

Collaborative Structures, Inc.
 Sales Build and Pro Forma Financial Summary
 Model Rev Jan 22, 2000
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	Q 1	Q 2	Q 3	Q 4	Total			Q 1	Q 2	Q 3	Q 4	Total		
	2000	2000	2000	2000	FY 2000	Pct Rev	Pct Cost	2001	2001	2001	2001	FY 2001	Pct Rev	Pct Cost
Summary Pro-Forma Financials														
Revenues	92,500	152,188	362,018	654,547	1,261,252	100%		1,237,199	1,968,768	2,888,734	3,764,768	9,859,469	100%	
Cost of Goods Sold	128,004	160,506	215,509	231,760	735,779	58%	15%	378,516	416,018	413,516	432,267	1,640,317	17%	13%
Gross Margin	(35,504)	(8,319)	146,509	422,787	525,473	42%		858,683	1,552,750	2,475,218	3,332,501	8,219,152	83%	
Selling Expenses	213,500	315,500	491,000	611,042	1,631,042	129%	33%	798,951	958,334	1,090,529	1,222,607	4,070,422	41%	33%
Marketing	130,000	300,000	480,000	480,000	1,390,000	110%	28%	737,500	737,500	937,500	962,500	3,375,000	34%	28%
Research & Development	115,000	135,000	155,000	155,000	560,000	44%	11%	385,000	410,000	587,500	587,500	1,970,000	20%	16%
General and Administrative	147,500	147,500	167,500	167,500	630,000	50%	<u>13%</u>	245,000	265,000	337,500	337,500	1,185,000	12%	<u>10%</u>
							100%							100%
Net Income Before Taxes	(641,504)	(906,319)	(1,146,991)	(990,755)	(3,685,569)	-292%		(1,307,768)	(818,085)	(477,810)	222,393	(2,381,270)	-24%	

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	Total FY 2002			Total FY 2003			Total FY 2004		
Summary Pro-Forma Financials									
				Pct Rev			Pct Rev		
				Pct Cost			Pct Cost		
Revenues	28,777,772	100%		57,447,750	100%		100,507,520	100%	
Cost of Goods Sold	4,106,598	14%	19%	6,952,606	12%	16%	11,460,104	11%	16%
Gross Margin	24,671,174	86%		50,495,144	88%		89,047,416	89%	
Selling Expenses	5,801,081	20%	26%	7,202,626	13%	16%	7,709,248	8%	11%
Marketing	6,167,500	21%	28%	14,792,500	26%	34%	27,567,500	27%	38%
Research & Development	3,360,000	12%	15%	10,790,000	19%	25%	20,232,500	20%	28%
General and Administrative	2,752,500	10%	<u>12%</u>	4,122,500	7%	<u>9%</u>	6,347,500	6%	<u>9%</u>
			100%			100%			100%
Net Income Before Taxes	6,590,093	23%		13,587,518	24%		27,190,668	27%	

< ----- KEY INPUTS, FOR INDICATED PERIODS ----- >
 Start 2000 Q 1&2 2000 Q 3&4 2001 Q 1&2 2001 Q 3&4 2002 2003 2004 Notes

Summary Pro-Forma Financials

Revenues (←--see subsequent pages for detail)

Cost of Goods Sold

Gross Margin

Selling Expenses

Marketing

Research & Development

General and Administrative

Net Income Before Taxes

These pro-forma financial statements are for the use of Collaborative Structures, Inc. and potential investors.

Please use in conjunction with Investment Summary

These statements project the growth curve of the Company as a function of sales force size, success of the sales force, average selling price, cost of goods sold, and duration of projects. These are the key sensitivities.

The presentation is organized as follows:

- Summary Financial Information
- Sales Build: The penetrations and assumptions leading to booking new work
- Cost of Goods Sold
- Selling Expenses (including input assumptions for success of sales staff)
- Marketing Expenses (success of sales relates to effectiveness of marketing effort - not quantified here)
- Research and Development Expenses
- General and Administrative Expenses

These pro-formas indicate one possible strategy. They can serve as a baseline for discussion of other strategies.

