

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION

IN RE NEUSTAR, INC. SECURITIES  
LITIGATION

Case No. 14-CV-00885 JCC TRJ

**DECLARATION OF DAVID J. GOLDSMITH  
IN SUPPORT OF (I) LEAD PLAINTIFF'S MOTION  
FOR FINAL APPROVAL OF PROPOSED CLASS ACTION  
SETTLEMENT AND PLAN OF ALLOCATION OF NET SETTLEMENT  
FUND, AND FOR FINAL CLASS CERTIFICATION AND (II) LEAD COUNSEL'S  
MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF EXPENSES**

DAVID J. GOLDSMITH declares as follows pursuant to 28 U.S.C. § 1746:

1. I am a member of the law firm of Labaton Sucharow LLP (“Labaton Sucharow”), Court-appointed Lead Counsel for Lead Plaintiff Indiana Public Retirement System (“INPRS” or “Lead Plaintiff”) and the Settlement Class<sup>1</sup> in the above-titled action. I am admitted to practice before this Court *pro hac vice*.

2. This declaration is respectfully submitted in support of the motion of Lead Plaintiff, pursuant to Rules 23(a), (b)(3) and (e) of the Federal Rules of Civil Procedure, for final approval of the Settlement of this Action, approval of the Plan of Allocation of the Net Settlement Fund (the “Plan of Allocation” or “Plan”), and for final certification of the Settlement Class. This declaration is also respectfully submitted in support of Lead Counsel’s separate motion, pursuant to Rules 23(h) and 54(d)(2) of the Federal Rules of Civil Procedure, for an award of attorneys’ fees and payment of expenses incurred in this Action.

**A. Benefits of the Settlement**

3. The Settlement Agreement provides for the gross payment of Two Million Six Hundred Twenty-Five Thousand Dollars in cash (\$2,625,000.00) (the “Settlement Amount”) by and on behalf of Defendants for the benefit of the Settlement Class.

4. After the deduction of attorneys’ fees and expenses and Notice and Administration Expenses awarded or approved by the Court, together with any Taxes and any other Court-approved fees or expenses, the Net Settlement Fund will be distributed among Authorized Claimants, *i.e.*, Settlement Class Members who submit timely and valid Proof of Claim and Release forms, in accordance with the Plan of Allocation.

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth and defined in the Stipulation and Agreement of Settlement, dated as of July 28, 2015 (ECF No. 48-2, the “Settlement Agreement”).

**B. The Court's Preliminary Approval Order and Lead Plaintiff's Dissemination of Pre-Hearing Notice**

5. On August 6, 2015, Lead Plaintiff filed the Settlement Agreement with the Court and moved for preliminary approval of the Settlement and certification of the Settlement Class for settlement purposes. ECF Nos. 47-48.

6. The Court held a hearing on September 17, 2015. On September 22, 2015, the Court entered an Order Granting Preliminary Approval of Class Action Settlement, Approving From and Manner of Notice, Certifying Settlement Class, and Setting Date for Hearing on Final Approval of Settlement (the "Preliminary Approval Order," ECF No. 53). For ease of reference, the Preliminary Approval Order is annexed hereto as Exhibit 1.

7. The Court also issued a detailed Memorandum Opinion on September 23, 2015 that set forth the Court's reasoning. *In re Neustar, Inc. Sec. Litig.*, No. 14 CV 885 (JCC/TRJ), 2015 WL 5674798 (E.D. Va. Sept. 23, 2015) (Cacheris, J.); ECF No. 54.

8. In the Preliminary Approval Order, the Court, among other things:

- i. granted preliminary approval to the Settlement as sufficiently fair, reasonable, and adequate to the Settlement Class to warrant providing notice of the Settlement to Settlement Class Members and holding a Settlement Hearing;
- ii. certified the Settlement Class, for purposes of the Settlement only, appointed INPRS as class representative, and appointed Labaton Sucharow as class counsel and Cohen Milstein Sellers & Toll PLLC ("Cohen Milstein") as liaison counsel;
- iii. scheduled the Settlement Hearing for December 3, 2015 at 10:00 a.m. to determine, among other things, whether the proposed Settlement of the Action on the terms and conditions provided for in the Settlement Agreement is fair, reasonable and adequate and should be approved by the Court; the Judgment should be entered in this Action; the proposed Plan of Allocation should be approved; and to

grant Lead Counsel's application for an award of attorneys' fees and payment of expenses;

