innovative registry and other data services. Our Marketing Services enhance our clients' ability to acquire and retain valuable customers across disparate platforms. Our Security Services help our clients direct and manage Internet traffic flow, resolve Internet queries and protect their online assets against a growing number of cyber threats. We primarily serve clients in the communications, financial services, media and advertising, retail and eCommerce, Internet, and technology industries. We incorporated in Delaware in 1998. Our principal executive offices are located at 21575 Ridgetop Circle, Sterling, Virginia 20166, and our telephone number at that address is (571) 434-5400.

Our Services

Our primary services are as follows:

Marketing Services

Our Marketing Services provide clients the ability to plan and execute marketing strategies and measure the effectiveness of advertising campaigns across multiple channels with advanced marketing analytics, custom segmentation and media optimization. Using our workflow solutions, marketers are able to tailor their media spending plans, efficiently reach target audiences, and measure campaign performance across an array of channels and devices. In particular, our services help our clients identify and target their highest value potential customers and reach them through online and offline channels. These workflow solutions enable clients dealing with large volumes of continuous customer interactions and data to make instant, informed and high-impact decisions designed to promote their businesses and increase customer retention. Our privacy-by-design marketing suite of services enhances our clients’ ability to achieve greater campaign success and increase their return on investment.

Our Marketing Services provide:

- Marketing analytics and segmentation. We provide scientific, cloud-based solutions that enable marketers to analyze their customer base and build granular, highly predictive segmentation in real time. This provides our clients with a consistent view of customer and prospect groups most highly predisposed to purchase their products and services based on attributes such as demographics, geography, and buying propensities. Our services enable clients to plan data-driven marketing strategies, develop high-impact advertising and lead generation campaigns and execute informed media planning for consistent execution across multiple channels.
- Customer targeting. Our customer targeting services enable effective online display ad targeting of prospect audiences and customers. Our predictive segmentation and geo-targeting capabilities enable clients to reach highly predisposed online customers with relevant messages, either by deploying propensity, geography or a combination of each, in a privacy compliant manner.
- Identity verification and scoring. We provide services that allow clients to interact efficiently with their customers, for example, to validate customer data, distinguish between an existing customer and a prospect, enhance leads and assign a lead quality rating. Our lead scoring service assigns a real-time predictive score to inbound telephone and web leads and predicts which prospects are most likely to convert into customers and/or become high-value customers, or which current customers are likely to respond to additional offers.
- Local search and licensed business data. We provide a business listing and identity management solution that serves search platforms, national brands, authorized channel partners and local businesses. This service provides

4

Table of Contents

businesses, national brands and channel partners the essential tools to verify, enhance and manage the identity of local listings on search platforms across the Web, and offers search platforms an accurate, complete and up-to-date database of local business listings for online publishing.

- Measurement and attribution. We provide campaign conversion analytics that enable clients to measure advertising effectiveness, for example, by assessing the offline consumer behavior of persons exposed to online advertising campaigns, consistent with privacy-by-design principles. We also provide a single, neutral media intelligence platform for measurement and optimization of multi-channel, multi-device advertising campaigns and conversion-attribution analytics.

Business Assurance Services

We provide our clients with website performance monitoring and load testing analysis to enhance their ability to measure and improve online performance, and to promote competitive advantages and positive end-user experiences.

Our Business Assurance Services provide:

- Website performance monitoring. We help clients identify a wide range of online performance issues, and set up synthetic and real user monitors from a single interface. In addition, we provide load-testing analysis to help an enterprise prepare for severe stress to new and existing systems. Our extensive diagnostics and multi-domain views give customers a holistic perspective both inside and outside the firewall.
- User authentication and rights management. We operate the user authentication and rights management system, which supports the UltraViolet™ digital content locker that consumers use to access their entertainment content.

Security Services

We provide a suite of domain name systems, or DNS services, built on a global directory platform. These services play a key role in directing and managing the flow of Internet traffic, resolving Internet queries and providing security protection against cyber attacks.

Our Security Services provide:

- DDoS protection. We provide Distributed Denial of Service, or DDoS, alerting and detection systems, as both a stand-alone DDoS mitigation solution, or together with advanced services to strengthen and protect an enterprise’s defenses. By identifying suspicious traffic, we reduce risk, downtime and revenue loss for our clients. We help protect an enterprise’s intellectual capital by providing early warning of attacks so it can act quickly to minimize damage.
- Internet infrastructure. Our solutions protect an enterprise’s Internet ecosystem and defend most standard transmission control protocol based applications, including, among others, websites, email servers, application programming interfaces, and databases. Our managed and recursive DNS services deliver fast, accurate responses to online queries with the scalability that today’s enterprises demand.

Data Services

We manage large, complex data sets that enable clients to process decisions and transactions in real time. Our workflow solutions enable the exchange of essential operating information with multiple carriers in order to provision and manage services. Our services assist clients with fast and accurate order processing, and immediate routing of customer inquiries. These services include inventory management services that allow our carrier clients to manage effectively their assigned telephone numbers and associated recourses.

Our Data Services provide:

- Order management. We provide network services that permit our carrier customers to exchange essential operating information with multiple carriers to provision and manage services for their subscribers. In addition, we offer inventory management services to allow our carrier customers to manage efficiently their assigned telephone numbers and associated resources.

- Legal compliance. We provide end-to-end managed services that help our clients reduce costs, risks, and manual processing associated with complying with their obligations to provide customer information under applicable law. These services help our clients meet their obligations regarding customer records and real-time access to communications while achieving higher accuracy workflows, minimizing costs and resources, and reducing risk exposure.

Data Registries Services

Our suite of data registry services includes the dynamic routing of calls and text messages among all competing communications service providers in the United States and Canada, the provision of caller-name and related information to telephony providers, the management of authoritative domain-name registries and the administration of the U.S. common short codes registry.

Our Data Registries Services provide:

- Numbering. We operate and maintain authoritative databases that help manage the increasing complexity in the telecommunications industry. Our numbering services include number portability administration center services, or NPAC Services, in the United States and Canada and number inventory and allocation management. The NPAC is the world's largest and most complex number portability system with connections to over 4,800 individual customers and is a critical component of the national telecommunications network infrastructure. Our NPAC Services provide a key foundation for subscriber acquisition and for a robust and competitive telecommunications market. These services also support the industry's needs for real-time network and resource optimization, emergency preparedness and disaster recovery, and efficient telephone number utilization. In addition, we provide international local number portability, or LNP, solutions in Taiwan and Brazil.
- Registries. We provide caller identification services to carriers in the U.S. We operate the authoritative registries of Internet domain names for the .biz, .us, .tel, and .travel top-level domains, and provide international registry gateways. We provide back-end support for generic top-level domains, or gTLDs. All Internet communications routed to any of these domains must query a copy of our directory to ensure that the communication is routed to the appropriate destination. We also operate the authoritative common short codes registry on behalf of the U.S. wireless industry.

Operations

Sales Force and Marketing

We operate as a unified marketing and sales organization in order to more effectively promote our brand and go to market with our solutions. Our sales and marketing teams are aligned by industry verticals. We believe this operating model allows us to deliver solutions that address the most critical challenges of our clients' business. Our experienced sales and marketing staff have extensive knowledge of the industries we serve, and understand their priorities and needs; it is this client focused perspective that we believe allows us to successfully generate client demand. We employ a wide array of direct and indirect sales approaches and marketing strategies, and we base our strategy for each industry vertical on our analysis of market requirements, client needs, and industry direction. As of December 31, 2013, our sales and marketing organization consisted of 491 people who work together to offer our clients advanced services and solutions.

Client Support

Client support personnel are responsible for the resolution of all client inquiries, provisioning and trouble requests. Our staff works closely with our clients to ensure that our service level agreements are being met. They continually solicit client feedback and are in charge of bringing together the appropriate internal resources to troubleshoot any problems or issues that clients may have. We measure the performance of our client support personnel based on responses to client satisfaction surveys and measurements of key performance indicators.

Operational Capabilities

We provide our services through our state-of-the-art data centers and remotely hosted computer hardware located in third-party facilities throughout the world. Our data centers, including third-party facilities that we use, are custom designed for processing and transmitting high volumes of transaction-related, time-sensitive data in a highly secure environment. We are committed to employ best-of-breed tools and equipment for application development, infrastructure management, operations management and information security. In general, we subscribe to the highest level of service and responsiveness available from each third-party vendor that we use. Further, to protect the integrity and ensure reliability of our systems, the major components of our networks are generally designed to eliminate any single point of failure.

We consistently meet and frequently exceed our contractual service level requirements. Our performance results for certain services are monitored internally and are subjected to independent audits on a regular basis.

Research and Development

We maintain a research and development group, the principal function of which is to develop new and innovative services and improvements to existing services, oversee quality control processes and perform application testing. Our processes surrounding the development of new services and improvements to existing services focus on resolving the challenges our clients face. We employ industry experts in areas of technology that we believe are key to solving these challenges. Our quality control and application testing processes focus predominantly on resolving highly technical issues that are integral to the performance of our services and solutions. These issues are identified through both internal and external feedback mechanisms, and continuous testing of our applications and systems to ensure uptime commensurate with the service level standards we have agreed to provide to our clients. As of December 31, 2013, we had 93 employees dedicated to research and development, including software engineers, quality assurance engineers, technical project managers and documentation specialists. Our research and development expense was $17.5 million, $29.8 million and $28.0 million for the years ended December 31, 2011, 2012 and 2013, respectively.

Clients and Markets

We primarily serve clients in the communications, financial services, media and advertising, retail and eCommerce, Internet, and technology industries. Our client base and the primary services we provide within these industries include:

- Communications industry. Our clients include Verizon Communications Inc., AT&T Inc., Comcast Corporation, and Time Warner Cable Inc., as well as emerging providers of voice over Internet protocol, or VoIP, services, social media, and message aggregators. Within this industry, we provide numbering services, caller identification services, order management services, and marketing analytics.
- Financial services industry. Our clients are leading financial services organizations across various market sectors, including retail banking, collections, insurance, credit cards and investment companies. Within this industry, we provide verification for risk and compliance mitigation, web infrastructure protection, demographic analytics, digital marketing and measurement, and customer call center experience.
- Media and advertising industry. Our media and advertising clients include both the buy-side and sell-side of the advertising and media landscapes, including advertisers, agencies, ad enablers, publishers and performance marketing providers. Within this industry, we provide marketing solutions that enable identification and targeting of customers, optimization of media investments and measurement of campaign effectiveness.
- Retail and eCommerce industry. Our retail and eCommerce clients include department stores, travel and hospitality companies, consumer packaged goods providers, educational institutions and auto parts manufacturers. Within this industry, we primarily provide marketing data analytics services, media intelligence platform services, and internet infrastructure services.
- Internet industry. Our Internet clients include eCommerce, consumer Internet services (e.g. social networks), and online gaming companies. Within this industry, we primarily provide security services such as DDoS protection and website personalization services as well as marketing analytics and measurement services.
- Technology industry. Our technology clients include hardware, consumer electronics, high-tech manufacturers, software and SaaS companies. Within this industry, we primarily provide security services such as DDoS protection and website personalization services as well as call center optimization services.

Our clients include over 14,000 different corporate entities, each of which is separately billed for the services we provide, regardless of whether it may be affiliated with one or more of our other clients. No single corporate entity accounted for more than 10% of our total revenue in 2013. The amount of our revenue derived from clients inside the United States was $571.1 million, $776.0 million and $839.3 million for the years ended December 31, 2011, 2012 and 2013, respectively. The amount of our revenue derived from clients outside the United States was $49.4 million, $55.4 million and $62.7 million for the years ended December 31, 2011, 2012 and 2013, respectively. The amount of our revenue derived under our contracts with North American Portability Management LLC, or NAPM, an industry group that represents all telecommunications service providers in the United States, was $374.4 million,

$418.2 million and $446.4 million for the years ended December 31, 2011, 2012 and 2013, respectively, and represented 60%, 50% and 49% of our revenue for the years ended December 31, 2011, 2012 and 2013, respectively. Our total revenue from our contracts with NAPM includes revenue from our NPAC Services, connection services related to our NPAC Services and NPAC-related system enhancements.

Table of Contents

We currently operate in one operating segment. A single management team reports to the chief operating decision maker who manages the entire business. We do not operate any separate lines of businesses or separate business entities with respect to the sale and support of our services. For further discussion of enterprise-wide results, including goodwill, and intangible assets, revenue, total long-lived assets, as well as information concerning our international operations, see Note 6 and Note 17 to our Consolidated Financial Statements in Item 8 of Part II of this report.

Competition

We have a number of competitors for our services:

- Marketing Services. Our primary competitors include Comscore, Inc., Acxiom Corporation, Nielsen Holdings N.V., Adobe Systems Incorporated, DataLogix International Inc. and BlueKai Inc., which compete with us in lead verification, marketing analytics, online display advertising solutions and online media intelligence insights, respectively.
- Business Assurance Services. Our competitors include Keynote Systems, Inc. which compete with us in website performance monitoring. We do not face direct competition for our user authentication and rights management services.
- Security Services. Our competitors include Akamai Technologies, Inc. which compete with us in DDoS protection services. With respect to our DNS services, our competitors include VeriSign, Inc. and OpenDNS, Inc.
- Data Services. Our competitors include Synchronoss Technologies, Inc., Telcordia Technologies, Inc., a wholly-owned subsidiary of LM Ericcson Telephone Company, and Syniverse Technologies, Inc., which also competes with us in order management services.
- Data Registries Services. There are no other providers currently providing the services we offer as the North American Numbering Plan Administrator, National Pooling Administrator, administrator of local number portability for the communications industry, operator of the sole authoritative registry for the .us and .biz Internet domain names, and operator of the sole authoritative registry for U.S. Common Short Codes. We were awarded the contracts to administer these services in open and competitive processes in which we competed against companies including Accenture plc, Computer Sciences Corporation, Hewlett-Packard Company, International Business Machines Corporation, or IBM, Noblis, Inc., Nortel Networks Corporation, Pearson Education, Inc., Perot Systems Corporation, Telcordia Technologies, Inc., and VeriSign, Inc. We have renewed or extended the term of several of these contracts since they were first awarded to us. Prior to the expiration of our contracts to provide these services, our competitors may submit proposals to replace us as the provider of the services covered by these contracts.

NAPM has initiated a selection process for the administration of NPAC services when our existing NPAC contracts expire on June 30, 2015. We are participating in the NAPM RFP process and seek to be selected to continue to provide the NPAC Services. (See “Risk Factors — Risks Related to Our Business — The revenue we receive under our seven contracts with North American Portability Management LLC represents, in the aggregate, a substantial portion of our overall revenue. These contracts are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and are currently subject to a competitive proposal process. If we are not selected to continue to provide these services on the same terms and conditions, or at all, our business, prospects, financial condition and results of operations will be materially adversely affected.” in Item 1A of this report).

Similarly, with respect to our contracts to act as the North American Number Plan Administrator, the National Pooling Administrator, operator of the authoritative registry for the .us and .biz Internet domain names, and the operator of the authoritative registry for U.S. common short codes, the relevant counterparty could elect not to exercise the extension period under the contract, if applicable, or could allow the contract to terminate in accordance with its terms. If any of these contracts were allowed to terminate, or otherwise were not extended, we could be required to compete with other providers to continue providing the services we currently provide under the respective contract. The U.S. Department of Commerce recently conducted a competitive procurement process with respect to our contract to act as the operator of the authoritative registry for the .us domain name, and as a result of this competitive process, we received the contract award and entered into a contract for renewal on February 28, 2014. This new contract is for a term of three years, with two additional one-year extension options.

While we do not face direct competition for the registry of .us and .biz Internet domain names, other than as noted above, we compete with other companies that maintain the registries for different domain names, including VeriSign, Inc., which manages the .com and .net registries, Afilias Limited, which manages the .org and .info

Table of Contents

registries, and a number of managers of country-specific domain name registries, such as .uk for domain names in the United Kingdom. We compete with TNS, Inc. with respect to our caller identification services.