In projections:

Box = input assumptions

Box = key areas of sensitivity

< ----- KEY INPUTS, FOR INDICATED PERIODS ----- >
 Start 2000 Q 1&2 2000 Q 3&4 2001 Q 1&2 2001 Q 3&4 2002 2003 2004 Notes

Sales Build

***** < ----- ASSUMPTIONS ----- > *****

Sales Force

Sales Staff - Headcount

Varies by Quarter

0.150	0.150	0.200	0.250	0.330	0.500	0.750	Assumption of sales success per sales staffer (new direct accts OR Assumption of direct sales success per sales staffer
3	3	5	5	8	8	8	

Recurring Revenue Sources

Enterprise Sales to Repeat Owners

New Sales:

Via Direct Sales
 Via Insurance Company
 Via Construction Manager
 Subtotal New

100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Assumes that percent of direct sales declines
0.0%	5.0%	10.0%	15.0%	50.0%	75.0%	100.0%	Assumes that sales via insurance companies increase
10.0%	15.0%	30.0%	35.0%	50.0%	75.0%	100.0%	Assumes that sales via construction managers increase
110.0%	120.0%	140.0%	150.0%	200.0%	250.0%	300.0%	

Lost Accounts:

Starting

10%	10%	10%	10%	10%	10%	10%	Assumes that some % of enterprise accounts are lost per quarter (r
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Total Enterprise Accounts

0

Enterprise Account Revenue Distribution

Large (percent of accts; rev per qtr) 5%
 Medium 35%
 Small 60%
 Total 100%

Value/Qtr	Value/Qtr	Value/Qtr	Value/Qtr	Value/Qtr	Value/Qtr	Value/Qtr	Value/Qtr	
100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	Assumes a mix in the size of enterprise accounts. Assumes stated ((This is an approximation of how enterprise account values might b
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	Formula takes an average of the account mix for projection purpose
30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	

New Enterprise Bookings

4

Enterprise bookings counted for "x" quarters

Revenues from One-Time Projects

End of 99

New Projects Sold
 Projects Concluded
 Net Single Projects Underway
 New Bookings - One time projects
 Backlog worked off
 Ending Backlog

Qtrs	Avg Price	Avg Price	Avg Price	Avg Price	Avg Price	Avg Price	Avg Price
8	25,000	25,000	23,000	23,000	20,000	20,000	15,000
8	8	8					
500,000							

Assumed average selling price of FirstLine only for one-time projec
 Assumes that projects take 8 quarters on average to work off backl

Total All new FirstLine bookings

< ----- KEY INPUTS, FOR INDICATED PERIODS ----- >
 Start 2000 Q 1&2 2000 Q 3&4 2001 Q 1&2 2001 Q 3&4 2002 2003 2004 Notes

Revenue Streams

As Pct of FirstLine rev

FirstLine

Enterprise	100%	100%	100%	100%	100%	100%	100%	FirstLine revenues are 100% of the sales build above
Single Project	100%	100%	100%	100%	100%	100%	100%	

Product Line Extensions

Portfolio Product (Info - Network)

Enterprise	0%	5%	20%	25%	30%	35%	40%	Portfolio products add assumed percentage to FirstLine sales
Single Firm	0%	5%	10%	10%	12%	12%	15%	

Insurance Product

Enterprise	0%	5%	20%	25%	25%	33%	40%	Insurance products purchased by some teams add assumed perce
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People Consulting & Services

Enterprise	0%	10%	25%	25%	25%	25%	25%	Consulting and collaboration coaching add assumed percentage to
Single Project	10%	20%	25%	25%	25%	25%	25%	

Rentable Applications

Enterprise	0%	0%	5%	10%	15%	20%	40%	Rentable Applications from FirstLine platform add assumed percent
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Sum of Product Extensions

10%	45%	105%	120%	132%	150%	185%
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Gross Revenues

Expenses

Cost of Goods Sold

Engineering Staff	Varies by quarter							
Base Comp (loaded)	Avg Annual	90,000	90,000	100,000	100,000	110,000	110,000	110,000
Support Staff	Projects per	10	10	12	15	18	20	25
Base Comp (loaded)	Avg Annual	65,000	65,000	75,000	75,000	85,000	85,000	85,000
Consulting Expenses	Annual	30,000	30,000	30,000	30,000	100,000	1,000,000	2,000,000
Amortize Hardware, Software	Annual	100,000	100,000	100,000	100,000	500,000	1,000,000	2,000,000
Internet Fees	Annual	24,000	24,000	24,000	24,000	24,000	50,000	100,000
Hosting Fees	Annual	48,000	48,000	60,000	200,000	1,250,000	2,500,000	5,000,000

Total Cost of Goods Sold

Gross Margin

Selling Expenses

Prior Commissions Paid/Expensed Over "x" quar	6	6	6	6	6	6	6
New FirstLine Commissions Booker Rate	15%	15%	15%	15%	15%	15%	15%
Commissions Backlog							