- iv. approved the form and content of the Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses (the "Notice"), the Summary Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses (the "Summary Notice"), and the Proof of Claim and Release form ("Proof of Claim"), and found that the procedures for mailing and distribution of the Notice and Proof of Claim and publishing of the Summary Notice met the requirements of Rule 23, due process, Section 21D of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), and constitute the best notice practicable under the circumstances and constitute due and sufficient notice to all persons and entities entitled thereto;
- v. appointed A.B. Data, Ltd. ("A.B. Data" or the "Claims Administrator") to supervise and administer the notice procedures and the processing of claims;
- vi. directed that the Notice and Proof of Claim form be mailed by first class mail to all Settlement Class Members who can be identified with reasonable effort on or before October 6, 2015;
- vii. directed that the Claims Administrator cause the Summary Notice to be published in *Investor's Business Daily* and to be transmitted over *PR Newswire*, not later than October 20, 2015;
- viii. directed nominee purchasers such as brokerage firms and other persons or entities who purchased or otherwise acquired the shares of Neustar common stock during the Class Period as record owners but not as beneficial owners to, within seven (7) calendar days of receiving the Notice and Proof of Claim, to provide names and last-known addresses of beneficial owners to the Claims Administrator or request additional copies of the Notice and Proof of Claim form to mail directly to such beneficial owners;
- ix. established procedures and a deadline for Settlement Class Members to submit Proof of Claim forms;

- x. established procedures and a deadline for Settlement Class Members to request exclusion from the Settlement Class;
- xi. established procedures and a deadline for Settlement Class Members to object to the fairness, reasonableness, or adequacy of the Settlement, the Plan of Allocation, any term of the Settlement Agreement, or the award of attorneys' fees and reimbursement of expenses requested by Lead Counsel; and
- xii. established procedures for objecting Settlement Class Members or their counsel wishing to appear at the Settlement Hearing.

9. Annexed hereto as Exhibit 2 is the Declaration of Adam D. Walter on Behalf of A.B. Data, Ltd. Regarding Mailing of Notice to Potential Settlement Class Members and Publication of Summary Notice, dated October 28, 2015 (the "Mailing Affidavit"). The Mailing Affidavit attests to the mailing of the Notice and Proof of Claim to potential Settlement Class Members (*id.* ¶¶ 2-9), the publication of the Summary Notice in *Investor's Business Daily* and on the *PR Newswire* (*id.* ¶ 10), the posting of information regarding the Settlement and downloadable copies of the Notice, Proof of Claim, Settlement Agreement, and Preliminary Approval Order on the case-dedicated website established for this Action, [www.NeustarSecuritiesSettlement.com](http://www.NeustarSecuritiesSettlement.com) (*id.* ¶ 13), and A.B. Data's receipt and prompt handling of inquiries sent by Settlement Class Members and other interested persons via the telephone hotline (*id.* ¶ 11), all in compliance with the Preliminary Approval Order.

10. On or about October 6, 2015, Lead Counsel made the Settlement Agreement, Preliminary Approval Order, Notice, and Proof of Claim publicly available on its firm website, [www.labaton.com](http://www.labaton.com).

**C. Summary of Lead Plaintiff's Allegations and Claims**

11. The operative complaint in the Action is the Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws, filed on November 6, 2014 (the “Complaint,” ECF No. 23), asserting claims against Neustar, Inc., Lisa A. Hook (President and Chief Executive Officer), Paul S. Lalljie (Senior Vice President and Chief Financial Officer), and Steven J. Edwards (Senior Vice President for Data Solutions). The Complaint alleges violations of Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission (“SEC”), 17 C.F.R. § 240.10b-5.

12. The following summarizes Lead Plaintiffs’ allegations. Neustar is a communications data processing company that provides directory and analytic services to telecommunications companies and internet service providers. Through its contracts with the North American Portability Management LLC (the “NAPM”) (“NPAC Contracts”), Neustar served as the sole Local Number Portability Administrator (“LNPA”) for the United States for 17 years. Number portability allows telephone customers to retain their phone number if they switch telephone service providers. The LNPA manages the Number Portability Administration Center (“NPAC”), a large central data registry that includes essentially all of the wireline and wireless telephone numbers in the United States, and allows people to keep their telephone numbers when switching to a new telecommunications service provider.