Competitive factors in the market for our services include breadth and quality of services offered, reliability, security, cost-efficiency, privacy compliance and client support. Our ability to compete successfully depends on numerous factors, both within and outside our control, including:

- our responsiveness to clients' needs;
- our ability to support existing and new industry standards and protocols;
- our ability to continue to develop technical innovations; and
- the quality, reliability, security and price-competitiveness of our services.

We may not be able to compete successfully against current or future competitors and competitive pressures that we face may materially and adversely affect our business. See "Risk Factors — Risks Related to Our Business — The markets for our services are competitive, and if we do not adapt our organization and services to meet rapid technological and market change, we could lose clients or market share." in Item 1A of this report.

Employees

As of December 31, 2013, we had 1,623 employees. None of our employees are currently represented by a labor union. We have not experienced any work stoppages and consider our relationship with our employees to be good.

Contracts

We provide many of our services pursuant to private commercial and government contracts. Specifically, in the United States, we provide wireline and wireless number portability, implement the allocation of pooled blocks of telephone numbers and provide network management services pursuant to seven regional contracts with NAPM. Although the FCC has plenary authority over the administration of telephone number portability, it is not a party to our contracts with NAPM. The NANC, a federal advisory committee to which the FCC has delegated limited oversight responsibilities, reviews and oversees NAPM's management of these contracts. See — "Regulatory Environment — Telephone Numbering."

Our seven regional contracts with NAPM provide for an annual fixed-fee pricing model under which the annual fixed fee, or Base Fee, was set at $385.6 million, $410.7 million and $437.4 million in 2011, 2012 and 2013, respectively, and is subject to an annual price escalator of 6.5% in subsequent years. If the actual volume of transactions in a given year is above or below the contractually established volume range for that year, the Base Fee may be adjusted up or down, respectively, with any such adjustment being applied in the following year. The contracts also provided for a fixed credit of $5.0 million in 2011, which was applied to reduce the Base Fee in 2011. Additional credits of up to $15.0 million in 2011 could have been triggered if the clients reached certain levels of aggregate telephone number inventories and adopted and implemented certain IP fields and functionality. During 2011, our clients earned all of the available additional credits of $15.0 million for the adoption and implementation of certain IP fields and functionality and the attainment of specific levels of aggregate telephone number inventories.

Under the fixed-fee model, our fees are billed to telecommunications service providers based on their allocable share of the total transaction charges. This allocable share is based on each respective telecommunications service provider's share of the aggregate end-user services revenue of all U.S. telecommunications service providers, as determined by the FCC. Under these contracts, we also bill to our clients a revenue recovery collections fee, or RRC fee, equal to a percentage of monthly billings, which is available to us if any telecommunications service provider fails to pay its allocable share of total transaction charges. If the RRC fee proves insufficient for that purpose, these contracts also provide for the recovery of such differences from the remaining telecommunications service providers. Under these contracts, users of our directory services also pay fees to connect to our data center and additional fees for reports that we generate at the user's request. Our contracts with NAPM continue through June 2015. (See "Risk Factors — Risks Related to Our Business — The revenue we receive under our seven contracts with North American Portability Management LLC represents, in the aggregate, a substantial portion of our overall revenue. These contracts are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and are currently subject to a competitive proposal process. If we are not selected to continue to provide these services on the same terms and conditions, or at all, our business, prospects, financial condition and results of operations will be materially adversely affected." in Item 1A of this report).

We also provide wireline and wireless number portability and network management services in Canada pursuant to a contract with the Canadian LNP Consortium Inc., a private corporation composed of telecommunications service providers who

9

Table of Contents

participate in number portability in Canada. The Canadian Radio-Television and Telecommunications Commission oversees the Canadian LNP Consortium's management of this contract. We bill each telecommunications service provider for our services under this contract primarily on a per-transaction basis. In July 2010, this contract was amended to continue through December 2016. The services we provide under the contracts with NAPM and the Canadian LNP Consortium are subject to rigorous performance standards, and we are subject to corresponding penalties for failure to meet those standards.

We serve as the North American Numbering Plan Administrator and the National Pooling Administrator pursuant to two separate contracts with the FCC. Under these contracts, we administer the assignment and implementation of new area codes in North America, the allocation of central office codes (which are the prefixes following the area codes) to telecommunications service providers in the United States, and the assignment and allocation of pooled blocks of telephone numbers in the United States in a manner designed to conserve telephone number resources. The North American Numbering Plan Administration contract is a fixed-fee government contract that was originally awarded by the FCC to us in 2003. In July 2012, we were awarded a new contract to serve as the North American Numbering Plan Administrator for a term not to exceed 5 years. The National Pooling Administration contract was originally awarded to us by the FCC in 2001. Under this contract, we perform the administrative functions associated with the allocation of pooled blocks of telephone numbers in the United States. The terms of this contract provide for a fixed fee associated with the administration of the pooling system. In August 2007, the FCC awarded us a new contract to continue as the National Pooling Administrator. The initial contract term was two years, commencing in August 2007, and the contract had three one-year extension options, each of which was exercised by the FCC. The FCC awarded a new contract for the National Pooling Administrator that began on July 15, 2013. The new contract is for one base year with four possible one-year extensions.

We are the operator of the .biz Internet top-level domain by contract with the Internet Corporation for Assigned Names and Numbers, or ICANN. The .biz contract was originally granted to us in May 2001. In August 2013, the .biz contract was extended through June 30, 2019. Similarly, pursuant to a contract with the U.S. Department of Commerce, originally awarded in October 2001, we operate the .us Internet top-level domain. The Department of Commerce recently conducted a competitive procurement process with respect to this contract, and as a result of this competitive process, we received the contract award and entered into a contract for renewal on February 28, 2014. This new contract is for a term of three years, with two additional one-year extension options. The .biz and .us contracts allow us to provide domain name registration services to domain name registrars, who pay us on a per-name basis.

We have an exclusive contract with the CTIA — The Wireless Association® to serve as the registry operator for the administration of U.S. Common Short Codes. U.S. Common Short Codes are short strings of numbers to which text messages can be addressed — a common addressing scheme that works across all participating wireless networks. We were awarded this contract in October 2003 through an open proposal process by the major wireless carriers. In June 2008, the contract was amended to extend the term through December 2015. We provide U.S. Common Short Code registration services to wireless content providers, who pay us subscription fees per each U.S. Common Short Code registered.

Regulatory Environment

Telephone Numbering

Overview. Congress enacted the Telecommunications Act of 1996 to remove barriers to entry in the communications market. Among other things, the Telecommunications Act of 1996 mandates portability of telephone numbers and requires traditional telephone companies to provide non-discriminatory access and interconnection to potential competitors. The FCC has plenary jurisdiction over issues relating to telephone numbers, including telephone number portability and the administration of telephone number resources. Under this authority, the FCC promulgated regulations governing the administration of telephone numbers and telephone number portability. In 1995, the FCC established the NANC, a federal advisory committee, to advise and make recommendations to the FCC on telephone numbering issues, including telephone number resources administration and telephone number portability. The members of the NANC include representatives from local exchange carriers, interexchange carriers, wireless providers, VoIP providers, manufacturers, state regulators, consumer groups, and telecommunications associations.

Telephone Number Portability. The Telecommunications Act of 1996 requires telephone number portability, which is the ability of users of telecommunications services to retain existing telephone numbers without impairment of quality, reliability, or convenience when switching from one telecommunications service provider to another. Through a competitive proposal process, a consortium of service providers representing the communications industry selected us to develop, build and operate a solution to enable telephone number portability in the United States. We ultimately entered into seven regional contracts to administer the system that we developed, after which the NANC recommended to the FCC, and the FCC approved, our selection to serve as a neutral administrator of telephone number portability. The FCC also directed the seven original regional entities, each comprising a consortium of service providers operating in the respective regions, to manage and oversee the

Table of Contents

administration of telephone number portability in their respective regions, subject to NANC oversight. Under the rules and policies adopted by the FCC, NAPM, as successor in interest to the seven regional consortiums, has the power and authority to manage and negotiate changes to the current master agreements.

On November 3, 2005, BellSouth Corporation, or BellSouth, filed a petition with the FCC seeking changes in the way our clients are billed for services provided by us under our contracts with NAPM. In response to the BellSouth petition, the FCC requested comments from interested parties. As of February 28, 2014, the FCC had not initiated a formal rulemaking process, and the BellSouth petition remains pending. Similarly, on May 20, 2011, Verizon Communications Inc. and Verizon Wireless Inc. filed a joint petition, the Verizon Petition, with the FCC seeking a ruling that certain carrier initiated modifications of NPAC records be excluded from the costs of the shared NPAC database and be paid for instead by the provider that caused such costs to be incurred. In response to the Verizon Petition, the FCC requested comments from interested parties. On April 18, 2013, the FCC initiated a rulemaking concerning interconnected VoIP providers direct access to telephone numbers in which it asked for comment on the question of whether the FCC should initiate a rulemaking to examine the FCC's cost allocation rules for number administration, portability and pooling more generally. As of February 28, 2014, the FCC had not initiated a formal rulemaking process and the Verizon Petition remains pending.

After the amendment of our contracts with NAPM in September 2006, Telcordia Technologies, Inc. filed a petition with the FCC requesting an order that would require NAPM to conduct a new bidding process to appoint a provider of telephone number portability services in the United States. In response to our amendment of these contracts in January 2009, Telcordia filed another petition asking that the FCC abrogate these contracts and initiate a government-managed procurement in their place. As of February 28, 2014, the FCC had not initiated a formal rulemaking process on either of these petitions, and the Telcordia petitions are still pending. Although these Telcordia petitions remain pending, we believe that they have been superseded by the initiation of a selection process to award a new contract for the administration of NPAC Services at the expiration of the existing contracts. (See “Risk Factors — Risks Related to Our Business — The revenue we receive under our seven contracts with North American Portability Management LLC represents, in the aggregate, a substantial portion of our overall revenue. These contracts are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and are currently subject to a competitive proposal process. If we are not selected to continue to provide these services on the same terms and conditions, or at all, our business, prospects, financial condition and results of operations will be materially adversely affected.” in Item 1A of this report).

North American Numbering Plan Administrator and National Pooling Administrator. We have contracts with the FCC to act as the North American Numbering Plan Administrator and the National Pooling Administrator, and we must comply with the rules and regulations of the FCC that govern our operations in each capacity. We are charged with administering numbering resources in an efficient and non-discriminatory manner, in accordance with FCC rules and industry guidelines developed primarily by the Industry Numbering Committee. These guidelines provide governing principles and procedures to be followed in the performance of our duties under these contracts. The communications industry regularly reviews and revises these guidelines to adapt to changed circumstances or as a result of the experience of industry participants in applying the guidelines. A committee of the NANC evaluates our performance against these rules and guidelines each year and provides an annual review to the NANC and the FCC. If we violate these rules and guidelines, or if we fail to perform at required levels, the FCC may reevaluate our fitness to serve as the North American Numbering Plan Administrator and the National Pooling Administrator and may terminate our contracts or impose fines on us. The division of the NANC responsible for reviewing our performance as the North American Numbering Plan Administrator and the National Pooling Administrator has determined that, with respect to our performance in 2012, we “exceeded” our performance guidelines under each such respective review. Similar reviews of our performance in 2013 have not yet been completed.

Neutrality. Under FCC rules and orders establishing the qualifications and obligations of the North American Numbering Plan Administrator and National Pooling Administrator, and under our contracts with NAPM to provide telephone number portability services, we are required to comply with neutrality regulations and policies. Under these neutrality requirements, we are required to operate our numbering plan, pooling administration and number portability functions in a neutral and impartial manner, which means that we cannot favor any particular telecommunications service provider, telecommunications industry segment or technology or group of telecommunications consumers over any other telecommunications service provider, industry segment, technology or group of consumers in the conduct of those businesses. We are examined periodically on our compliance with these requirements by independent third parties. The combined effect of our contracts and the FCC's regulations and orders requires that we:

- not be a telecommunications service provider, which is generally defined by the FCC as an entity that offers telecommunications services to the public at large, and is, therefore, providing telecommunications services on a common carrier basis, or an interconnected VoIP provider;

11

- not be an affiliate of a telecommunications service provider or VoIP provider, which means, among other things, that we:
- must restrict the beneficial ownership of our capital stock by telecommunications service providers, VoIP providers or affiliates of a telecommunications service provider or VoIP provider; and
- may not otherwise, directly or indirectly, control, be controlled by, or be under common control with, a telecommunications service provider or VoIP provider;
- not derive a majority of our revenue from any single telecommunications service provider; and
- not be subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities. Notwithstanding our satisfaction of the other neutrality criteria above, the NANC or the FCC could determine that we are subject to such undue influence. The NANC may conduct an evaluation to determine whether we meet this "undue influence" criterion.

We are required to maintain confidentiality of competitive client information obtained during the conduct of our business. In addition, as part of our neutrality framework, we are required to comply with a code of conduct that is designed to ensure our continued neutrality. Among other things, our code of conduct, which was approved by the FCC, requires that:

- we never, directly or indirectly, show any preference or provide any special consideration to any telecommunications service provider;
- we prohibit access by our stockholders to user data and proprietary information of telecommunications service providers served by us (other than access of employee stockholders that is incidental to the performance of our numbering administration duties);
- our stockholders take steps to ensure that they do not disclose to us any user data or proprietary information of any telecommunications service provider in which they hold an interest, other than the sharing of information in connection with the performance of our numbering administration duties;
- we not share confidential information about our business services and operations with employees of any telecommunications service provider;
- we refrain from simultaneously employing, whether on a full-time or part-time basis, any individual who is an employee of a telecommunications service provider and that none of our employees hold any interest, financial or otherwise, in any company that would violate these neutrality standards;
- we prohibit any individual who serves in the management of any of our stockholders from being involved directly in our day-to-day operations;
- we implement certain requirements regarding the composition of our Board of Directors;
- no member of our Board of Directors simultaneously serves on the Board of Directors of a telecommunications service provider; and
- we hire an independent party to conduct a quarterly neutrality audit to ensure that we and our stockholders comply with all the provisions of our code of conduct.

In connection with the neutrality requirements imposed by our code of conduct and under our contracts, we are subject to a number of neutrality audits that are performed on a quarterly and annual basis. In connection with these audits, all of our employees, directors and officers must sign a neutrality certification that states that they are familiar with our neutrality requirements and have not violated them. Failure to comply with applicable neutrality requirements could result in government fines, corrective measures, curtailment of contracts or even the revocation of contracts. See "Risk Factors — Risks Related to Our Business — Failure to comply with neutrality requirements could result in loss of significant contracts." in Item 1A of this report.

In contemplation of the initial public offering of our securities, we sought and obtained FCC approval for a "safe harbor" from previous orders of the FCC that allowed us to consummate the initial public offering for our securities but required us to seek prior approval from the FCC for any change in our overall ownership structure, corporate structure, bylaws, or distribution of equity interests, as well as certain types of transactions, including the issuance of indebtedness by us. Under the safe harbor order, we are required to maintain provisions in our organizational and other corporate documents that require us to comply with all applicable neutrality rules and orders. We are no longer required to seek prior approval from the FCC for many of these changes and transactions, although we are required to provide notice of such changes or transactions. In addition, we are subject to the following requirements:

- we may not issue more than 50% of our aggregate outstanding indebtedness to any telecommunications service provider;
- we may not acquire any equity interest in a telecommunications service provider or an affiliate of a telecommunications service provider without prior approval of the FCC;
- we must restrict any telecommunications service provider or affiliate of a telecommunications service provider from acquiring or beneficially owning 5% or more of our outstanding capital stock;
- we must report to the FCC the names of any telecommunications service providers or telecommunications service provider affiliates that own a 5% or greater interest in our Company;
- we must make beneficial ownership records available to our auditors, and must certify upon request that we have no actual knowledge of any ownership of our outstanding capital stock by a telecommunications service provider or telecommunications service provider affiliate other than as previously disclosed; and
- we must make our debt records available to our auditors and certify that no telecommunications service provider holds more than 50% of our aggregate outstanding indebtedness.