Staff (from Headcount, above)

Base Comp (loaded)	Avg	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Expenses	Per pers per c	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Total Selling Expenses

Function of new projects & ent accts per staffer - increases with eff

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		< ----- KEY INPUTS, FOR INDICATED PERIODS ----- >								
		Start	2000 Q 1&2	2000 Q 3&4	2001 Q 1&2	2001 Q 3&4	2002	2003	2004	Notes
Marketing Expenses			Annual	Annual						
Staff	Varies by Quarter									
Base Comp (loaded)	Avg		80,000	80,000	100,000	100,000	110,000	110,000	110,000	
Promotion										
Public Relations	Annual		120,000	120,000	400,000	400,000	400,000	500,000	1,000,000	
Advertising	Annual		200,000	500,000	750,000	1,000,000	1,500,000	5,000,000	10,000,000	
Trade Shows	Annual		200,000	200,000	400,000	400,000	500,000	1,000,000	2,000,000	
Direct Mail	Annual		200,000	400,000	500,000	500,000	1,000,000	1,000,000	1,000,000	
Consulting	Annual		60,000	100,000	100,000	100,000	500,000	1,000,000	2,000,000	
Collateral	Annual		100,000	200,000	300,000	750,000	1,250,000	5,000,000	10,000,000	
Total Marketing Expenses										
R&D										
Staff	Varies by quarter									
Base Comp (loaded)	Avg		110,000	110,000	120,000	120,000	120,000	120,000	120,000	
Hardware Amortize	Annual		40,000	40,000	200,000	200,000	250,000	500,000	1,000,000	
Software Amortize	Annual		40,000	40,000	40,000	100,000	150,000	250,000	500,000	
Consulting & Contracting Expense	Annual		100,000	100,000	200,000	500,000	500,000	3,500,000	7,000,000	
Licensing & Other	Annual		40,000	40,000	500,000	750,000	1,250,000	5,000,000	10,000,000	
Total R & D Expenses										
G&A										
Staff	Varies by quarter									
Base Comp (loaded)	Avg		100,000	100,000	125,000	125,000	150,000	150,000	150,000	
Legal & Audit	Annual		60,000	60,000	200,000	200,000	1,000,000	1,500,000	2,000,000	
Occupancy & Utilities (all depts)	Annual		120,000	120,000	200,000	200,000	250,000	300,000	500,000	
Consulting Expense	Annual		60,000	60,000	150,000	150,000	150,000	250,000	500,000	
Other	Annual		30,000	30,000	30,000	100,000	500,000	1,000,000	2,000,000	
Total G & A Expenses										

Net Income

Headcount

Enterprise Members	125	175	200	225	250	300	350	Estimate for analysis - avg members per enterprise account
Single Project Members	30	35	40	45	50	55	60	Estimate for analysis - avg members per single project
Total Project Members								

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	2000	2000	2000	2000	FY 2000	Pct Rev	Pct Cost	2001	2001	2001	2001	FY 2001	Pct Rev	Pct Cost
Summary Pro-Forma Financials														
Revenues	92,500	152,188	362,018	654,547	1,261,252	100%		1,237,199	1,968,768	2,888,734	3,764,768	9,859,469	100%	
Cost of Goods Sold	128,004	160,506	215,509	231,760	735,779	58%	15%	378,516	416,018	413,516	432,267	1,640,317	17%	13%
Gross Margin	(35,504)	(8,319)	146,509	422,787	525,473	42%		858,683	1,552,750	2,475,218	3,332,501	8,219,152	83%	
Selling Expenses	213,500	315,500	491,000	611,042	1,631,042	129%	33%	798,951	958,334	1,090,529	1,222,607	4,070,422	41%	33%
Marketing	130,000	300,000	480,000	480,000	1,390,000	110%	28%	737,500	737,500	937,500	962,500	3,375,000	34%	28%
Research & Development	115,000	135,000	155,000	155,000	560,000	44%	11%	385,000	410,000	587,500	587,500	1,970,000	20%	16%
General and Administrative	147,500	147,500	167,500	167,500	630,000	50%	<u>13%</u>	245,000	265,000	337,500	337,500	1,185,000	12%	<u>10%</u>
							100%							100%
Net Income Before Taxes	(641,504)	(906,319)	(1,146,991)	(990,755)	(3,685,569)	-292%		(1,307,768)	(818,085)	(477,810)	222,393	(2,381,270)	-24%	