13. Neustar received a substantial portion of its overall revenue from the NPAC Contracts and its position as sole LNPA. For example, in 2013, Neustar generated more than \$400 million—nearly half of its annual revenue—from its NPAC Contracts. Compl. ¶¶ 1-2, 38-39.

14. In 2010, following requests from telecommunications companies to initiate a process for the selection of the next LNPA, the Federal Communications Commission (“FCC”) issued a public notice announcing that the NAPM would be developing a Request for Proposal (“RFP”) for local number portability database platforms and services and noted that the FCC was encouraging full competition in the selection process. *Id.* ¶ 43. On February 5, 2013, the FCC put the LNPA contracts up for public bid for the first time in 17 years. *Id.* ¶ 47.

15. The deadline to submit proposals was April 5, 2013 but the NAPM, which represents all of the telecommunications services providers in the United States, with approval from the FCC, unexpectedly extended the deadline for bidders to submit proposals. *See id.* ¶ 50. As of the April 5, 2013 deadline, Neustar had been the sole, unchallenged bidder but Telcordia Technologies, Inc. d/b/a iconectiv (“Telcordia”) submitted its proposal on or about April 22, 2013. *Id.* ¶ 52.

16. Defendants were concerned about the impact of the deadline extension on the fairness of the bidding process and filed a letter with the FCC objecting to the extension. The FCC did not respond to Defendants’ letter. *Id.* ¶ 55.

17. Apparently unsatisfied with Neustar’s April 5, 2013 proposal, on August 15, 2013, the NAPM issued a Best and Final Offer (“BAFO”) process for vendors to submit updated and more competitive proposals, and Neustar and Telcordia each submitted confidential BAFOs on or about September 18, 2013. *Id.* ¶¶ 60-61.

18. Defendants were certain they were going to lose the NPAC contract to Telcordia and on October 21, 2013, Neustar secretly submitted a significantly reduced BAFO and a request for a further round of bids (the “October Revised BAFO”). *Id.* ¶ 63. This request was re-

submitted only two weeks later, on November 4, 2013, after Defendants did not receive a sufficiently prompt response to the October Revised BAFO. *Id.*

19. The Complaint alleges that Defendants knew exactly what to offer in their October Revised BAFO in order to underbid Telcordia. As reported in March 2014 by *The Capitol Forum*, a subscription news service that provides news coverage of competition policy as well as in-depth market and political analysis of transactions and investigations, Telcordia, according to “[a] source close to the Local Number Portability Administrator (LNPA) selection process” was “now likely to win the LNPA contract outright because its bid [BAFO] came in significantly lower than Neustar’s.” The source also noted that that “the gap between bids is so significant as to make it very difficult for Neustar to win the contract.” *Id.* ¶ 64. *The Capitol Forum* also reported that Neustar’s second bid was low enough to come in “just under” Telcordia’s bid. *Id.* ¶ 65. The Complaint alleges that Defendants could not have priced their October Revised BAFO to come just under Telcordia’s September BAFO without “detailed knowledge of Telcordia’s bid”—knowledge that Defendants were not entitled to possess under the RFP protocols. *Id.* ¶ 66.

20. Defendants pleaded, by letters and secret calls to the FCC, to consider the October Revised BAFO. For example, Neustar sent a detailed letter to the FCC on January 15, 2014 in which Neustar complained that the October Revised BAFO should be considered and the bidding process should be re-opened, the public version of which, contrary to FCC rules, was a blank sheet of paper. A few days later, on January 21, 2014, Neustar’s CEO called the Chairman of the FCC urging him to consider the October Revised BAFO. *Id.* ¶¶ 74-75.

21. On January 24, 2014, the NAPM advised Defendants that the October Revised BAFO would not be considered. Defendants continued, however, over the next few months,



with letters and petitions with the FCC regarding consideration of the October Revised BAFO. *Id.* ¶¶ 83-91.