Internet Domain Name Registrations

We are also subject to government and industry regulation under our Internet registry contracts with the U.S. government and ICANN, the industry organization responsible for regulation of Internet top-level domains. We are the operator of the .biz Internet domain under a contract with ICANN, as described above under “Contracts.” Similarly, pursuant to a contract with the U.S. Department of Commerce, we operate the .us Internet domain registry. This contract is also described above under “Contracts.” Under each of these registry service contracts, we are required to:

- provide equal access to all registrars of domain names;
- comply with Internet standards established by the industry; and
- implement additional policies as they are adopted by the U.S. government or ICANN.

Intellectual Property

Our success depends in part upon our proprietary technology. We rely principally upon trade secret and copyright law to protect our technology, including our software, network design, and subject matter expertise. We enter into confidentiality or license agreements with our employees, distributors, clients, and potential clients and limit access to and distribution of our software, documentation, and other proprietary information. We believe, however, that because of the rapid pace of technological change, these legal protections for our services are less significant factors in our success than the knowledge, ability, and experience of our employees and the timeliness and quality of our services. In addition, where appropriate, we intend to seek patent protection for our proprietary technology used in our service offerings.

Available Information and Exchange Certifications

We maintain an Internet website at www.neustar.biz. Information contained on, or that may be accessed through, our website is not part of this report. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, on the Investor Relations section of our website under the heading “SEC Filings by NeuStar,” as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the U.S. Securities and Exchange Commission, or the SEC. Our Principles of Corporate Governance, Board of Directors committee charters (including the charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee) and code of ethics entitled “Corporate Code of Business Conduct” also are available on the Investor Relations section of our website. Stockholders may request free copies of these documents, including a copy of our annual report on Form 10-K, by sending a written request to our Corporate Secretary at NeuStar, Inc., 21575 Ridgetop Circle, Sterling, VA 20166. In the event that we make any changes to, or provide any waivers from, the provisions of our Corporate Code of Business Conduct, we intend to disclose these events on our website or in a report on Form 8-K within four business days of such event.

13

Table of Contents

We have filed, as exhibits to this Annual Report on Form 10-K, the certification of our principal executive officer and principal financial officer regarding the quality of our public disclosures, which is required to be filed with the the SEC, under Section 302 of the Sarbanes Oxley Act of 2002.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “ “continue” or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. These risks and other factors include those listed under “Risk Factors” in Item 1A of this report and elsewhere in this report and include:

- termination, modification or non-renewal of our contracts to provide telephone number portability and other directory services;
- failures or interruptions of our systems and services;
- loss of, or damage to, a data center;
- security or privacy breaches;
- adverse changes in statutes or regulations affecting the communications industry;
- our failure to adapt to rapid technological change in the communications industry;
- competition from our clients’ in-house systems or from other providers of information and analytics services;
- our failure to achieve or sustain market acceptance at desired pricing levels;
- a decline in the volume of transactions we handle;
- inability to manage our growth;
- economic, political, regulatory and other risks associated with our further potential expansion into international markets;
- inability to obtain sufficient capital to fund our operations, capital expenditures and expansion; and
- loss of members of senior management, or inability to recruit and retain skilled employees.

ITEM 1A. RISK FACTORS

The following sets forth risk factors associated with our business. The risks set forth below could materially affect our business, financial condition and future results and are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or operating results.

Risks related to our business

The loss of, or damage to, a data center or any other failure or interruption to our network infrastructure could materially harm our revenue and impair our ability to conduct our operations.

Because virtually all of the services we provide require our clients to query a copy of our continuously updated databases and directories to obtain necessary routing, operational and marketing data, the integrity of our data centers, including network elements managed by third parties throughout the world, and the systems through which we deliver our services are essential to our business. Notably, certain of our data centers and related systems are essential to the orderly operation of the U.S. telecommunications system because they enable carriers to ensure that telephone calls are routed to the appropriate destinations.

Table of Contents

Our system architecture is integral to our ability to process a high volume of transactions in a timely and effective manner. Moreover, both we and our clients rely on hardware, software and other equipment developed, supported and maintained by third-party providers. We could experience failures or interruptions of our systems and services, or other problems in connection with our operations, as a result of, for example:

- damage to, or failure of, our computer software or hardware or our connections to, and outsourced service arrangements with, third parties;
- failure of, or defects in, the third-party systems, software or equipment on which we or our clients rely to access our data centers and other systems;
- errors in the processing of data by our systems;
- computer viruses, malware or software defects;
- physical or electronic break-ins, sabotage, distributed denial of service, or DDoS, penetration attacks, intentional acts of vandalism and similar events;
- increased capacity demands or changes in systems requirements of our clients;
- virtual hijacking of traffic destined to our systems;
- power loss, communications failures, pandemics, wars, acts of terrorism, political unrest or other man-made or natural disasters; and
- successful DDoS attacks.

We may not have sufficient redundant systems or back-up facilities to allow us to receive and process data if one of the foregoing events occurs. Further, increases in the scope of services that we provide increase the complexity of our network infrastructure. As the scope of services we provide expands or changes in the future, we may be required to make significant expenditures to establish new data centers and acquire additional network capacity from which we may provide services. Moreover, as we add clients, expand our service offerings and increase our visibility in the market we may become a more likely target of attacks similar to those listed in the bullets above. The number of electronic attacks and viruses grows significantly every year, as does the sophistication of these attacks. For example, undetected attackers may be able to monitor unencrypted Internet traffic anywhere in the world and modify it before it reaches our destination, and these attackers may harm our clients by stealing personal or proprietary information, Internet email or IP addresses. If we are not able to react to threats quickly and effectively and stop attackers from exploiting vulnerabilities or circumventing our security measures, the integrity of our systems and networks, and those of our clients and trading partners, may be adversely affected. If we cannot adequately secure and protect the ability of our data centers, offices, networks and related systems to perform consistently at a high level and without interruptions, or if we otherwise fail to meet our clients' expectations:

- our reputation may be damaged, which may adversely affect our ability to market our services and attract or retain clients;
- we may be subject to significant penalties or damages claims, under our contracts or otherwise;
- we may be required to make significant expenditures to repair or replace equipment, third-party systems or an entire data center, to establish new data centers and systems from which we may provide services or to take other required corrective action; or
- one or more of our significant contracts may be terminated early, or may not be renewed.

Any of these consequences would adversely affect our revenue, performance and business prospects.

The revenue we receive under our seven contracts with North American Portability Management LLC represents, in the aggregate, a substantial portion of our overall revenue. These contracts are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and are currently subject to a competitive proposal process. If we are not selected to continue to provide these services on the same terms and conditions, or at all, our business, prospects, financial condition and results of operations will be materially adversely affected.

We provide NPAC Services pursuant to seven separate contracts with North American Portability Management LLC, or NAPM, an industry group that represents all carriers in the United States. These seven contracts, each of which represented between 4.3% and 9.2% of our total revenue in 2013, in the aggregate represented approximately 48.5%

of our total revenue in

15

Table of Contents

2013. These contracts are not exclusive and NAPM could, at any time, solicit or receive proposals from other providers to provide services that are the same as or similar to ours. The contracts could be terminated or modified in ways unfavorable to us. These contracts are currently scheduled to expire in June 2015.

NAPM has initiated a selection process for the administration of NPAC Services following the expiration of the current contracts. NAPM posted a Request for Proposal on February 5, 2013 and we submitted a proposal on April 5, 2013, which we revised on September 18, 2013. On October 21, 2013, we requested the opportunity for all bidders in the selection process to submit additional revised proposals. Together with that request, we also submitted a revised proposal. On January 24, 2014, NAPM notified us that our October 21, 2013 proposal would not be considered. On February 12, 2014, we submitted a petition to the FCC, expressing our concerns that the selection criteria were incomplete and did not address certain critical functions of local number portability, that the selection process had not followed a clearly identified process, and that the selection process has been flawed in its implementation. We requested that the FCC issue a declaratory ruling requiring that the selection criteria be amended, clear rules governing the selection process be announced, and additional proposals based on the amended selection criteria be solicited and accepted. Since our request, Telcordia has filed with the FCC an opposition to our petition for declaratory ruling. The FCC is not obligated, and may elect not, to take any action in response to our petition. The most recent selection timeline published by NAPM estimates that the FCC approval of the recommendation will be completed on May 6, 2014. Delays in the outcome of the competitive proposal process may give rise to uncertainty regarding our perceived prospects and could lead to fluctuations in the market price of our common stock.

If these contracts are terminated, expire without renewal, or are modified in a manner that is adverse to us, it would have a material adverse effect on our business, prospects, financial condition and results of operations. We may not be able to replace the revenue we will lose if we are not selected to continue to provide these services, or if we are selected to continue to provide these services under terms and conditions that are materially less favorable to us than the current terms and conditions.

If our security measures are breached and personally identifiable information is obtained by an unauthorized person, we may be subject to litigation and our services may also be perceived as not being secure and clients may curtail or stop using our services.

Many of our products and services, such as our registry, UltraViolet™, mobile and information service offerings may involve the storage and transmission of consumer information, such as names, addresses, email addresses, and other personally identifiable information, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. If someone obtains unauthorized access to consumers’ data, as a result of third-party action, technical malfunctions, employee error, malfeasance or otherwise, our reputation, brands and competitive position will be damaged, the adoption of our products and services could be severely limited, and we could incur costly litigation and significant liability, any of which may cause our business to suffer. Accordingly, we may need to expend significant resources to protect against security breaches, including encrypting personal information, or remedy breaches after they occur, including notifying each person whose personal data may have been compromised. The risk that these types of events could seriously harm our business is likely to increase as we expand the scale and scope of information services we offer and the number of Internet or DNS-based products and services we offer, and increase the number of countries in which we operate. Even a perceived breach of our security measures could damage the market perception of the effectiveness of our security measures and our reputation, and we could lose sales, existing and future business opportunities and clients, and potentially face costly litigation.

A significant decline in the volume of transactions we handle could have a material adverse effect on our results of operations.

Under our contracts with NAPM, we earn revenue for NPAC Services on an annual, fixed-fee basis. However, in the event that the volume of transactions in a given year is above or below the contractually established volume range for that year, the fixed-fee may be adjusted up or down, respectively, with any such adjustment being applied to the following year’s invoices. In addition, under our contract with the Canadian LNP Consortium Inc., we earn revenue on a per transaction basis. As a result, if industry participants in the United States reduce their usage of our services in a particular year to levels below the established volume range for that year or if industry participants in Canada reduce their usage of our services from their current levels, our revenue and results of operations may suffer. For example, consolidation in the industry could result in a decline in transactions if the remaining carriers decide to handle changes to their networks internally rather than use the services that we provide. Moreover, if customer turnover among carriers in the industry stabilizes or declines, or if carriers do not compete vigorously to lure customers away from their competitors, use of our telephone number portability and other services may decline. If carriers develop internal systems to address their infrastructure needs, or if the cost of such transactions makes it impractical for a given carrier to use our services for these purposes, we may experience a reduction in transaction volumes. Carriers might be able to charge consumers directly for our services, which could also have an adverse impact on transaction volumes. Finally, the trends that we believe will drive the future demand for our services, such as the emergence of IP services, growth of wireless services, consolidation in the industry, and pressure on carriers to reduce costs, may not actually result in

Table of Contents

increased demand for our existing services or for the ancillary directory services that we expect to offer, which would harm our future revenue and growth prospects.

Certain of our client contracts may be terminated or modified at any time prior to their completion, which could lead to an unexpected loss of revenue, adversely affect our operating performance and damage our reputation.

In addition to our contracts with NAPM, we provide other revenue-generating services to clients in the communications sector and a wide variety of other sectors, trade associations, and government agencies. For example, we serve as the provider of NPAC Services in Canada; as operator of the .biz registry under contract with ICANN; as operator of the registry of U.S. Common Short Codes; as the provider of DNS services to a wide variety of major corporations, and as a provider of data services to major retailers and marketers. Each of these contracts provides for early termination in limited circumstances, most notably if we are in default. In addition, our contracts to serve as the North American Numbering Plan Administrator and as the National Pooling Administrator, each of which is with the U.S. government, may be terminated by the government at will.

If we fail to meet the expectations of the FCC, the U.S. Department of Commerce or any of our other clients that has the right to unilaterally terminate their contracts with us for any reason, including for performance-related or other reasons, the clients may unilaterally terminate the contracts or require us to modify the contracts in ways unfavorable to us, either of which could lead to an unexpected loss of revenue and adversely affect our operating performance. The loss or significant modification of a major contract also could cause us to suffer a loss of reputation that would make it more difficult for us to compete for contracts to provide similar services in the future. Further, a termination arising out of our default under a contract could expose us to a liability for breach of contract.

Failure to comply with neutrality requirements could result in loss of significant contracts.

Pursuant to orders and regulations of the U.S. government and provisions contained in our material contracts, we must comply with certain ongoing neutrality requirements, meaning generally that we cannot favor any particular telecommunications service provider, interconnected VoIP provider, telecommunications industry segment, technology, or group of telecommunications consumers over any other telecommunications or VoIP service provider, industry segment, technology, or group of consumers in the conduct of our business. The FCC oversees our compliance with the neutrality requirements applicable to us in connection with some of the services we provide. We provide to the FCC and the North American Numbering Council, a federal advisory committee established by the FCC to advise and make recommendations on telephone numbering issues, regular certifications relating to our compliance with these requirements. Our ability to comply with the neutrality requirements to which we are subject may be affected by the activities of our stockholders or lenders. For example, if the ownership of our capital stock subjects us to undue influence by parties with a vested interest in the outcome of numbering administration, the FCC could determine that we are not in compliance with our neutrality obligations. Our failure to continue to comply with the neutrality requirements to which we are subject under applicable orders and regulations of the U.S. government and commercial contracts may result in fines, corrective measures, termination of our contracts, or exclusion from bidding on future contracts, any one of which could have a material adverse effect on our results of operations.

Regulatory and statutory changes that affect us or the communications industry in general may increase our costs or otherwise adversely affect our business.

Certain of our domestic operations and many of our clients' operations are subject to regulation by the FCC and other federal, state and local agencies. As communications technologies and the communications industry continue to evolve, the statutes governing the communications industry or the regulatory policies of the FCC may change. If such statutory or regulatory changes were to occur, the demand for many of our services could change in ways that we cannot predict and our revenue could decline, or our costs could increase due to such changes. These risks include the ability of the federal government, most notably the FCC and the Department of Commerce, to:

- increase or change regulatory oversight over services we provide;
- adopt or modify statutes, regulations, policies, procedures or programs in ways that are disadvantageous to the services we provide, or that are inconsistent with our current or future plans, or that require modification of the terms of our existing contracts or contracts like the NPAC that are subject to a competitive proposal process, including the manner in which we charge for certain of our services. For example,

- in November 2005 and in 2010, major carriers filed petitions with the FCC seeking changes in the way our clients are billed for services provided by us under our contracts with North American Portability Management LLC; Verizon Corporation filed a similar petition with the FCC in May 2011;

17

- after the amendment of our contracts with North American Portability Management LLC in September 2006, Telcordia filed a petition with the FCC requesting an order that would require North American Portability Management LLC to conduct a new bidding process to appoint a provider of telephone number portability services in the United States. In response to our amendment of these contracts in January 2009, Telcordia filed another petition asking that the FCC abrogate these contracts and initiate a government managed procurement in their place. If successful, either of these petitions could result in the loss of one or more of our contracts with North American Portability Management LLC or otherwise frustrate our strategic plans. Although the FCC has not initiated a formal rulemaking process on either of the Telcordia petitions, the FCC's Wireline Competition Bureau issued orders on March 8, 2011 and May 16, 2011 for NAPM to complete a selection process for the administration of NPAC Services at the expiration of the current contracts. See "—The revenue we receive under our seven contracts with North American Portability Management LLC represents, in the aggregate, a substantial portion of our overall revenue. These contracts are not exclusive and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and are currently subject to a competitive proposal process. If we are not selected to continue to provide these services on the same terms and conditions, or at all, our business, prospects, financial condition and results of operations will be materially adversely affected."; and
- in January 2014, the FCC issued a Report and Order and Notice of Proposed Rulemaking and Notice of Inquiry, commencing voluntary experiments intended to assess the impact of the potential future transition in the telecommunications industry from traditional dedicated circuit network architecture to a design where all forms of traffic — voice, video, and information — are transmitted digitally over IP-based networks, or the IP Transition. Although the purpose of the experiments is to gather data only and no specific regulatory changes relating to the IP Transition have been proposed, this FCC action may indicate increasing momentum in connection with the implementation of the IP Transition;
- prohibit us from entering into new contracts or extending existing contracts to provide services to the communications industry based on actual or suspected violations of our neutrality requirements, business performance concerns, or other reasons;
- adopt or modify statutes, regulations, policies, procedures or programs in a way that could cause changes to our operations or costs or the operations of our clients (e.g., regulatory changes to support IP Transition);
- appoint, or cause others to appoint, substitute or add additional parties to perform the services that we currently provide including abrogation of our contracts to provide NPAC Services; and
- prohibit or restrict the provision or export of new or expanded services under our contracts, or prevent the introduction of other services not under the contracts based upon restrictions within the contracts or in FCC policies.