	Q 1 2000	Q 2 2000	Q 3 2000	Q 4 2000	Total FY 2000	Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Total FY 2001
Sales Build										
	*** < --- PROJECTIONS --- > ***									
Sales Force										
Sales Staff - Headcount	7	10	15	18		23	26	28	30	
↳ new "channel" accts)										
Recurring Revenue Sources										
Enterprise Sales to Repeat Owners										
New Sales:										
Via Direct Sales	1	2	2	3		5	5	7	8	
Via Insurance Company	0	0	0	0		0	1	1	1	
Via Construction Manager	0	0	0	1		1	2	2	3	
Subtotal New	1	2	2	4		6	8	10	12	
Lost Accounts:	0	0	0	0		1	1	2	3	
Total Enterprise Accounts	1	2	4	8	8	13	20	28	37	37
Enterprise Account Revenue Distribution										
Large (percent of accts; rev per qtr)	5,000	10,000	20,000	40,000	75,000	65,000	100,000	140,000	185,000	490,000
Medium	17,500	35,000	70,000	140,000	262,500	227,500	350,000	490,000	647,500	1,715,000
Small	7,500	15,000	30,000	60,000	112,500	97,500	150,000	210,000	277,500	735,000
Total	30,000	60,000	120,000	240,000	450,000	390,000	600,000	840,000	1,110,000	2,940,000
New Enterprise Bookings	120,000	240,000	240,000	480,000	1,080,000	720,000	960,000	1,200,000	1,440,000	4,320,000
Revenues from One-Time Projects										
New Projects Sold	12	30	45	54	141	115	130	140	150	535
Projects Concluded	2	4	10	14		19	31	43	55	
Net Single Projects Underway	50	76	111	151		247	346	443	538	
New Bookings - One time projects	300,000	750,000	1,125,000	1,350,000	3,525,000	2,645,000	2,990,000	3,220,000	3,450,000	12,305,000
Backlog worked off	62,500	92,188	174,414	293,237	622,339	425,333	702,791	988,692	1,267,606	3,384,422
Ending Backlog	737,500	1,395,313	2,345,898	3,402,661		5,622,328	7,909,537	10,140,845	12,323,240	
Total All new FirstLine bookings	420,000	990,000	1,365,000	1,830,000	4,605,000	3,365,000	3,950,000	4,420,000	4,890,000	16,625,000

	Q 1 2000	Q 2 2000	Q 3 2000	Q 4 2000	Total FY 2000		Q 1 2001	Q 2 2001	Q 3 2001	Q 4 2001	Total FY 2001	
Revenue Streams												
<i>FirstLine</i>												
Enterprise	30,000	60,000	120,000	240,000	450,000	36%	390,000	600,000	840,000	1,110,000	2,940,000	30%
Single Project	62,500	92,188	174,414	293,237	622,339	49%	425,333	702,791	988,692	1,267,606	3,384,422	34%
<i>Product Line Extensions</i>												
Portfolio Product (Info - Network)												
Enterprise	0	0	6,000	12,000	18,000	1%	78,000	120,000	210,000	277,500	685,500	7%
Single Firm	0	0	8,721	14,662	23,383	2%	42,533	70,279	98,869	126,761	338,442	3%
Insurance Product												
Enterprise	0	0	6,000	12,000	18,000	1%	78,000	120,000	210,000	277,500	685,500	7%
People Consulting & Services												
Enterprise	0	0	12,000	24,000	36,000	3%	97,500	150,000	210,000	277,500	735,000	7%
Single Project	0	0	34,883	58,647	93,530	7%	106,333	175,698	247,173	316,901	846,105	9%
Rentable Applications												
Enterprise	0	0	0	0	0	0%	19,500	30,000	84,000	111,000	244,500	2%
Sum of Product Extensions												
Gross Revenues	92,500	152,188	362,018	654,547	1,261,252	100%	1,237,199	1,968,768	2,888,734	3,764,768	9,859,469	100%
Expenses												
<i>Cost of Goods Sold</i>												
Engineering Staff	2	2	3	3			4	4	4	4		
Base Comp (loaded)	45,000	45,000	67,500	67,500	225,000		100,000	100,000	100,000	100,000	400,000	
Support Staff	2	4	6	7			12	14	12	13		
Base Comp (loaded)	32,500	65,000	97,500	113,750	308,750		225,000	262,500	225,000	243,750	956,250	
Consulting Expenses	7,500	7,500	7,500	7,500	30,000		7,500	7,500	7,500	7,500	30,000	
Amortize Hardware, Software	25,000	25,000	25,000	25,000	100,000		25,000	25,000	25,000	25,000	100,000	
Internet Fees	6,000	6,000	6,000	6,000	24,000		6,000	6,000	6,000	6,000	24,000	
Hosting Fees	12,000	12,000	12,000	12,000	48,000		15,000	15,000	50,000	50,000	130,000	
Total Cost of Goods Sold	128,004	160,506	215,509	231,760	735,779		378,516	416,018	413,516	432,267	1,640,317	
Gross Margin	(35,504)	(8,319)	146,509	422,787	525,473		858,683	1,552,750	2,475,218	3,332,501	8,219,152	
<i>Selling Expenses</i>												
Prior Commissions Paid/Expensed	0	10,500	33,500	62,042			97,451	165,334	236,529	307,607		
New FirstLine Commissions Booked	63,000	148,500	204,750	274,500	690,750		504,750	592,500	663,000	733,500	2,493,750	
Commissions Backlog	63,000	201,000	372,250	584,708			992,007	1,419,172	1,845,644	2,271,536		
Staff (from Headcount, above)	7	10	15	18			23	26	28	30		
Base Comp (loaded)	157,500	225,000	337,500	405,000	1,125,000		517,500	585,000	630,000	675,000	2,407,500	
Expenses	56,000	80,000	120,000	144,000	400,000		184,000	208,000	224,000	240,000	856,000	
Total Selling Expenses	213,500	315,500	491,000	611,042	1,631,042		798,951	958,334	1,090,529	1,222,607	4,070,422	