22. On January 29, 2014, after the close of trading, Neustar announced its financial results for the fourth quarter of and full year 2013 and issued a separate press release that disclosed that the October Revised BAFO would not be considered. *Id.* ¶ 130. The price of Neustar stock dropped by 19.75%, from \$43.75 at the close of trading on January 29, 2014, to \$35.11 per share at the close of trading on January 30, 2014, the next trading day. *Id.* ¶ 139.

23. On June 6, 2014, the FCC inadvertently disclosed a confidential e-mail revealing that the North American Numbering Council (“NANC”) (a federal advisory committee established by the FCC to advise the agency on telephone numbering issues and to make recommendations that foster efficient administration of the North American Numbering Plan) had recommended Telcordia to serve as the next and sole LNPA. *Id.* ¶ 92. On June 9, 2014, before the opening of trading, Neustar filed a press release confirming the disclosure. On June 9, 2014, the FCC issued a public notice revealing that the NANC recommended to the FCC that Telcordia succeed Neustar as the sole LNPA. *Id.* ¶ 94. On the day the inadvertent e-mail was disclosed, the price of Neustar common stock dropped by 8.4 percent, from \$26.67 at the close of trading on June 6, 2014, to \$24.43 at the close of trading on June 9, 2014, the next trading day. *Id.* ¶ 151.

24. Lead Plaintiffs alleged that as the risks of losing the contract renewal escalated to near-certainty, Defendants consistently assured investors that Neustar’s bid was compelling and its competitive position was strong. When the allegedly stark contradictions between Defendants’ public statements and private actions were revealed, Lead Plaintiff and other Neustar investors suffered heavy losses.

**D. Procedural History**

**1. Commencement of the Action and Lead Plaintiff Appointment**

25. On July 15, 2014, a securities class action complaint was filed in this Court on behalf of purchasers of Neustar publicly traded securities. ECF No. 1.

26. On September 15, 2014, INPRS moved pursuant to Section 21D of the Exchange Act, 15 U.S.C. § 78u-4(a)(3)(B), as added by the PSLRA, for appointment as lead plaintiff and for appointment of its counsel, Labaton Sucharow, as lead counsel and Cohen Milstein as liaison counsel. ECF No. 2.

27. On October 7, 2014, the Court appointed INPRS as Lead Plaintiff and approved its selection of Labaton Sucharow to serve as Lead Counsel to represent the class. The Court also appointed Cohen Milstein as Liaison Counsel. ECF No. 11.

28. Lead Plaintiff filed the operative Complaint on November 6, 2014. ECF No. 23.

**2. Defendants' Motion to Dismiss**

29. On December 8, 2014, Defendants filed a motion to dismiss the Complaint. ECF No. 30. Defendants raised numerous arguments as to why the Complaint should be dismissed. For example, Defendants argued that Neustar's statements of confidence and statements concerning its competitive positioning in the bidding process are immaterial puffery. *Id.* at 11-13. Defendants also argued that Neustar's statements are protected by the PSLRA safe harbor for forward-looking statements because they concern plans of management for future operations, namely Neustar's objective of being awarded the new NPAC Contract, and Neustar accompanied the statements with "meaningful cautionary language." *Id.* at 13-15. Additionally, Defendants argued that Neustar's statements are opinions and Lead Plaintiff cannot show that Neustar's statements were subjectively false. *Id.* at 15-19. With regard to scienter, Defendants argued that

Lead Plaintiff failed to plead a strong inference of scienter because the Complaint failed to allege that Defendants disbelieved the general optimism reflected in Neustar's public statements. *Id.* at 20-23.

30. Defendants also argued that Lead Plaintiff failed to plead loss causation because neither the January 20, 2014 partial disclosure that the NAPM had declined to consider Neustar's October Revised BAFO or the June 6, 2014 disclosure by the FCC that the NANC had recommended Telcordia over Neustar, showed any prior statement by Neustar to be false or misleading. Additionally, Defendants argued that Lead Plaintiff cannot show loss causation with respect to the June 9, 2014 stock drop because the FCC had not yet acted on the NANC's recommendation of Telcordia. In particular, Defendants contended that any risk that Neustar would lose the NPAC Contracts to Telcordia had not yet materialized, and might never materialize. *Id.* at 23-26.