In addition, we are subject to risks arising out of the delegation of the Department of Commerce's responsibilities for the domain name system to ICANN. Changes in the regulations or statutes to which our clients are subject could cause our clients to alter or decrease the services they purchase from us. We cannot predict when, or upon what terms and conditions, further regulation, deregulation or litigation designed to delay or prevent the introduction of new top-level domains might occur or the effect future regulation or deregulation may have on our business.

Further, the current regulatory environment for Internet communications, products and services generally is uncertain and various laws and governmental regulations, both in the U.S. and abroad, governing Internet related services, related communications services and information technologies remain largely unsettled. It may take several years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services and taxation, apply to the Internet and to related products and services such as ours, and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. Our failure or the failure of our clients and others with whom we transact business to comply with existing or future regulatory or other legal requirements could materially adversely affect our business, financial condition and results of operations.

If we are unable to protect our intellectual property rights adequately, the value of our services and solutions could be diminished.

Our success is dependent in part on obtaining, maintaining and enforcing our proprietary rights and our ability to avoid infringing on the proprietary rights of others. While we take precautionary steps to protect our technological advantages and intellectual property and rely in part on patent, trademark, trade secret and copyright laws, we cannot assure that the precautionary steps we have taken will completely protect our intellectual property rights. Effectively policing our intellectual property is time consuming and costly, and the steps taken by us may not prevent infringement of our intellectual property or

---

Table of Contents

proprietary rights in our products, technology and trademarks, particularly in foreign countries where in many instances the local laws or legal systems do not offer the same level of protection as in the United States. Further, because patent applications in the United States are maintained in secrecy until either the patent application is published or a patent is issued, we may not be aware of third-party patents, patent applications and other intellectual property relevant to our services and solutions that may block our use of our intellectual property or may be used by third-parties who compete with our services and solutions. As we expand our business and introduce new services and solutions, there may be an increased risk of infringement and other intellectual property claims by third-parties. From time to time, we and our clients may receive claims alleging infringement of intellectual property rights, or may become aware of certain third-party patents that may relate to our services and solutions.

Additionally, some of our client agreements require that we indemnify our clients for infringement claims resulting from their use of our intellectual property embedded in their products. Any litigation regarding patents or other intellectual property could be costly and time consuming and could divert our management and key personnel from our business operations. The complexity of the technology involved, and the number of parties holding intellectual property within the communications industry, increase the risks associated with intellectual property litigation. Moreover, the commercial success of our services and solutions may increase the risk that an infringement claim may be made against us. Royalty or licensing arrangements, if required, may not be available on terms acceptable to us, if at all. Any infringement claim successfully asserted against us or against a client for which we have an obligation to defend could result in costly litigation, the payment of substantial damages, and an injunction that prohibits us from continuing to offer the service or solution in question, any of which could have a material adverse effect on our business, financial condition and operating results.

The markets for our services are competitive, and if we do not adapt our organization and services to meet rapid technological and market change, we could lose clients or market share.

Our future growth is largely dependent upon our ability to continue to adapt our products, services, and organization to meet the demands of rapidly evolving markets and industry standards. We compete against well-funded providers of data registry, information and analytics services, as well as communications software companies and system integrators. In addition, our industry is characterized by rapid technological change, evolving industry standards, and frequent new service offerings. Significant technological changes could make our technology and services obsolete. Accordingly, our future success depends on our ability to: (i) adapt our products, services, organization, workforce, and sales strategies to fit the rapidly changing needs of current and future clients; (ii) identify emerging technological and other trends in our target markets; and (iii) develop or acquire and bring to market competitive products and services quickly and cost-effectively by continually improving the features, functionality, reliability and responsiveness of our services, and by developing new features, services and applications to meet changing client needs. Our ability to take advantage of opportunities in the market may require us to invest considerable resources adapting our organization and capabilities to support development of products and systems that can support new services or be integrated with new technologies and incur other expenses well in advance of our ability to generate revenue from these services. These development efforts may divert resources from other potential investments in our businesses, management time and attention from other matters, and may not lead to the development of new products or services on a timely basis.

We cannot guarantee that we will be able to adapt to these challenges or respond successfully or in a cost-effective way, particularly in the early stages of launching a new service. Further, we may experience delays in the development of one or more features of our solutions, which could materially reduce the potential benefits to us for providing these services. Potential clients may not adopt our solutions and we may not be able to reach acceptable contract terms with clients to provide these services.

As a result, the failure to effectively adapt our organization, products and services to the needs of our markets or the failure of our offerings to gain market acceptance, could significantly reduce our revenues, increase our operating costs or otherwise materially and adversely affect our business, financial condition, results of operations and cash flows. Our failure to adapt to meet market demand in a cost-effective manner could adversely affect our ability to compete and retain clients or market share.

If we are not able to obtain the data required to provide our information services, or we obtain inaccurate data, our operating results could be adversely affected.

Much of the data that we use in connection with our information and analytics services is purchased or licensed from third parties, obtained from public record sources or provided to us as part of a broader business relationship with a client. If we are not able to obtain this data on favorable economic terms or otherwise, or if the data we obtain is inaccurate, our ability to provide information and analytics services to our clients could be materially adversely impacted, which could result in decreased revenue, net income and earnings per share.

Regulatory and statutory requirements, changes in requirements regarding privacy and data protection or public perceptions of data usage may increase our costs or otherwise adversely affect our business.

Our business operations are subject to a variety of complex privacy and data protection laws and regulations in the United States and in other jurisdictions. These statutory and regulatory requirements are evolving and may change significantly. Judicial and regulatory application and interpretation of these statutory and regulatory requirements are often uncertain. In addition, data usage both by governments and corporations is currently a matter of keen public concern and press attention. We may need to incur significant costs or modify our business practices and/or our services in order to comply with existing or revised laws and regulations, or to adapt to changing public attitudes about data usage. Any such costs or changes could have a material adverse effect on our results of operations or prospects. If we are not able to comply with applicable laws, we may be subject to significant monetary penalties and/or orders demanding that we cease alleged noncompliant activities. These or other remedies could have a material adverse effect on our results of operation or financial condition. Our failure or alleged failure to comply with privacy and data protection laws, or with public attitudes about data usage, could harm our reputation, result in legal actions against us by governmental authorities or private claimants or cause us to lose clients, any of which could have a material adverse effect on our results of operations or prospects.

In addition, new legislation may be passed or judicial interpretations may be issued that restrict our use of data to provide information and analytics services to our clients. Any restrictions on our ability to provide these services to our clients could have a material adverse effect on our business, results of operation, financial condition and prospects.

Our reorganization efforts may not be effective in increasing our long-term growth prospects or achieving expected cost reductions, may have unintended consequences, and could negatively impact our business.

In the fourth quarter of 2013, we aligned our organization to serve our clients through a common understanding of their needs. We are now organized around a unified sales team that goes to market by the verticals we serve, supported by a common technology platform with consistent interfaces. This alignment resulted in a single operating segment and a change in our financial reporting. We anticipate that this new structure will give us greater insight into our clients' needs and result in increased sales. In addition, our reorganization initiatives, which we expect will continue through fiscal 2014, are designed to result in greater synergies from our acquisitions, achieve further integration among our onsite businesses, and more efficiently manage operating expenses by streamlining functions and organizational structure. Our ability to achieve the anticipated cost efficiencies and other benefits from these initiatives within the expected time frame is subject to significant economic, competitive, and other uncertainties, many of which are beyond our control.

Our reorganization efforts present a number of risks, including:

- actual or perceived disruption of service or reduction in service standards to clients;
- the failure to preserve adequate internal controls as we reorganize our general and administrative functions, including our information technology and financial reporting infrastructure;
- the failure to preserve supplier relationships and distribution, sales and other important relationships and to resolve conflicts that may arise;
- loss of sales as we reduce or eliminate staffing in connection with the focus on core product groupings;
- diversion of management attention from ongoing business activities and core business objectives; and
- the failure to maintain employee morale and retain key employees due to reductions in the workforce.

Because of these and other factors, we cannot predict whether we will realize the purpose and anticipated benefits of the reorganization and, if we do not, our business and results of operations may be adversely affected.

Reorganization activities could disrupt our business and affect our results of operations.

We have previously taken steps, including reductions in force, office closures, and internal reorganizations to reduce the size and cost of our operations, improve efficiencies, and align our organization and staffing to better match our market opportunities and our technology development initiatives. We may take similar steps in the future as we seek to realize additional operating synergies and profitability objectives, or better reflect changes in the strategic direction of our business. These changes could be disruptive to our business, including our research and development efforts, and may result in significant expense, including accounting charges for technology-related write-offs, workforce reduction costs and charges relating to consolidation of facilities. Substantial expense or charges resulting from reorganization activities could adversely affect our results of operations and use of cash in those periods in which we undertake such actions.

Table of Contents

If we are unable to manage our costs, our profits could be adversely affected.

Historically, sustaining our growth has placed significant demands on our management as well as on our administrative, operational and financial resources. For us to continue to manage our expanded operations, as well as any future growth, we must continue to improve our operational, financial and management information systems and expand, motivate and manage our workforce. If our quality of service is compromised because we are unable to successfully manage our costs, or if new systems that we implement in connection with any future restructuring to assist in managing our operations do not produce the expected benefits, we may experience higher turnover in our client base and our revenue and profits could be adversely affected.

Changes in our tax rates or exposure to additional income tax liabilities could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.

We are subject to income taxes in the U.S. and in various non-U.S. jurisdictions. Our effective tax rate can be affected by changes in our mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, establishment of accruals related to contingent tax liabilities and period-to-period changes in such accruals, the expiration of statutes of limitations, the implementation of tax planning strategies and changes in tax laws. The impact of these factors may be substantially different from period to period. Due to the ambiguity of tax laws and the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. In addition, our income tax returns are subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in payments or assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities, which may negatively affect our results of operations.

Our operating results and margins could fluctuate due to factors relating to stock-based compensation.

Similar to many other companies, we use stock awards as a form of compensation for certain employees and non-employee directors. We must recognize the fair value of all stock-based awards, including grants of employee stock options, in our financial statements. The valuation model we use to estimate the fair value of our stock-based awards requires us to make several estimates and assumptions, such as the expected holding period of the awards and expected price volatility of our common stock. The amount we recognize for stock-based compensation expense could vary materially depending on changes in these estimates and assumptions. Other factors that could impact the amount of stock-based compensation expense we recognize include changes in the mix and type of stock-based awards we grant, changes in our compensation plans or tax rate, changes in the award forfeiture rate and differences in our company’s actual operating results compared to management’s estimates for performance-based awards.

Changes in accounting principles and guidance, or their interpretation, could result in unfavorable accounting charges or effects, including changes to previously filed financial statements.

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles, or GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant effect on our reported results and may retroactively affect previously reported results.

We must recruit and retain skilled employees to succeed in our business, and our failure to recruit and retain qualified employees could harm our ability to maintain and grow our business.

We believe that an integral part of our success is our ability to recruit and retain employees who have advanced skills in the services and solutions that we provide and who work well with our clients. In particular, we must hire and retain employees with the technical expertise and industry knowledge necessary to maintain and continue to develop our operations and who can effectively manage our growing sales and marketing organization to ensure the growth of our operations. Our future success depends on the ability of the employees in our sales and marketing organization to establish direct sales channels and to develop multiple distribution channels. The employees with the skills we require are in great demand and are likely to remain a limited resource in the foreseeable future. If we are unable to recruit and retain a sufficient number of these employees at all levels, our ability to maintain and grow our business could be negatively impacted.

Any adverse change in reputation, whether as a result of decreases in revenue, an unfavorable outcome in the competitive proposal process for the new contracts with NAPM, a decline in the market price of our common stock or for any other reason, could impair our ability to retain existing employees or attract additional qualified employees with the requisite experience, expertise and knowledge.

Table of Contents

Our failure to achieve or sustain market acceptance of our services at desired pricing levels could impact our ability to maintain profitability or positive cash flow.

Our competitors and clients may cause us to reduce the prices we charge for our services and solutions. The primary sources of pricing pressure include:

- competitors offering our clients services at reduced prices, or bundling and pricing services in a manner that makes it difficult for us to compete. For example, a competing provider of Internet infrastructure services might offer its services at lower rates than we do, or a competing domain name registry provider may reduce its prices for domain name registration;
- clients with a significant volume of transactions may have enhanced leverage in pricing negotiations with us; and
- if our prices are too high, potential clients may find it economically advantageous to handle certain functions internally instead of using our services.

We may not be able to offset the effects of any price reductions by increasing the number of transactions we handle or the number of clients we serve, by generating higher revenue from enhanced services or by reducing our costs.

Our expansion into international markets may be subject to uncertainties that could increase our costs to comply with regulatory requirements in foreign jurisdictions, disrupt our operations, and require increased focus from our management.

We currently provide services to clients located in various international locations such as Brazil, Taiwan and China. We intend to pursue additional international business opportunities. International operations and business expansion plans are subject to numerous additional risks, including:

- economic and political risks in foreign jurisdictions in which we operate or seek to operate;
- difficulties in enforcing contracts and collecting receivables through foreign legal systems;
- differences in foreign laws and regulations, including foreign tax, intellectual property, privacy, labor and contract law, as well as unexpected changes in legal and regulatory requirements;
- differing technology standards and pace of adoption;
- export restrictions on encryption and other technologies;
- fluctuations in currency exchange rates and any imposition of currency exchange controls;
- increased competition by local, regional, or global companies;
- difficulties in maintaining positive relationships with foreign governments and government officials; and
- difficulties associated with managing a large organization spread throughout various countries.

If we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

If we are not successful in growing our information services at the rate that we anticipate, our operating results could be negatively impacted.

Our ability to successfully grow our information services depends on a number of different factors, including market acceptance of our information services products and analytics solutions, the expansion of our information services capabilities and geographic coverage, and continued public and regulatory acceptance of data usage for the provision of our information services and analytics solutions, among others. If we are not successful in growing our information services business at the rate that we anticipate, we may not meet expected growth and gross margin projections or expectations, and our operating results, prospects and the market price of our securities could be adversely affected.

We may be unable to complete acquisitions, or we may undertake acquisitions that increase our costs or liabilities or are disruptive to our business.

We have made a number of acquisitions in the past, and one of our strategies is to pursue acquisitions selectively in the future. We may not be able to locate acquisition candidates at prices that we consider appropriate or on terms that are

Table of Contents

satisfactory to us. If we do identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of the acquisition or, if the acquisition occurs, integrate the acquired business into our existing business. Acquisitions of businesses or other material operations may require additional debt or equity financing, resulting in additional leverage or dilution to our stockholders.

Integration of acquired business operations is a time consuming process that could disrupt our business by diverting significant management attention and resources away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. It is also possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, suppliers, distributors, creditors, or lessors, or to achieve the anticipated benefits of the acquisition. Further, if we cannot successfully integrate an acquired company's internal control over financial reporting, the reliability of our financial statements may be impaired and we may not be able to meet our reporting obligations under applicable law. Any such impairment or failure could cause investor confidence and, in turn, the market price of our common stock, to be materially adversely affected.

Even if we are able to integrate acquired businesses successfully, we may not realize the full benefits of the cost efficiencies or synergies or other benefits that we anticipated when selecting our acquisition candidates or that these benefits will be achieved within a reasonable period of time. We may be required to invest significant capital and resources after acquisition to maintain or grow the businesses that we acquire. In addition, we may need to record write-downs from impairments of goodwill, intangible assets, or long-lived assets, or record adjustments to the purchase price that occur after the closing of the transaction, which could reduce our future reported earnings. If we fail to successfully integrate and support the operations of the businesses we acquire, or if anticipated revenue enhancements and cost savings are not realized from these acquired businesses, our business, results of operations and financial condition would be materially adversely affected. Further, acquired businesses may have liabilities, neutrality-related risks or adverse operating issues that we fail to discover through due diligence prior to the acquisition. These liabilities could include employment, retirement or severance-related obligations under applicable law, other benefits arrangements, legal claims, warranty or similar liabilities to clients, claims by or amounts owed to vendors, tax liabilities or other amounts owed by the acquired companies. The failure to discover such issues prior to such acquisition, should they be significant, could have a material adverse effect on our business and results of operations.

Failure to maintain effective internal controls over financial reporting could have a material adverse effect on our business, operating results and stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we include in our annual report a report containing management's assessment of the effectiveness of our internal controls over financial reporting as of the end of our fiscal year and a statement as to whether or not such internal controls are effective. Compliance with these requirements has resulted in, and is likely to continue to result in, significant costs and the commitment of time and operational resources. Changes in our business, including certain initiatives to transform business processes, to invest in information systems or to transition certain functions to third party resources or providers, will necessitate modifications to our internal control systems, processes and information systems as we optimize our business and operations. We cannot be certain that our current design for internal control over financial reporting, or any additional changes to be made, will be sufficient to enable management to determine that our internal controls are effective for any period, or on an ongoing basis. If we are unable to assert that our internal controls over financial reporting are effective, market perception of our financial condition and the trading price of our stock may be adversely affected, and client perception of our business may suffer.

Risks related to financial market conditions

We may be unable to raise additional capital, if needed, or to raise capital on favorable terms.

The general economic and capital market conditions in the United States and other parts of the world deteriorated significantly in 2008, adversely affecting access to capital and increasing the cost of capital. Although conditions have improved, a large degree of uncertainty remains both domestically and abroad, which continues to adversely impact access to, and the cost of, capital. If funds generated by our operations or available under our 2013 Credit Facilities are insufficient to fund our future activities, including acquisitions, organic business ventures, or capital expenditures, we may need to raise additional funds through public or private equity or debt financing. If unfavorable capital market conditions exist when we seek additional financing, we may not be able to raise sufficient capital on favorable terms or at all. Failure to obtain capital on a timely basis could have a material adverse effect on our results of operations and we may not be able to fund further organic and inorganic growth of our business.

Table of Contents

Risks related to the notes and our other indebtedness

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

As of December 31, 2013, borrowings under our 2013 Credit Facilities and Senior Notes was approximately $616.3 million, and we had unused revolving commitments of $191.8 million (after giving effect to $8.2 million of outstanding letters of credit). In addition, the 2013 Term Facility allows us to request one or more increases to the available term commitments under such facility. We are entitled to request such increases in an amount such that, after giving effect to such increases, either (a) the aggregate amount of increases does not exceed $400 million or (b) our consolidated secured leverage ratio on a pro forma basis after giving effect to any such increase is below 2.50 to 1.00. As of December 31, 2013, the total amount of such potential incremental increases we could request was approximately $756.7 million.

Subject to the limits contained in the credit agreement that governs our 2013 Term Facility, the indenture that governs the Senior Notes and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance investments or acquisitions, or for other general corporate purposes. If we do so, the risks related to our level of debt could intensify. Specifically, our level of debt could have important consequences to the holders of our securities, including the following:

- making it more difficult for us to satisfy our obligations with respect to the Senior Notes and our other debt;
- limiting our ability to obtain additional financing to fund future acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our 2013 Term Facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the indenture that governs the Senior Notes and the credit agreement that governs our 2013 Term Facility contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the repayment of all our debt.

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreement that governs our 2013 Term Facility and the indenture that governs the Senior Notes restrict our ability to dispose of assets and use the proceeds from those dispositions and also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations would materially and adversely affect our financial position and results of operations and our ability to satisfy our debt obligations.

Table of Contents

If we cannot make scheduled payments on our debt, we will be in default and holders of the Senior Notes could declare all outstanding principal and interest to be due and payable, the lenders under our 2013 Term Facility could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our 2013 Term Facility will be at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming all loans are fully drawn, each quarter point change in interest rates would result in a $1.3 million change in annual interest expense on our indebtedness under our 2013 Term Facility. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency’s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any downgrade by either Standard & Poor’s or Moody’s could increase the interest rate on the 2013 Credit Facilities, result in higher borrowing costs and decrease earnings. Any future adverse changes to our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing.

Risks Related to Our Common Stock

Our common stock price may be volatile.

The market price of our Class A common stock may fluctuate widely. Fluctuations in the market price of our Class A common stock could be caused by many things, including:

- our perceived prospects and the prospects of the telephone, Internet and data analytics industries in general;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts’ recommendations or projections;
- changes in general valuations for communications companies;
- adoption or modification of regulations, policies, procedures or programs applicable to our business;
- sales of our Class A common stock by our officers, directors or principal stockholders;
- sales of significant amounts of our Class A common stock in the public market, or the perception that such sales may occur;
- sales of our Class A common stock due to a required divestiture under the terms of our certificate of incorporation; and
- changes in general economic or market conditions and broad market fluctuations.

Each of these factors, among others, could have a material adverse effect on the market price of our Class A common stock. Recently, the stock market in general has experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of the specific companies. Some companies that have had volatile market prices for their securities have had securities class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial costs and a diversion of our management’s attention and resources. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

Table of Contents

Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, and the market price of our Class A common stock may be lower as a result.

We are a Delaware corporation, and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our certificate of incorporation and bylaws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our certificate of incorporation and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- prohibit cumulative voting in the election of directors, which would otherwise enable holders of less than a majority of our voting securities to elect some of our directors;
- establish a classified Board of Directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election;
- require that directors only be removed from office for cause;
- provide that vacancies on the Board of Directors, including newly-created directorships, may be filled only by a majority vote of directors then in office;
- disqualify any individual from serving on our board if such individual's service as a director would cause us to violate our neutrality requirements;
- limit who may call special meetings of stockholders;
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominating candidates for election to the Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In order to comply with our neutrality requirements, our certificate of incorporation contains ownership and transfer restrictions relating to telecommunications service providers, VoIP providers and their respective affiliates, which may inhibit potential acquisition bids that our stockholders may consider favorable, and the market price of our Class A common stock may be lower as a result.

In order to comply with neutrality requirements imposed by the FCC in its orders and rules, no entity that qualifies as a "telecommunications service provider," "VoIP provider" or an affiliate of a telecommunications service provider or VoIP provider, as defined under the Communications Act of 1934 and FCC rules and orders, may beneficially own 5% or more of our capital stock. In general, a telecommunications service provider is an entity that offers telecommunications services to the public at large, and is, therefore, providing telecommunications services on a common carrier basis. In general, a VoIP provider is an entity that provides two-way voice communications over a broadband connection and interconnects with the public switched telephone network.

Moreover, a party will be deemed to be an affiliate of a telecommunications service provider or a VoIP provider if that party controls, is controlled by, or is under common control with, a telecommunications service provider or a VoIP provider, respectively. A party is deemed to control another if that party, directly or indirectly:

- owns 10% or more of the total outstanding equity of the other party;
- has the power to vote 10% or more of the securities having ordinary voting power for the election of the directors or management of the other party; or
- has the power to direct or cause the direction of the management and policies of the other party.

As a result of this regulation, subject to limited exceptions, our certificate of incorporation (a) prohibits any telecommunications service provider, VoIP provider or affiliate of a telecommunications service provider or VoIP provider from beneficially owning, directly or indirectly, 5% or more of our outstanding capital stock and (b) empowers our Board of Directors to determine whether any particular holder of our capital stock is a telecommunications service provider, VoIP

Table of Contents

provider or an affiliate of a telecommunications service provider or VoIP provider. Among other things, our certificate of incorporation provides that:

- if one of our stockholders experiences a change in status or other event that results in the stockholder violating this restriction, or if any transfer of our stock occurs that, if effective, would violate the 5% restriction, we may elect to purchase the excess shares (i.e., the shares that cause the violation of the restriction) or require that the excess shares be sold to a third-party whose ownership will not violate the restriction;
- pending a required divestiture of these excess shares, the holder whose beneficial ownership violates the 5% restriction may not vote the shares in excess of the 5% threshold; and
- if our Board of Directors, or its permitted designee, determines that a transfer, attempted transfer or other event violating this restriction has taken place, we must take whatever action we deem advisable to prevent or refuse to give effect to the transfer, including refusal to register the transfer, disregard of any vote of the shares by the prohibited owner, or the institution of proceedings to enjoin the transfer.

Any person who acquires, or attempts or intends to acquire, beneficial ownership of our stock that will or may violate this restriction must notify us as provided in our certificate of incorporation. In addition, any person who becomes the beneficial owner of 5% or more of our stock must notify us and certify that such person is not a telecommunications service provider, VoIP provider or an affiliate of a telecommunications service provider or VoIP provider. If a 5% stockholder fails to supply the required certification, we are authorized to treat that stockholder as a prohibited owner — meaning, among other things, that we may elect to require that the excess shares be sold. We may request additional information from our stockholders to ensure compliance with this restriction. Our board will treat any “group,” as that term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as a single person for purposes of applying the ownership and transfer restrictions in our certificate of incorporation.

Nothing in our certificate of incorporation restricts our ability to purchase shares of our capital stock. If a purchase by us of shares of our capital stock results in a stockholder’s percentage interest in our outstanding capital stock increasing to over the 5% threshold, such stockholder must deliver the required certification regarding such stockholder’s status as a telecommunications service provider, VoIP provider or affiliate of a telecommunications service provider or VoIP provider. In addition, to the extent that a repurchase by us of shares of our capital stock causes any stockholder to violate the restrictions on ownership and transfer contained in our certificate of incorporation, that stockholder will be subject to all of the provisions applicable to prohibited owners, including required divestiture and loss of voting rights.

These restrictions and requirements may:

- discourage industry participants that might have otherwise been interested in acquiring us from making a tender offer or proposing some other form of transaction that could involve a premium price for our shares or otherwise be in the best interests of our stockholders; and
- discourage investment in us by other investors who are telecommunications service providers or VoIP providers or who may be deemed to be affiliates of a telecommunications service provider or VoIP provider, which may decrease the demand for our Class A common stock and cause the market price of our Class A common stock to be lower.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

Our principal executive offices are located at 21575 Ridgetop Circle, Sterling, Virginia, 20166, and our telephone number at that address is (571) 434-5400. As of December 31, 2013, we leased approximately 580,000 square feet of space, primarily in the United States, and to a lesser extent in Europe and Costa Rica, in support of general office and sales operations. We own a 54,000 square foot facility in Englewood, Colorado. As of February 28, 2014, we believe that our facilities have sufficient capacity to meet the current and projected needs of our business. We periodically evaluate the adequacy of existing facilities and the availability of additional facilities, and we believe that additional or alternative space, if needed, will be available as needed in the future on commercially reasonable terms. The following table lists our major locations that are primarily used for administrative, sales, marketing, support and research and development operations:

Leased Property Locations	Approximate Square Footage
Sterling, VA, United States	192,000
McLean, VA, United States	44,000
Arizona, United States	7,000
California, United States	221,000
Colorado, United States	13,000
Kentucky, United States	36,000
Utah, United States	8,000
District of Colombia, United States	13,000
Staines, United Kingdom	3,000
Heredia, Costa Rica	13,000

Owned Property Locations	Approximate Square Footage
Colorado, United States	54,000

Upon expiration of the property leases, we expect to obtain renewals or to lease alternative space. Lease expiration dates range from 2014 through 2023.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Our Common Stock

Since June 29, 2005, our Class A common stock has traded on the New York Stock Exchange under the symbol "NSR." As of February 21, 2014, our Class A common stock was held by 199 stockholders of record. The following table sets forth the per-share range of the high and low sales prices of our Class A common stock as reported on the New York Stock Exchange for the periods indicated:

	High	Low
Fiscal year ended December 31, 2012		
First quarter	$37.29	$33.84
Second quarter	$37.26	$30.40
Third quarter	$40.25	$32.49
Fourth quarter	$43.20	$36.59
Fiscal year ended December 31, 2013		
First quarter	$47.07	$42.66
Second quarter	$50.03	$42.38
Third quarter	$56.51	$49.48
Fourth quarter	$49.95	$45.40

There is no established public trading market for our Class B common stock. As of February 21, 2014, our Class B common stock was held by 5 stockholders of record.

Dividends

We did not pay any cash dividends on our Class A or Class B common stock in 2012 or 2013 and we do not expect to pay any cash dividends on our common stock for the foreseeable future. Our 2013 Term Facility limits our ability to declare or pay dividends to an amount up to $100 million per year. We currently intend to retain any future earnings to finance our operations and growth. We are limited by Delaware law in the amount of dividends we can pay. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend on earnings, financial condition, operating results, capital requirements, any contractual restrictions and other factors that our Board of Directors deems relevant.

Purchases of Equity Securities

The following table is a summary of our repurchases of common stock during each of the three months in the quarter ended December 31, 2013:

Month	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
October 1 through October 31, 2013	760,032	$47.53	758,700	$ 59,426,635
November 1 through November 30, 2013	657,683	47.73	655,700	28,128,852
December 1 through December 31, 2013	580,272	48.98	574,350	—
Total	1,997,987		1,988,750	$ —

(1) The number of shares purchased includes shares of common stock tendered by employees to us to satisfy the employees' minimum tax withholding obligations arising as a result of vesting of restricted stock grants under our stock incentive plan. We purchased these shares for their fair market value on the vesting date.

Table of Contents

(2) The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 9,237 shares, all of which relate to shares surrendered to us by employees to satisfy the employees' minimum tax withholding obligations arising as a result of vesting of restricted stock grants under our incentive stock plans.

(3) On May 2, 2013, we announced the adoption of a 2013 share repurchase program, which expired on December 31, 2013. The 2013 program authorized the purchase of up to $250 million of Class A common shares.

Performance Graph

The following chart compares Neustar's cumulative stockholder return on its common stock over the last five fiscal years compared with $100 invested in the Russell 1000 Index and the NYSE TMT Index, an Index of Technology, Media and Telecommunications companies, each over that same period.

The comparison assumes reinvestment of dividends. The stock performance in the graph is included to satisfy our SEC disclosure requirements, and is not intended to forecast or to be indicative of future performance.

This Performance Graph shall not be deemed to be incorporated by reference into our SEC filings and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

ITEM 6. SELECTED FINANCIAL DATA

The tables below present selected consolidated statements of operations data and selected consolidated balance sheet data for each year in the five year period ended December 31, 2013. The selected consolidated statements of operations data for each of the three years ended December 31, 2011, 2012 and 2013, and the selected consolidated balance sheet data as of December 31, 2012 and 2013, have been derived from, and should be read together with, our audited consolidated financial

Table of Contents

statements and related notes appearing in this report. The selected consolidated statements of operations data for each of the two years ended December 31, 2009 and 2010, and the selected consolidated balance sheet data as of December 31, 2009, 2010 and 2011, have been derived from our audited consolidated financial statements and related notes not included in this report.

The following information should be read together with, and is qualified in its entirety by reference to, the more detailed information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this report and our consolidated financial statements and related notes in Item 8 of this report.

	Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenue	$467,253	$520,866	$620,455	$831,388	$902,041
Operating expense:					
Cost of revenue (excluding depreciation and amortization shown separately below)	99,436	111,282	137,992	185,965	212,572
Sales and marketing	80,676	86,363	109,855	163,729	178,017
Research and development	14,094	13,780	17,509	29,794	27,993
General and administrative	52,491	65,496	96,317	81,797	93,930
Depreciation and amortization	29,852	32,861	46,209	92,955	100,233
Restructuring charges	974	5,361	3,549	489	2
	277,523	315,143	411,431	554,729	612,747
Income from operations	189,730	205,723	209,024	276,659	289,294
Other (expense) income:					
Interest and other expense	(5,213)	(6,995)	(6,279)	(34,155)	(34,527)
Interest and other income	7,491	7,582	1,966	596	357
Income from continuing operations before income taxes	192,008	206,310	204,711	243,100	255,124
Provision for income taxes, continuing operations	76,498	82,282	81,137	87,013	92,372
Income from continuing operations	115,510	124,028	123,574	156,087	162,752
(Loss) income from discontinued operations, net of tax	(14,369)	(17,819)	37,249	—	—
Net income	$101,141	$106,209	$160,823	$156,087	$162,752
Basic net income (loss) per common share:					
Continuing operations	$1.55	$1.66	$1.69	$2.34	$2.52
Discontinued operations	(0.19)	(0.24)	0.51	—	—
Basic net income per common share	$1.36	$1.42	$2.20	$2.34	$2.52
Diluted net income (loss) per common share:					
Continuing operations	$1.53	$1.63	$1.66	$2.30	$2.46
Discontinued operations	(0.19)	(0.23)	0.50	—	—
Diluted net income per common share	$1.34	$1.40	$2.16	$2.30	$2.46
Weighted average common shares outstanding:					
Basic	74,301	74,555	72,974	66,737	64,463

Diluted	75,465	76,065	74,496	67,956	66,108

31

Table of Contents

	As of December 31,				
	2009	2010	2011	2012	2013
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$342,191	$345,372	$132,782	$343,921	$223,309
Working capital	316,263	345,221	196,442	368,326	264,838
Goodwill and intangible assets	127,206	143,625	910,946	860,665	917,953
Total assets	647,804	733,874	1,382,610	1,526,724	1,507,081
Deferred revenue and client credits, excluding current portion	8,923	10,578	10,363	9,922	12,061
Long-term note payable and capital lease obligations, excluding current portion	10,766	4,076	586,727	577,505	610,711
Total stockholders' equity	504,437	596,112	502,634	646,608	589,574

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with the information set forth under "Selected Financial Data" in Item 6 of this report and our consolidated financial statements and related notes in Item 8 of this report. The statements in this discussion related to our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements in this discussion, are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Risk Factors" in Item 1A of this report and "Business — Cautionary Note Regarding Forward-Looking Statements" in Item 1 of this report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

In 2013, revenue continued to be strong and we positioned ourselves for future growth by aligning our client-facing functions with key industry verticals. In addition, we continued to pursue renewal of our contracts to provide number portability services, and returned capital to our shareholders through our share repurchase program.

Total revenue for the year increased 8.5% to $902.0 million as compared to $831.4 million in 2012. This increase in revenue was driven by a contractual increase of 6.5% in the fixed fee under our contracts to provide number portability services, and by greater demand for our Marketing Services.

In the fourth quarter of 2013, we aligned our organizational structure to better serve our clients through a common understanding of their needs. This reorganization unified our sales and marketing teams, now aligned with the market verticals that we serve, and organized our products and technology teams into a functional structure. We believe this new organizational structure will give us greater insight into our clients' needs. This client focus is also expected to support an innovative product pipeline that can more effectively turn ideas into marketable products, and products into scalable offers tailored to our client verticals. This new alignment changed how we go to market and how we manage the business, including significant shifts in employee reporting responsibilities, and resulted in a single operating segment and a change in our financial reporting. We anticipate that this new structure will allow our operations to scale more effectively and more efficiently manage operating expenses by streamlining functions and organizational structure. In addition, our reorganization initiatives, which we expect will continue through fiscal 2014, are designed to result in greater synergies from our acquisitions and achieve further integration among our onsite businesses.

In May 2010, the NAPM announced a selection process for the administration of the local number portability contracts with the expiration of the current contracts, which continue through June 2015. We submitted our response to the RFP on the then current submission deadline of April 5, 2013. On April 17, 2013, the NAPM announced on its website that it had extended the deadline for interested parties to respond to its RFP until April 22, 2013. On February 21, 2014, the NAPM published a revised timeline for the selection process, indicating that the estimated date for the FCC approval of LNPA vendor selection for all regions had changed from January 20, 2014 to May 6, 2014. We have requested that the NAPM provide all bidders in the selection process the opportunity to submit additional revised proposals. We have also made filings with the FCC expressing our concerns regarding the selection process, including a petition for a declaratory ruling on February 12, 2014.

During 2013, we issued $300 million of 10-year senior notes at 4.5% and completed a $525 million credit facility, which included a $325 million Term Loan A and $200 million Revolving Credit Facility, replacing our outstanding debt. This refinancing provides us with staggered maturities and a lower cost of debt. In addition, we used cash on hand to add campaign and predictive analytics capabilities to our marketing platform, giving us a comprehensive workflow solution that advertising agencies and marketers depend on. This capability allows our clients to measure the effectiveness of cross-channel campaigns in real-time in a single view.

Further, we continued to execute our capital allocation strategy through share purchases. During the year ended December 31, 2013, we purchased approximately 5.9 million shares of our common stock at an average price of $48.71 per share for a total of $285.3 million. On January 29, 2014, we announced the authorization of a 2014 share repurchase program, which will expire on December 31, 2014 and authorizes the purchase of up to $200 million of our Class A common shares.

Our Company

We were founded to meet the technical and operational challenges of the communications industry when the U.S. government mandated local number portability in 1996. We provide the authoritative solution that the communications industry relies upon to meet this mandate. Since then, we have grown to offer a broad range of real-time information services and analytics, including marketing services, business assurance services, security solutions, data services, and data registry services.

Our costs and expenses consist of cost of revenue, sales and marketing, research and development, general and administrative, depreciation and amortization, and restructuring charges.

Cost of revenue includes all direct materials costs, direct labor costs, and indirect costs related to the generation of revenue such as indirect labor, outsourced services, materials and supplies, payment processing fees, and general facilities cost. Our primary cost of revenue is personnel costs associated with service implementation, product maintenance, client deployment and client care, including salaries, stock-based compensation and other personnel-related expense. In addition, cost of revenue includes costs relating to developing modifications and enhancements of our existing technology and services, as well as royalties paid to third parties related to our U.S. Common Short Code services and registry gateway services. Cost of revenue also includes costs relating to our information technology and systems department, including network costs, data center maintenance, database management, data processing costs and general facilities costs.

Sales and marketing expense consists of personnel costs, such as salaries, sales commissions, travel, stock-based compensation, and other personnel-related expense; costs associated with attending and sponsoring trade shows; facilities costs; professional fees; costs of marketing programs, such as Internet and print marketing programs, as well as costs for product branding, market analysis and forecasting; and client relationship management.

Research and development expense consists primarily of personnel costs, including salaries, stock-based compensation and other personnel-related expense; contractor costs; and the costs of facilities, and computer and support services used in service and technology development.

General and administrative expense consists primarily of personnel costs, including salaries, stock-based compensation, and other personnel-related expense, for our executive, administrative, legal, finance and human resources functions. General and administrative expense also includes facilities, support services and professional services fees.

Depreciation and amortization relates to amortization of identifiable intangibles, and the depreciation of our property and equipment, including our network infrastructure and facilities related to our services.

Restructuring charges relate to the termination of certain employees and reduction in or closure of leased facilities.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue and expense during a fiscal period. Under the rules and regulations of the SEC, an accounting policy is considered to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of our critical accounting policies with the audit committee of our Board of Directors, and the audit committee has reviewed our related disclosures in this report.

Although we believe that our judgments and estimates are appropriate and reasonable, actual results may differ from those estimates. In addition, while we have used our best estimates based on the facts and circumstances available to us at the time, we reasonably could have used different estimates in the current period. Changes in the accounting estimates we use are reasonably likely to occur from period to period, which may have a material impact on the presentation of our financial condition and results of operations. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations could be materially affected. See the information in our filings with the SEC from time to time and Item 1A of this report, "Risk Factors," for certain matters that may bear on our results of operations.

Revenue Recognition

We provide wireline and wireless number portability, implement the allocation of pooled blocks of telephone numbers and provide network management services pursuant to seven contracts with NAPM. The aggregate fees for transactions processed under the contracts are determined by an annual fixed-fee pricing model under which the annual fixed fee is subject to an annual price escalator of 6.5%. If actual volume of transactions in a given year is above or below the contractually established volume range for that year, the annual fixed fee may be adjusted up or down, respectively. At each reporting period, we assess the volume of transactions in comparison to the contractually established volume range for that year and determine the probability of an adjustment, either up or down, to the annual fixed fee. If we determine an adjustment is probable and measurable, we record the adjustment to revenue in the reporting period in which our assessment is made. We have not recorded any adjustments to the annual fixed fee since the inception of these contract terms in January 2009.

For more information regarding our revenue recognition policy, please see Note 2 to our Consolidated Financial Statements in Item 8 of Part II of this report.

Service Level Standards

Some of our private commercial contracts require us to meet minimum service level standards and impose corresponding penalties for failure to meet those standards. We record a provision for these performance-related penalties when we become aware that we have failed to meet required service levels, which results in a corresponding reduction of our revenue.

Goodwill

Goodwill represents the excess purchase price paid over the fair value of tangible or identifiable intangible assets acquired and liabilities assumed in our acquisitions. In accordance with the Intangibles-Goodwill and Other Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, we test our goodwill for impairment on an annual basis, or on an interim basis if an event occurs or circumstances change that indicate an impairment may have occurred.

In the fourth quarter of 2013, we reorganized our operating structure and internal financial reporting to a functional structure, to reflect of how our chief operating decision maker, or CODM, allocates resources and assesses performance. This reorganization changed our operating segments and the underlying reporting units. Prior to the reorganization, we reported our results of operations based on three operating segments and reporting units: Carrier Services, Enterprise Services, and Information Services. The new functional structure resulted in a single operating segment and reporting unit. We did not identify indicators of impairment in connection with this realignment.

Our 2013 annual goodwill impairment analysis, which we performed as of October 1, 2013, did not result in an impairment charge. We compared our market capitalization to our reporting unit carrying value as of October 1, 2013. As a result of this analysis, we determined that the estimated fair value of our reporting unit was substantially in excess of the carrying value.

We believe that the assumptions and estimates used to determine the estimated fair value of our reporting unit are reasonable; however, there are a number of factors, including factors outside of our control, including stock price volatility, that could cause actual results to differ from our estimates.

Any changes to our key assumptions about our business and our prospects, or changes in market conditions, could cause the fair value of our reporting unit to fall below its carrying value, resulting in a potential impairment charge. In addition, changes in our organizational structure or how our management allocates resources and assesses performance could result in a change of our operating segment or reporting unit, requiring a reallocation and impairment analysis of our goodwill. A goodwill impairment charge could have a material effect on our consolidated financial statements because of the significance of goodwill to our consolidated balance sheet. As of December 31, 2013, we had $642.8 million in goodwill.

Table of Contents

Accounts Receivable, Revenue Recovery Collections, and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. In accordance with our contracts with NAPM, we bill a revenue recovery collections fee, or RRC fee, equal to a percentage of monthly billings to our clients. The aggregate RRC fees collected may be used to offset uncollectible receivables from an individual client. During the years ended December 31, 2011 and 2012 and for the six months ended June 30, 2013, the RRC fee was 0.65%. On July 1, 2013, the RRC rate was reduced to 0.50% and remained at that level through December 31, 2013. Any accrued RRC fees in excess of uncollectible receivables are paid back to the clients annually on a pro rata basis. All other receivables related to services not covered by the RRC fees are evaluated and, if deemed not collectible, are appropriately reserved.

Income Taxes

We recognize deferred tax assets and liabilities based on temporary differences between the financial reporting bases and the tax bases of assets and liabilities. These deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when such amounts are expected to reverse or be utilized. The realization of deferred tax assets is contingent upon the generation of future taxable income. When appropriate, we recognize a valuation allowance to reduce such deferred tax assets to amounts that are more likely than not to be ultimately realized. The calculation of deferred tax assets, including valuation allowances, and liabilities requires us to apply significant judgment related to such factors as the application of complex tax laws, changes in tax laws and our future operations. We review our deferred tax assets on a quarterly basis to determine if a valuation allowance is required based upon these factors. Changes in our assessment of the need for a valuation allowance could give rise to a change in such allowance, potentially resulting in additional expense or benefit in the period of change.

Our income tax provision includes U.S. federal, state, local and foreign income taxes and is based on pre-tax income or loss. In determining the annual effective income tax rate, we analyzed various factors, including our annual earnings and taxing jurisdictions in which the earnings were generated, the impact of state and local income taxes and our ability to use tax credits and net operating loss carryforwards.

We assess uncertain tax positions and recognize income tax benefits when, based on the technical merits of a tax position, we believe that if a dispute arose with the taxing authority and was taken to a court of last resort, it is more likely than not (i.e., a probability of greater than 50 percent) that the tax position would be sustained as filed. If a position is determined to be more likely than not of being sustained, the reporting enterprise should recognize the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority. Our practice is to recognize interest and penalties related to income tax matters in income tax expense.

We file income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. The tax years 2007 through 2012 remain open to examination by the major taxing jurisdictions to which we are subject. The Internal Revenue Service has initiated an examination of our 2009 federal income tax return. While the ultimate outcome of the audit is uncertain, management does not currently believe that the outcome will have a material adverse effect on our financial position, results of operations or cash flows.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the Compensation — Stock Compensation Topic of the FASB ASC which requires the measurement and recognition of compensation expense for stock-based awards granted to employees based on estimated fair values on the date of grant.

See Note 14 to our Consolidated Financial Statements in Item 8 of Part II of this report for information regarding our assumptions related to stock-based compensation and the amount of stock-based compensation expense we incurred for the years covered in this report.

We estimate the fair value of our restricted stock unit awards based on the fair value of our common stock on the date of grant. Our outstanding restricted stock unit awards are subject to service-based vesting conditions and performance-based vesting conditions. We recognize the estimated fair value of service-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period on a straight-line basis. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and are subject to the employee's continued employment over the vesting period. We recognize the estimated fair value of performance-based awards, net of estimated forfeitures, as stock-based compensation expense over the vesting period, which considers each performance period or tranche separately, based upon our determination of the level of achievement of the performance targets. At each reporting period, we reassess the level of achievement of the performance targets within the related performance period. Determining the level of achievement of the performance targets involves judgment, and the estimate of stock-based

Table of Contents

compensation expense may be revised periodically based on changes. If any performance goals specific to the restricted stock unit awards are not met, no compensation cost ultimately is recognized for such awards, and to the extent previously recognized, compensation cost is reversed. As of December 31, 2013, the level of achievement of the performance target awards for performance years 2011, 2012 and 2013 was 134%, 129.5% and 111.2%, respectively.

During 2013, we revised our estimate of the level of achievement of the performance awards for the performance year of 2013 from 100% of target to 111.2% of target. Our consolidated net income for the year ended December 31, 2013 was $162.8 million and diluted earnings per share was $2.46 per share. If we had continued to use the previous estimate of the level of achievement of 100% of the performance target for the performance year of 2013, the as adjusted net income for the year ended December 31, 2013 would have been approximately $163.6 million and the as adjusted diluted earnings per share would have had been approximately $2.47 per share. As of December 31, 2013, the performance years 2011 and 2012 were complete and the levels of achievement of the performance targets were fixed.

Consolidated Results of Operations

Year Ended December 31, 2012 Compared to the Year Ended December 31, 2013

The following table presents an overview of our results of operations for the years ended December 31, 2012 and 2013.