31. Lead Plaintiff opposed Defendants' motion to dismiss on December 22, 2014. ECF No. 37. Lead Plaintiff argued that the statements at issue are not immaterial puffery because they exclusively concerned a well-defined, all-important business project for which Neustar had to satisfy objective criteria. *Id.* at 13-14. Regarding Defendants' arguments that the statements are forward-looking, Lead Plaintiff argued that the alleged misstatements are not protected by the PSLRA safe harbor because, among other reasons, the alleged misrepresentations were not accompanied by meaningful cautionary language where the concealed risk was not that Neustar might not prevail, but that Neustar would lose the NPAC Contract because of Defendants high-bid strategy and undisclosed conduct. *Id.* at 14-16.

32. Regarding Defendants' arguments on scienter, Lead Plaintiff argued that Neustar's undisclosed conduct, including the facts surrounding the October Revised BAFO, the

redacted January 15, 2014 letter to the FCC, and Neustar's call to the FCC Chairman a few days later to have the October Revised BAFO considered, all showed the extent to which Defendants lacked faith in their bidding position, and support an inference of scienter. *Id.* at 16-20, 24.

33. Lead Plaintiff also argued that the Complaint sufficiently pleaded loss causation because Neustar's warnings that it might not win the NPAC Contract renewal did not disclose the severity of the risk inherent in Defendants' strategy or the conduct they undertook in a scrambling effort to mitigate that risk, and the NANC's recommendation of Telcordia was a concrete development based on a full record that would likely be accepted by the FCC. *Id.* at 24-28.

34. On December 29, 2014, Defendants filed a reply brief in further support of their motion to dismiss. ECF No. 38. The Court heard oral argument on January 22, 2015.

### **3. The Court's Memorandum Opinion**

35. On January 27, 2015, the Court entered an Memorandum Opinion and Order (ECF Nos. 41 and 42) granting Defendants' motion to dismiss and dismissing the Complaint with prejudice. *In re Neustar Sec. Litig.*, 83 F. Supp. 3d 671 (E.D. Va. 2015) (Cacheris, J.).

36. The Court dismissed the Complaint on four independent grounds: loss causation; immaterial "puffery"; inactionable forward-looking statements; and scienter. *Id.* at 679-86.

#### **i. Loss Causation**

37. The Court held that Lead Plaintiff did not sufficiently plead loss causation because the NANC's recommendation of Telcordia was not a final determination by the FCC and thus the risk that Neustar would not win renewal of the NAPM contract had not yet materialized. *Neustar*, 83 F. Supp. 3d at 679-80. The Court referenced a November 7, 2014 press release issued by the FCC that invited public comment on Neustar's February 2014 petition

to compel the NAPM to allow additional bids, as support for its holding that there was a chance that Neustar could be awarded the contract. *Id.* at 679.

**ii. Immaterial “Puffery”**

38. The Court held that Defendants’ alleged false and misleading statements of confidence in Neustar’s competitive position in the LNPA bidding and selection process, “related to Neustar and its officers’ confidence in its position in the market” and that these “‘loosely optimistic’ statements are vague enough that no reasonable investor would find them dispositive in the total mix of information available in deciding what stocks to purchase.” *Neustar*, 83 F. Supp. 3d at 680.

**iii. Inactionable Forward-Looking Statements**

39. The Court found that the statements at issue in the Complaint were forward-looking because they concerned the “‘plan and objectives of management for future operations,’ namely, Neustar’s objective of being awarded the new NPAC contracts and continuing as LNPA after June 2015.” *Neustar*, 83 F. Supp. 3d at 682 (internal quotation omitted). The Court also found that the statements were accompanied by meaningful cautionary language. For example, as described by the Court, Neustar’s 2012 Form 10-K stated that the “NAPM contracts represent in the aggregate a substantial portion of our revenue, are not exclusive, and could be terminated or modified in ways unfavorable to us. These contracts are due to expire in June 2015 and we may not win a competitive procurement.” *Id.* The Court also found that the statements complained of were “statements of confidence” that “are best characterized as opinions.” Since Lead Plaintiff failed to plead facts showing that Defendants knew the statements of opinion were subjectively disbelieved, the Court held that those statements of opinion qualified for protection under the safe harbor and were not actionable. *Id.* at 682-83.