	Years Ended December 31,			
	2012	2013	2012 vs. 2013	
	$	$	$ Change	% Change
	(in thousands, except per share data)			
Revenue	$831,388	$902,041	$70,653	8.5 %
Operating expense:				
Cost of revenue (excluding depreciation and amortization shown separately below)	185,965	212,572	26,607	14.3 %
Sales and marketing	163,729	178,017	14,288	8.7 %
Research and development	29,794	27,993	(1,801)	(6.0)%
General and administrative	81,797	93,930	12,133	14.8 %
Depreciation and amortization	92,955	100,233	7,278	7.8 %
Restructuring charges	489	2	(487)	(99.6)%
	554,729	612,747	58,018	10.5 %
Income from operations	276,659	289,294	12,635	4.6 %
Other (expense) income:				
Interest and other expense	(34,155)	(34,527)	(372)	1.1 %
Interest and other income	596	357	(239)	(40.1)%
Income before income taxes	243,100	255,124	12,024	4.9 %
Provision for income taxes	87,013	92,372	5,359	6.2 %
Net income	$156,087	$162,752	$6,665	4.3 %
Net income per share:				
Basic	$2.34	$2.52		
Diluted	$2.30	$2.46		
Weighted average common shares outstanding:				
Basic	66,737	64,463		
Diluted	67,956	66,108		

Table of Contents

Revenue

Revenue. Revenue increased $70.7 million driven by strong demand for our services and a $26.7 million increase in the fixed fee established under our contracts to provide NPAC Services. Revenue from our Marketing Services increased $19.1 million, driven by increased demand for our services that help our clients make instant and high impact decisions to promote their businesses and increase customer retention. Data Services revenue increased $13.4 million driven by increased demand for services that enable our carrier clients to exchange essential operating information with multiple carriers. Revenue from our Security Services increased $6.8 million driven by an increase in demand for our DDoS mitigation services.

Expense

Cost of revenue. Cost of revenue increased $26.6 million due to an increase of $10.4 million in personnel and personnel-related expense, an increase of $8.4 million in costs related to our information technology and systems, an increase of $5.4 million in royalties, and an increase of $2.4 million in contractor costs incurred to support our business operations. The increase in personnel and personnel-related expense was due to increases in stock-based compensation and salary and benefits, which were driven by increased headcount. In addition, the increase in costs related to our information technology and systems was associated with increased sales that resulted in increased data processing, telecommunications, and maintenance costs.

Sales and marketing. Sales and marketing expense increased $14.3 million due to an increase of $9.3 million in personnel and personnel-related expense and an increase of $5.0 million in advertising and marketing costs. The increase in personnel and personnel-related expense was due to increases in stock-based compensation and salary and benefits, which were driven by increased average headcount related to the expansion of our sales and marketing teams to support service offerings. The increase in advertising and marketing costs was driven by costs incurred to promote awareness of our services and outsourced fees incurred to support our long-term sales strategy.

Research and development. Research and development expense decreased $1.8 million due to a decrease of $1.3 million in personnel and personnel-related expense.

General and administrative. General and administrative expense increased $12.1 million due to an increase of $6.8 million in personnel and personnel-related expense, an increase of $3.6 million in professional fees, and an increase of $2.1 million in bad debt expense. The increase in personnel and personnel-related expense was driven by stock-based compensation. The increase in professional fees was driven by costs incurred to support business growth, strategic planning and pursuit of new business opportunities.

Depreciation and amortization. Depreciation and amortization expense increased $7.3 million due to an increase of $9.2 million in depreciation expense related to capitalized development costs. This increase was partially offset by a decrease of $2.1 million in depreciation expense related to assets under capital leases.

Restructuring charges. Restructuring charges for the year ended December 31, 2012 were comparable to the charges recorded for the year ended December 31, 2013.

Interest and other expense. Interest and other expense increased $0.4 million due to a $10.9 million loss on debt modification and extinguishment recorded in the first quarter of 2013 in connection with the refinancing of our 2011 Credit Facilities. This increase was partially offset by lower interest expense of $10.3 million driven by the refinancing of our 2011 Credit Facilities.

Interest and other income. Interest and other income for the year ended December 31, 2012 was comparable to the income recorded for the year ended December 31, 2013.

Provision for income taxes. Our effective tax rate for the year ended December 31, 2013 increased to 36.2% from 35.8% for the year ended December 31, 2012. During 2013, we recorded $4.8 million of discrete tax benefits primarily due to research tax credits and a worthless stock deduction. During 2012, we recorded $6.8 million of discrete tax benefits due to our domestic production activities deduction and utilization of foreign tax credits against federal income taxes. Excluding discrete tax benefits, our effective tax rate would have been approximately 38.6% and 38.1% for the years ended December 31, 2012 and 2013, respectively. This decrease is primarily associated with federal research tax credits recorded in 2013, partially offset by nondeductible transaction related costs in connection with our acquisition completed in the fourth quarter of 2013.

37

Table of Contents

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2012

The following table presents an overview of our results of operations for the years ended December 31, 2011 and 2012.

	Years Ended December 31,			
	2011	2012	2011 vs. 2012	
	$	$	$ Change	% Change
	(in thousands, except per share data)			
Revenue	$620,455	$831,388	$210,933	34.0 %
Operating expense:				
Cost of revenue (excluding depreciation and amortization shown separately below)	137,992	185,965	47,973	34.8 %
Sales and marketing	109,855	163,729	53,874	49.0 %
Research and development	17,509	29,794	12,285	70.2 %
General and administrative	96,317	81,797	(14,520)	(15.1)%
Depreciation and amortization	46,209	92,955	46,746	101.2 %
Restructuring charges	3,549	489	(3,060)	(86.2)%
	411,431	554,729	143,298	34.8 %
Income from operations	209,024	276,659	67,635	32.4 %
Other (expense) income:				
Interest and other expense	(6,279)	(34,155)	(27,876)	444.0 %
Interest and other income	1,966	596	(1,370)	(69.7)%
Income from continuing operations before income taxes	204,711	243,100	38,389	18.8 %
Provision for income taxes, continuing operations	81,137	87,013	5,876	7.2 %
Income from continuing operations	123,574	156,087	32,513	26.3 %
Income from discontinued operations, net of tax	37,249	—	(37,249)	(100.0)%
Net income	$160,823	$156,087	$(4,736)	(2.9)%
Basic net income per common share:				
Continuing operations	$1.69	$2.34		
Discontinued operations	0.51	—		
Basic net income per common share	$2.20	$2.34		
Diluted net income per common share:				
Continuing operations	$1.66	$2.30		
Discontinued operations	0.50	—		
Diluted net income per common share	$2.16	$2.30		
Weighted average common shares outstanding:				
Basic	72,974	66,737		
Diluted	74,496	67,956		

Revenue

Revenue. Revenue increased $210.9 million, including $143.2 million in revenue related to acquisitions completed in 2011. The overall increase of $210.9 million was driven by an increase of $109.8 million in revenue from Data Registries and an increase of $79.8 million in revenue from Marketing Services. In particular, the increase in revenue from Data Registries was driven by an increase of $58.5 million in revenue related to an acquisition completed in 2011 and a $45.1 million increase in the fixed fee established under our contracts to provide NPAC Services. The increase in Marketing Services was driven by a full year of revenue from an acquisition completed in November 2011 and growth in revenue from services that help our clients to make instant and high impact decision to promote their businesses and increase customer retention.

Expense

Cost of revenue. Cost of revenue increased $48.0 million, including $26.5 million of operating costs related to acquisitions completed in 2011. The overall increase of $48.0 million was due in part to a $17.9 million increase in personnel and personnel-related expense. This increase in personnel and personnel-related expense was due to increased headcount in our technology teams to support system enhancements for new and existing service offerings. In addition, costs relating to our information technology and systems, including data processing costs, telecommunications, and maintenance costs, increased $19.2 million due to growth in our revenue. Furthermore, royalty expense increased $7.3 million due to revenue growth and contractor costs increased $3.6 million as a result of increased costs incurred to augment our technology teams in connection with new product enhancements.

Sales and marketing. Sales and marketing expense increased $53.9 million, including $40.3 million of operating costs related to acquisitions completed in 2011. The overall increase of $53.9 million in sales and marketing expense was due to a $42.9 million increase in personnel and personnel-related expense related to the expansion of our sales and marketing teams to support our new and expanded service offerings. In addition, advertising and external marketing costs increased $6.2 million to fund efforts to increase brand awareness and costs related to general facilities increased $4.7 million in support of our expanded sales and marketing teams.

Research and development. Research and development expense increased $12.3 million, including $9.9 million of operating costs related to acquisitions completed in 2011. The overall increase of $12.3 million in research and development expense was due to an increase of $9.6 million in personnel and personnel-related expense to support service and technology development. In addition, general facilities costs increased $1.9 million.

General and administrative. General and administrative expense decreased $14.5 million, including $6.2 million in operating costs related to acquisitions completed in 2011. The overall decrease of $14.5 million was due to $16.3 million in contractor and professional fees due to a decrease of $11.6 million in acquisition and acquisition related costs incurred in 2011 and $2.4 million in direct costs incurred in connection with the modified Dutch auction tender offer we announced and completed in the fourth quarter of 2011. In addition, personnel and personnel related costs decreased $1.1 million, comprised of a $5.5 million decrease in stock-based compensation expense, partially offset by an increase of $4.4 million related to headcount additions to support business operations. Of this $5.5 million decrease in stock-based compensation expense, $5.4 million resulted from higher expense recorded during 2011 for the departure of certain senior executives for which there was no corresponding expense in 2012. These decreases were partially offset by an increase of $2.9 million in general facilities costs.

Depreciation and amortization. Depreciation and amortization expense increased $46.7 million, including $47.7 million in expense related to acquisitions completed in 2011. The overall increase of $46.7 million in expense was due to an increase in amortization expense of $38.2 million as a result of the amortization of intangible assets acquired in connection with acquisitions. In addition, depreciation expense increased $8.6 million due to acquisitions of new property and equipment, including furniture and fixtures and leasehold improvements.

Restructuring charges. Restructuring charges decreased $3.1 million due to a decrease in severance and severance-related expense of $2.6 million attributable to our 2011 domestic work-force reduction initiated in the fourth quarter of 2011 and $0.4 million attributable to our 2010 management transition plan.

Interest and other expense. Interest and other expense increased $27.9 million due to a $29.4 million increase in interest expense attributable to our 2011 Credit Facilities, including amortization of related deferred financing costs. This increase was partially offset by a net decrease of $1.0 million in loss on asset disposals and a net decrease of $0.5 million in foreign currency losses.

Interest and other income. Interest and other income decreased $1.4 million due to a decrease of $0.7 million in realized gains for our available-for-sale securities sold during 2011 and a decrease of $0.7 million in interest income resulting from a lower yield related to our investments and lower amount of cash invested.

Provision for income taxes, continuing operations. Our effective tax rate for the year ended December 31, 2012 decreased to 35.8% from 39.6% for the year ended December 31, 2011. This decrease includes $6.8 million of discrete items recorded during 2012 primarily due to a net tax benefit related to our domestic production activities deduction and utilization of foreign tax credits against federal income taxes. During 2012, we completed our analysis of our domestic production activities deduction which resulted in a net tax benefit of $6.1 million for years 2008 through 2011, and a tax benefit of $2.6 million for the year ended December 31, 2012. The decrease in our effective tax rate was partially offset by a current period change in estimate attributed to a worthless stock loss deduction of Neustar NGM Services, Inc., or NGM Services. Decreases in our effective tax rate were also partially offset by benefits recorded in 2011 related to the realizability of net operating losses associated with the acquisition of Quova, Inc. and federal research tax credits. Excluding discrete tax benefits primarily associated with the domestic production activities deduction, our effective tax rate was approximately 38.6% for the year ended December 31, 2012.

Income from discontinued operations, net of tax. During the second quarter of 2011, we completed our plan to wind down and cease operations of our former Converged Messaging Services business, following the sale in February 2011 of certain assets and liabilities of NGM Services and its subsidiaries. The financial results for the years ended December 31, 2011 and 2012 reflect the results of operations, net of tax, of the Converged Messaging Services business as discontinued operations. We treated the common stock of NGM Services as worthless for U.S. income tax purposes in our 2011 U.S. federal and state income tax returns. We recorded a discrete income tax benefit of $42.7 million in the year ended December 31, 2011. See Note 3 to our accompanying consolidated financial statements for more information regarding these discontinued operations.

Liquidity and Capital Resources

Our principal source of liquidity is cash provided by our operating activities. Our principal uses of cash have been to fund share purchases, acquisitions, capital expenditures and debt service requirements. We anticipate that our principal uses of cash in the future will continue to be for share purchases, acquisitions, capital expenditures and debt service requirements.

Total cash, cash equivalents and investments were $223.3 million at December 31, 2013, a decrease of $120.6 million from $343.9 million at December 31, 2012. This decrease primarily reflects share repurchases of $285.3 million and $105.4 million for acquired platforms, offset by the generation of $287.9 million of cash from operations.

We believe that our existing cash and cash equivalents, cash from operations and available borrowings under our credit facilities will be sufficient to fund our operations for the next twelve months.

Credit Facilities

On January 22, 2013, we entered into a credit facility that provided for a $325 million senior secured term loan facility, or 2013 Term Facility, and a $200 million senior secured revolving credit facility, or the 2013 Revolving Facility, and together with the 2013 Term Facility, the 2013 Credit Facilities. In addition, we closed an offering of $300 million aggregate principal amount of senior notes, or Senior Notes. We used the proceeds received from the 2013 Term Facility and Senior Notes to repay our outstanding principal borrowings of $592.5 million under our existing 2011 Term Facility. We used available borrowings under the new 2013 Revolving Facility to secure outstanding letters of credit totaling $7.8 million that were previously secured by our 2011 Revolving Facility. Our 2011 Term Facility and 2011 Revolving Facility were terminated in connection with this refinancing event. For further discussion of this debt refinancing, see Note 9 to our Consolidated Financial Statements in Item 8 of Part II of this report.

2013 Credit Facilities

The 2013 Credit Facilities include: (1) the 2013 Term Facility; (2) the 2013 Revolving Facility, of which (a) $100 million is available for the issuance of letters of credit and (b) $25 million is available as a swingline subfacility; and (3) incremental term loan facilities in an amount such that after giving effect to the incurrence of any such incremental loans, either (a) the aggregate amount of incremental loans does not exceed $400 million or (b) the Consolidated Secured Leverage Ratio on a pro forma basis after giving effect to any such increase would not exceed 2.50 to 1.00. The 2013 Revolving Facility and 2013 Term Facility mature on January 22, 2018. As of December 31, 2013, we had not borrowed any amounts under the 2013 Revolving Facility and available borrowings were $191.8 million, exclusive of outstanding letters of credit totaling $8.2 million. On February 7, 2014, we borrowed $175.0 million under the 2013 Revolving Facility for general corporate purposes.

Principal payments under the 2013 Term Facility of $2.0 million are due on the last day of the quarter beginning on March 31, 2013 and ending on December 31, 2017. The remaining 2013 Term Facility principal balance of $284.4 million is due in full on January 22, 2018, subject to early mandatory prepayments.

The loans outstanding under the 2013 Credit Facilities (Loans) bear interest, at our option, either: (1) at the base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal from time to time as the “U.S. Prime Rate” and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. The accrued interest under the 2013 Term Facility is payable quarterly beginning on March 31, 2013.

Table of Contents

We may voluntarily prepay the Loans at any time in minimum amounts of $1 million or an integral multiple of $500,000 in excess thereof. The 2013 Credit Facilities provide for mandatory prepayments with the net cash proceeds of certain debt issuances, insurance receipts, and dispositions. The 2013 Term Facility also contains certain events of default, upon the occurrence of which, and so long as such event of default is continuing, the amounts outstanding may, at the option of the required lenders, accrue interest at an increased rate and payments of such outstanding amounts could be accelerated, or other remedies undertaken.

As of December 31, 2013, deferred financing costs and loan origination fees related to the 2013 Credit Facilities were $8.4 million. Total amortization expense of the deferred financing costs and loan origination fees was $2.0 million for the year ended December 31, 2013, and was reported as interest expense in the consolidated statements of operations.

Senior Notes

On January 22, 2013, we closed an offering of $300 million aggregate principal amount of 4.50% senior notes due 2023 to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933, as amended. The Senior Notes were issued pursuant to an indenture, dated as of January 22, 2013, among us, certain of our domestic subsidiaries, or the Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee, or the Indenture. The Senior Notes are our general unsecured senior obligations and are guaranteed on a senior unsecured basis by the Subsidiary Guarantors.

Interest is payable on the Senior Notes semi-annually in arrears at an annual rate of 4.50%, on January 15 and July 15 of each year, beginning on July 15, 2013. The Senior Notes will mature on January 15, 2023. Interest accrues from January 22, 2013. As of December 31, 2013, accrued interest under the Senior Notes was $6.2 million.

At any time and from time to time prior to July 15, 2016, we may redeem up to a maximum of 35% of the original aggregate principal amount of the Senior Notes with the proceeds of certain equity offerings, at a redemption price equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that: (1) at least 65% of the original aggregate principal amount of the Senior Notes remains outstanding; and (2) the redemption occurs within 90 days of the completion of such equity offering upon not less than 30 nor more than 60 days prior notice.

After July 15, 2016 and prior to January 15, 2018, we may redeem some or all of the Senior Notes by paying a “make-whole” premium based on U.S. Treasury rates. During the 12-month period commencing on January 15 of the relevant year listed below, we may redeem some or all of the Senior Notes at the prices listed below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date): 2018 at a redemption price of 102.25%; 2019 at a redemption price of 101.50%; 2020 at a redemption price of 100.75%; and 2021 and thereafter at a redemption price of 100.00%. If we experience certain changes of control together with a ratings downgrade, we will be required to offer to purchase all of the Senior Notes then outstanding at a purchase price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest, if any, to, the date of purchase. If we sell certain assets and do not repay certain debt or reinvest the proceeds of such sales within certain time periods, we will be required to offer to repurchase the Senior Notes with such proceeds at 100.00% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Notes contain customary events of default, including among other things, payment default, failure to provide certain notices and defaults related to bankruptcy events. The Senior Notes also contain customary negative covenants.

As of December 31, 2013, deferred financing costs related to the Senior Notes were $14.3 million. Total amortization expense of the deferred financing costs was $1.2 million for the year ended December 31, 2013, and is reported as interest expense in the consolidated statements of operations.

Discussion of Cash Flows

2013 compared to 2012

Cash flows from operations

Net cash provided by operating activities for the year ended December 31, 2013 was $287.9 million, as compared to $303.6 million for the year ended December 31, 2012. This $15.7 million decrease in net cash provided by operating activities was the result of a decrease in net changes in operating assets and liabilities of $43.8 million, partially offset by an increase in net income of $6.7 million, and an increase in non-cash adjustments of $21.4 million.

Net changes in operating assets and liabilities decreased $43.8 million due to a decrease of $33.2 million in income taxes receivable, a decrease of $15.9 million in prepaid expenses and other current assets, and a decrease of $4.8 million in deferred revenue. These decreases in net changes in operating assets and liabilities were partially offset by an increase of $8.6 million in accounts payable and accrued expenses and an increase of $4.1 million in other liabilities.

Non-cash adjustments increased $21.4 million driven by an increase of $12.5 million in stock-based compensation, a loss on debt modification and extinguishment of $10.9 million recorded in the first quarter of 2013 related to our debt refinancing, an increase of $7.3 million in depreciation and amortization expense, and an increase of $2.1 million in bad debt expense. These increases in non-cash adjustments were partially offset by a decrease of $11.5 million deferred income taxes.

Cash flows from investing

Net cash used in investing activities for the year ended December 31, 2013 was $155.1 million, as compared to $43.6 million for the year ended December 31, 2012. This $111.5 million increase in net cash used in investing activities was due to an increase of $106.1 million in cash used for acquisitions completed in 2013, and a net decrease of $5.3 million in cash received from the sale and maturities of investments and an increase of $0.1 million in cash used to purchase property and equipment.

Cash flows from financing

Net cash used in financing activities was $249.6 million for the year ended December 31, 2013, as compared to $41.9 million for year ended December 31, 2012. This $207.6 million increase in net cash used in financing activities was due to an increase of $187.2 million in cash used for the purchase of our Class A common stock under our share repurchase programs, a decrease of $35.4 million in proceeds from the exercise of stock options, and $11.4 million of cash used for debt issuance costs attributable to our debt refinancing completed in the first quarter of 2013. These increases in cash used were partially offset by net proceeds of $31.7 million attributable to our debt refinancing, and a decrease of $7.0 million in restricted cash.

2012 compared to 2011

Cash flows from operations

Net cash provided by operating activities for the year ended December 31, 2012 was $303.6 million, as compared to $226.4 million for the year ended December 31, 2011. This $77.2 million increase in net cash provided by operating activities was the result of a decrease in net income of $4.7 million, an increase in non-cash adjustments of $21.7 million, and an increase in net changes in operating assets and liabilities of $60.2 million.

Net income decreased $4.7 million due in part to a decrease of $37.2 million in income from discontinued operations, net of tax, recorded in 2011 and for which there was no corresponding amount in 2012. The income from discontinued operations, net of tax, recorded in 2011 included a $42.7 million worthless stock deduction for the common stock of Neustar NGM Services, Inc. This decrease of $37.2 million was partially offset by an increase of $27.9 million in interest and other expense related to our 2011 Credit Facilities.

Non-cash adjustments increased $21.7 million due in part to an increase of $46.1 million in depreciation and amortization expense, an increase of $3.3 million in the amortization of our deferred financing costs and original debt discount from our 2011 Credit Facilities, and an increase of $1.5 million in our provision for doubtful account. This increase in non-cash adjustments was partially offset by a decrease of $21.0 million in deferred income taxes, a decrease of $4.5 million in excess tax benefits from stock option exercises, a decrease of $2.4 million in the net amortization of investment premium and a $1.9 million in loss on sale recorded in the first quarter of 2011 attributable to the sale of certain assets and liabilities of our Converged Messaging Services business.

Net changes in operating assets and liabilities increased $60.2 million due to a decrease of $59.1 million in income taxes receivable, the result of the tax benefit we recorded in the first quarter of 2011 in connection with a worthless stock loss deduction, a decrease of $20.4 million in prepaid expenses and other current assets, a net decrease of $7.7 million in notes receivable, and an increase of $6.6 million in deferred revenue. These increases in net changes in operating assets and liabilities were partially offset by a net change of $30.2 million attributable to net increases in accounts and unbilled receivables, and a net change of $9.1 million attributable to increases in accounts payable and accrued expenses.

Cash flows from investing

Net cash used in investing activities for the year ended December 31, 2012 was $43.6 million, as compared to $706.4 million for the year ended December 31, 2011. This $662.8 million decrease in net cash used in investing activities was

Table of Contents

due to a decrease of $696.3 million in cash used for acquisitions and a decrease of $79.7 million in investment purchases. These decreases in net cash used in investing activities were partially offset by a decrease of $105.8 million in cash received from the sale and maturities of investments and an increase of $7.3 million in cash used to purchase property and equipment.

Cash flows from financing

Net cash used in financing activities was $41.9 million for the year ended December 31, 2012, as compared to cash provided by financing activities of $270.9 million for year ended December 31, 2011. This $312.8 million increase in net cash used in financing activities was due to a decrease of $591.0 million in cash received under our 2011 Credit Facilities, an increase of $8.6 million in cash used for the repurchase of restricted stock awards attributable to participants' electing to use stock to satisfy their tax withholdings, and an increase of $4.5 million in cash used for principal repayments on our 2011 Credit Facilities. These increases in cash used in financing activities were partially offset by a decrease of $226.3 million in cash used to repurchase shares of our Class A common stock under our share repurchase programs, a decrease of $20.4 million in debt issuance costs attributed to our 2011 Credit Facilities, an increase of $19.8 million in proceeds from the exercise of stock options, a net change of $16.6 million attributable to a decrease in restricted cash, an increase of $4.5 million in excess tax benefits from stock-based compensation, and a reduction of $3.7 million in cash used in principal repayments on capital lease obligations.

Contractual Obligations

Our principal commitments consist of obligations under our Senior Notes, 2013 Credit Facilities, leases for office space, and computer equipment and furniture and fixtures. The following table summarizes our long-term contractual obligations as December 31, 2013:

	Payments Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years
	(in thousands)				
Capital lease obligations	$4,585	$2,404	$2,181	$—	$—
Operating lease obligations	156,382	13,033	33,495	37,088	72,766
2013 Term Facility(1)	338,544	13,682	26,947	297,915	—
Senior Notes(1)	422,325	13,500	27,000	27,000	354,825
Total	$921,836	$42,619	$89,623	$362,003	$427,591

(1) Interest expense related to the 2013 Term Facility has been calculated using a rate of 1.8%. Interest expense related to the Senior Notes has been calculated using a fixed 4.5% interest rate.

Some of our commercial commitments are secured by standby letters of credit. The following is a summary of our commercial commitments secured by standby letters of credit by commitment date as of December 31, 2013:

	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
	(in thousands)				
Standby letters of credit	$10,121	$2,015	$7,235	$—	$871

The amounts presented in the tables above may not necessarily reflect our actual future cash funding requirements because the actual timing of the future payments made may vary from the stated contractual obligation. As of December 31, 2013, we had $6.8 million of unrecognized tax benefits recorded in other long-term liabilities along with interest accrued thereon and $82.2 million of long-term deferred tax liabilities. Due to the uncertainty with respect to the timing of payments in individual years in connection with these tax liabilities, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority. Therefore, we have not included these amounts in the contractual obligations table above. See Note 13 to the consolidated financial statements in Item 8 of Part II of this report for a discussion on income taxes.

Effect of Inflation

Inflation generally affects us by increasing our cost of labor and equipment. We do not believe that inflation had any material effect on our results of operations during the years ended December 31, 2011, 2012 and 2013.

Table of Contents

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2012 and 2013.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including changes in interest rates affecting the return on our 2013 Term Facility and foreign currency fluctuations.

Borrowings outstanding under our 2013 Term Facility bore interest, at our option, either: (1) at the base rate, which was defined as the highest of (a) the federal funds rate plus 0.50%, (b) the interest rate published by the Wall Street Journal as the "U.S. Prime Rate" and (c) the adjusted LIBOR rate for a one-month interest period beginning on such day plus 1.00%; or (2) at the LIBOR rate plus, in each case, an applicable margin. The applicable margin is (1) if the Consolidated Leverage Ratio is less than 2.00:1.00, 0.50% per annum for borrowings based on the base rate and 1.50% per annum for borrowings based on the LIBOR rate, or (2) if the Consolidated Leverage Ratio is 2.00:1.00 or greater, 0.75% per annum for borrowings based on the base rate and 1.75% per annum borrowings based on the LIBOR rate. As of December 31, 2013, borrowings under our 2013 Term Facility were approximately $316.3 million. A hypothetical change in interest rates by 100 basis points would not have a material impact on our financial position.

We have accounts on our foreign subsidiaries' ledgers which are maintained in the respective subsidiary's local foreign currency and remeasured into the United States dollar. As a result, we are exposed to movements in the exchange rates of various currencies against the United States dollar and against the currencies of other countries in which we sell services. As of December 31, 2013, our assets and liabilities related to non-dollar denominated currencies were primarily related to intercompany payables and receivables. An increase or decrease of 10% in foreign exchange rate would not have a material impact on our financial position.

Because our sales and expense are primarily denominated in local currency, the impact of foreign currency fluctuations on sales and expenses has not been material, and we do not employ measures intended to manage foreign exchange rate risk.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Board of Directors and Stockholders
NeuStar, Inc.

We have audited the accompanying consolidated balance sheets of NeuStar, Inc. as of December 31, 2012 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NeuStar, Inc. at December 31, 2012 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NeuStar, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 28, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
McLean, Virginia
February 28, 2014

Table of Contents

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$340,255	$223,309
Restricted cash	2,543	1,858
Short-term investments	3,666	—
Accounts receivable, net of allowance for doubtful accounts of $2,161 and $2,507, respectively	131,805	152,821
Unbilled receivables	6,372	10,790
Notes receivable	2,740	1,008
Prepaid expenses and other current assets	17,707	23,914
Deferred costs	7,379	6,324
Income taxes receivable	6,596	7,341
Deferred tax assets	6,693	8,774
Total current assets	525,756	436,139
Property and equipment, net	118,513	124,285
Goodwill	572,178	642,812
Intangible assets, net	288,487	275,141
Notes receivable, long-term	1,008	—
Other assets, long-term	20,782	28,704
Total assets	$1,526,724	$1,507,081

See accompanying notes.

NEUSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2012	2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$9,269	$9,620
Accrued expenses	85,424	94,457
Deferred revenue	49,070	54,004
Notes payable	8,125	7,972
Capital lease obligations	1,686	1,894
Other liabilities	3,856	3,354
Total current liabilities	157,430	171,301
Deferred revenue, long-term	9,922	12,061
Notes payable, long-term	576,688	608,292
Capital lease obligations, long-term	817	2,419
Deferred tax liability, long-term	114,130	82,164
Other liabilities, long-term	21,129	41,270
Total liabilities	880,116	917,507
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $0.001 par value; 100,000,000 shares authorized; no shares issued and outstanding as of December 31, 2012 and 2013	—	—
Class A common stock, par value $0.001; 200,000,000 shares authorized; 85,958,791 and 87,147,586 shares issued; and 66,171,702 and 61,400,908 outstanding at December 31, 2012 and 2013, respectively	86	87
Class B common stock, par value $0.001; 100,000,000 shares authorized; 3,082 and 3,082 shares issued and outstanding at December 31, 2012 and 2013, respectively	—	—
Additional paid-in capital	532,743	602,796
Treasury stock, 19,787,089 and 25,746,678 shares at December 31, 2012 and 2013, respectively, at cost	(604,042)	(893,852)
Accumulated other comprehensive loss	(767)	(797)
Retained earnings	718,588	881,340
Total stockholders' equity	646,608	589,574
Total liabilities and stockholders' equity	$1,526,724	$1,507,081

See accompanying notes.

Table of Contents

NEUSTAR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2011	2012	2013
Revenue	$620,455	$831,388	$902,041
Operating expense:			
Cost of revenue (excluding depreciation and amortization shown separately below)	137,992	185,965	212,572
Sales and marketing	109,855	163,729	178,017
Research and development	17,509	29,794	27,993
General and administrative	96,317	81,797	93,930
Depreciation and amortization	46,209	92,955	100,233
Restructuring charges	3,549	489	2
	411,431	554,729	612,747
Income from operations	209,024	276,659	289,294
Other (expense) income:			
Interest and other expense	(6,279)	(34,155)	(34,527)
Interest and other income	1,966	596	357
Income from continuing operations before income taxes	204,711	243,100	255,124
Provision for income taxes, continuing operations	81,137	87,013	92,372
Income from continuing operations	123,574	156,087	162,752
Income from discontinued operations, net of tax	37,249	—	—
Net income	$160,823	$156,087	$162,752
Basic net income per common share:			
Continuing operations	$1.69	$2.34	$2.52
Discontinued operations	0.51	—	—
Basic net income per common share	$2.20	$2.34	$2.52
Diluted net income per common share:			
Continuing operations	$1.66	$2.30	$2.46
Discontinued operations	0.50	—	—
Diluted net income per common share	$2.16	$2.30	$2.46
Weighted average common shares outstanding:			
Basic	72,974	66,737	64,463
Diluted	74,496	67,956	66,108

See accompanying notes.

Table of Contents

NEUSTAR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2011	2012	2013
Net income	$160,823	$156,087	$162,752
Other comprehensive (loss) income, net of tax:			
Available for sale investments, net of tax:			