**iv. Scierter**

40. The Court held that Lead Plaintiff failed to make the requisite showing of scierter, relying namely on the rejection of facts reported in, and the sources of, *The Capitol Forum*. *Neustar*, 83 F. Supp. 3d at 685. In particular, the Court stated that “[t]he October BAFO presents a close[] question” and depended on the reliability of the facts reported by *The Capitol Forum*. *Id.* The Court also questioned the timing of *The Capitol Forum* report (March 2014), noting that it was well after the brief window in September and October 2013 in which Neustar would have learned of the confidential bid and then prepare a lower bid. *Id.* The Court also found that the facts reported by *The Capitol Forum* were not corroborated by other allegations in the Complaint. *Id.* Additionally, the Court found that it is not necessarily the case that pricing was the determinative factor in awarding the contract to Telcordia. *Id.* at 686.

**4. Notice of Appeal**

41. On February 25, 2015, Lead Plaintiff filed a timely Notice of Appeal to the Fourth Circuit Court of Appeals from the Court’s Memorandum Opinion and Order dismissing the Complaint. ECF No. 43.

**E. Post-Complaint Events: The FCC Open Meeting and Ensuing FCC Order**

42. On March 26, 2015, the FCC held its monthly Open Meeting, during which it approved the NANC’s recommendation to award the NPAC Contract to Telcordia.

43. The FCC issued a detailed, 94-page order the next day. *See In re Telcordia Techs., Inc. Petition to Reform Amendment 57 and to Order a Competitive Bidding Process for Number Portability Admin.; Petition of Telcordia Techs., Inc. to Reform or Strike Amendment 70, to Institute Competitive Bidding for Number Portability Admin., and to End the NAPM LLC’s Interim Role in Number Portability Admin. Contract Mgmt.; Telephone Number Portability, WC*

Dkt. Nos. 07-149 & 09-109, CC Dkt. No. 95-116, Order 15-35 (F.C.C. Mar. 27, 2015) (“FCC Order”). The public version of the FCC Order is redacted.

**F. Mediated Settlement Negotiations**

44. On March 19, 2015, the Parties were directed to participate in a mediation conference before Ms. Donna S. Hart, Senior Resident Circuit Mediator for the Fourth Circuit. The Parties spoke with Ms. Hart on two occasions and thereafter agreed to proceed before a private mediator.

45. The Parties engaged Bruce A. Friedman, Esq., a neutral affiliated with Judicial Arbitration and Mediation Services (JAMS). On May 19, 2015, the Parties participated in a day-long mediation session before Mr. Friedman at the JAMS offices in New York.

46. The mediation session was attended by Lead Counsel, an authorized representative of Lead Plaintiff, Defendants’ Counsel, authorized representatives of Neustar, and counsel for Defendants’ insurance carriers.

47. In advance of the mediation, on May 12, 2015, Lead Plaintiff submitted a comprehensive mediation statement to Mr. Friedman, along with five exhibits, and a confidential report from its consulting market efficiency and damages expert, Nathan Associates Inc., prepared for purposes of settlement and mediation. Lead Plaintiff submitted the mediation statement and exhibits to Defendants. Lead Plaintiff’s mediation statement included detailed discussions of liability, including key allegations and supporting evidence and an abbreviated statement on causation and damages.

48. On May 15, 2015, Defendants submitted a mediation statement to Lead Plaintiff and Mr. Friedman. Defendants’ mediation statement included a detailed discussion of risks Defendants believed Lead Plaintiff would face before the Fourth Circuit.

49. Owing to the mediator's skill in facilitating the settlement negotiations and persuading the Parties to reconsider their positions or make concessions, the Parties reached an agreement-in-principle in the evening of May 19, 2015.

50. Lead Plaintiff INPRS is a sophisticated institutional investor that oversees multiple retirement plans organized for the benefit of active and retired public employees in the state of Indiana. INPRS believes that the Settlement is fair, reasonable and adequate to the Settlement Class, and endorses approval of the Settlement by the Court. Annexed hereto as Exhibit 3 is the Declaration of Thomas Perkins, Transactions Counsel for INPRS. Mr. Perkins, on behalf of INPRS, offers INPRS's position as to the fairness of the Settlement as well as the reasonableness of the requested attorney's fees and expenses.

51. The Parties informed Ms. Hart of the settlement agreement-in-principle on May 20, 2015. By Joint Motion filed with the Fourth Circuit on May 22, 2015, the Parties requested that the Fourth Circuit (i) remand the case to the district court for consideration of whether the proposed Settlement is fair, reasonable, and adequate and should be approved; and (ii) place the case in abeyance pending disposition of the matters before the district court on limited remand.

52. By Order dated May 28, 2015, the Fourth Circuit granted limited remand to this Court and suspended the briefing schedule.

53. Lead Plaintiff filed the Settlement Agreement and motion for preliminary approval with this Court on August 6, 2015. The Court issued the Preliminary Approval Order on September 22, 2015 and Memorandum Opinion on September 23, 2015.

#### **G. Analysis and Investigation**

54. Lead Plaintiff submits that the Settlement was negotiated on an informed basis and with a thorough understanding of the merits and value of the Parties' claims and defenses. The Complaint was the result of a rigorous investigation that included, among other things:



- Review and analysis of Neustar's relevant SEC filings, press releases, and other public statements;
- Review and analysis of the entire voluminous public record filed with the FCC concerning the bidding and selection process for the next LNPA<sup>2</sup>;
- Review and analysis of all available media reports concerning the bidding and selection process, including all of the reports published by *The Capitol Forum*, a subscription news service;
- Various communications with staff at *The Capitol Forum* in an effort to learn additional nonpublic facts about Neustar and the bidding process and to put its reporting into context;
- Communications with 21 former Neustar employees and an in-person follow-up interview of two of them in Northern California;
- Review and analysis of data and other information concerning Neustar stock; and
- Consultation with a damages and causation expert.

55. After the Complaint was filed and through the time the mediation was set to proceed, Lead Counsel continued to follow the proceedings before and submissions filed with the FCC. These proceedings culminated with the FCC's March 26, 2015 Open Meeting, which Lead Counsel observed, in which the FCC approved the NANC's recommendation to select Telcordia as the next LNPA.

56. Lead Counsel also reviewed and analyzed the following prior to and in preparation for the May 19, 2015 mediation:

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<sup>2</sup> See *In re Telcordia Techs., Inc. Petition to Reform Amendment 57 and to Order a Competitive Bidding Process for Number Portability Admin.*; *Petition of Telcordia Techs., Inc. to Reform or Strike Amendment 70, to Institute Competitive Bidding for Number Portability Admin., and to End the NAPM LLC's Interim Role in Number Portability Admin. Contract Mgmt.*; *Telephone Number Portability*, WC Dkt. Nos. 07-149 & 09-109, CC Dkt. No. 95-116 (F.C.C.).

- The submissions on Defendants' motion to dismiss and this Court's Opinion granting that motion;
- The 94-page FCC Order awarding the NPAC Contract to Telcordia;
- The comprehensive mediation statement submitted by Defendants; and
- Lead Plaintiff's own mediation submissions, including a robust and sophisticated market efficiency, loss causation and damages analysis prepared by Lead Plaintiff's expert.

**H. Additional Exhibit Pertinent to Approval of the Settlement**

57. Annexed hereto as Exhibit 4 is a true and correct copy of *Statistical Tables for the Federal Judiciary, Table B-5, U.S. Courts of Appeals—Decisions in Cases Terminated on the Merits, by Circuit and Nature of Proceeding, During the 12-Month Period Ending December 31, 2014*.

**I. Plan of Allocation of the Net Settlement Fund**

58. The Plan of Allocation, set forth in full in the Notice (Ex. 2-A at 7-8) was developed in consultation with Lead Plaintiff's damages expert and is consistent with Lead Plaintiff's allegations. The Plan of Allocation provides for distribution of the Net Settlement Fund among Authorized Claimants on a *pro rata* basis based on a formula tied to liability and damages. In developing the Plan of Allocation, Lead Plaintiff's expert considered the amount of artificial inflation allegedly present in Neustar's common stock throughout the Class Period that was caused by the alleged fraud. The expert's analysis included studying the price declines associated with Neustar's allegedly corrective disclosures, adjusted to eliminate the effects attributable to general market or industry conditions.

59. Calculation of the recovery for each Recognized Claim will depend upon several factors, including the timing of the Authorized Claimant's purchases of Neustar stock during the Class Period and sales during the Class Period, if any. *Id.* As recognized in the Plan of Allocation, Lead Plaintiff alleges that corrective information released to the market on January 30, 2014 and June 9, 2014 impacted the price of publicly traded Neustar common stock and removed the alleged artificial inflation from the stock price. Additionally, Lead Plaintiff believes that the merits of the claims became stronger as of October 30, 2014, the first date on which Defendants made allegedly false and misleading statements after Neustar submitted the October Revised BAFO. *Id.*

**J. Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Expenses**

60. Lead Counsel respectfully seeks an award of attorneys' fees in the amount of nineteen (19%) percent of the Settlement Fund, or \$498,750.00, plus interest at the same rate earned by the Settlement Fund.

61. Lead Counsel have at all times assumed the responsibility of litigating this Action on a contingent-fee basis, such that any attorneys' fee would be paid only upon achieving a recovery for the benefit of Lead Plaintiff and the Settlement Class by settlement or judgment.

62. Lead Counsel and Liaison Counsel have prepared detailed firm-specific declarations that itemize the time spent and work performed in the Action. As supported by these individual fee declarations, Lead Counsel and Liaison Counsel have together expended nearly 2,100 hours in the prosecution and investigation of the Action, resulting in a cumulative lodestar of \$1,380,671.25. *See* Declarations of Lead Counsel and Liaison Counsel, annexed hereto as Exhibits 5 and 6; Summary Table of Lodestars and Expenses, annexed hereto as Exhibit 7. *See also* Firm Resumes of Lead Counsel and Liaison Counsel, Exs. 5-C and 6-C.

63. The fee request was negotiated with INPRS and is consistent with an *ex ante* fee agreement negotiated between Lead Counsel and INPRS. INPRS has steadfastly pursued its fiduciary responsibilities to the Settlement Class and supports the fee and expense application. *See* Ex. 3 hereto, ¶¶ 3 and 5.

64. Lead Counsel also respectfully seeks payment of expenses incurred in connection with prosecution and settlement of the Action, in the amount of \$119,507.44. These expenses reflect expenditures typically incurred in the course of complex litigation, such as consulting expert fees and costs, mediation fees, legal research (*i.e.*, Westlaw and Lexis fees), travel and lodging, document duplication, telephone, and FedEx. Lead Counsel's individual declarations, Exhibits 5-B and 6-B hereto, itemize these expenses.

65. Approximately two-thirds of the total expense request, or \$79,554.08, relates to the fees and costs of Lead Plaintiff's consulting expert. Nathan Associates, Inc., a firm in Arlington, Virginia, performed extensive research and analysis concerning market efficiency, loss causation, and damages, and substantially assisted Lead Counsel with devising the Plan of Allocation.

66. Among other things, Nathan Associates prepared a confidential report in connection with the Parties' mediation, examining and opining on issues relating to materiality, causation and damages including the market effect of the alleged misrepresentations and omissions, the materiality of certain facts misrepresented or omitted, and damages suffered by investors who purchased Neustar common stock during the Class Period and an alternative subperiod of October 30, 2013 through January 29, 2014.

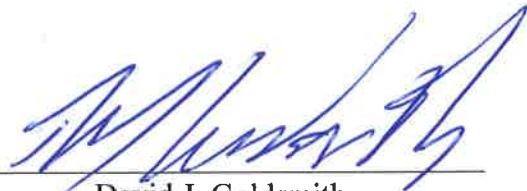
67. These expenses were important for Lead Counsel's understanding of the value of the claims and negotiating and structuring the Settlement, and Lead Counsel submits that they were reasonably and necessarily incurred.

68. Lead Counsel respectfully submits that all of the expenses for which payment is sought were reasonably and necessarily incurred in the prosecution and settlement of this Action.

**K. Additional Exhibit Pertinent  
to Requested Attorneys' Fees**

69. Annexed hereto collectively as Exhibit 8 is a compendium of unreported opinions cited in the accompanying memorandum of law in support of the requested fees and expenses.

I declare under penalty of perjury that the foregoing is true and correct. Executed on  
October 29, 2015.



David J. Goldsmith

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*Lead Counsel for Lead Plaintiff  
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and the Settlement Class*

**CERTIFICATE OF SERVICE**

I hereby certify that on the 29th day of October, 2015, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the registered participants as identified on the NEF.

/s/ Elizabeth A. Aniskevich  
Elizabeth A. Aniskevich