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Marketing Expenses										
Staff	3	4	5	5		5	5	6	7	
Base Comp (loaded)	60,000	80,000	100,000	100,000	340,000	125,000	125,000	150,000	175,000	575,000
Promotion										
Public Relations	15,000	30,000	30,000	30,000	105,000	100,000	100,000	100,000	100,000	400,000
Advertising	10,000	50,000	125,000	125,000	310,000	187,500	187,500	250,000	250,000	875,000
Trade Shows	5,000	50,000	50,000	50,000	155,000	100,000	100,000	100,000	100,000	400,000
Direct Mail	20,000	50,000	100,000	100,000	270,000	125,000	125,000	125,000	125,000	500,000
Consulting	10,000	15,000	25,000	25,000	75,000	25,000	25,000	25,000	25,000	100,000
Collateral	10,000	25,000	50,000	50,000	135,000	75,000	75,000	187,500	187,500	525,000
Total Marketing Expenses	130,000	300,000	480,000	480,000	1,390,000	737,500	737,500	937,500	962,500	3,375,000
R&D										
Staff	3	4	5	5		6	7	8	8	
Base Comp (loaded)	60,000	80,000	100,000	100,000	340,000	150,000	175,000	200,000	200,000	725,000
Hardware Amortize	10,000	10,000	10,000	10,000	40,000	50,000	50,000	50,000	50,000	200,000
Software Amortize	10,000	10,000	10,000	10,000	40,000	10,000	10,000	25,000	25,000	70,000
Consulting & Contracting Expense	25,000	25,000	25,000	25,000	100,000	50,000	50,000	125,000	125,000	350,000
Licensing & Other	10,000	10,000	10,000	10,000	40,000	125,000	125,000	187,500	187,500	625,000
Total R & D Expenses	115,000	135,000	155,000	155,000	560,000	385,000	410,000	587,500	587,500	1,970,000
G&A										
Staff	4	4	5	5		5	6	7	7	
Base Comp (loaded)	80,000	80,000	100,000	100,000	360,000	100,000	120,000	175,000	175,000	570,000
Legal & Audit	15,000	15,000	15,000	15,000	60,000	50,000	50,000	50,000	50,000	200,000
Occupancy & Utilities (all depts)	30,000	30,000	30,000	30,000	120,000	50,000	50,000	50,000	50,000	200,000
Consulting Expense	15,000	15,000	15,000	15,000	60,000	37,500	37,500	37,500	37,500	150,000
Other	7,500	7,500	7,500	7,500	30,000	7,500	7,500	25,000	25,000	65,000
Total G & A Expenses	147,500	147,500	167,500	167,500	630,000	245,000	265,000	337,500	337,500	1,185,000
Net Income	(641,504)	(906,319)	(1,146,991)	(990,755)	(3,685,569)	(1,307,768)	(818,085)	(477,810)	222,393	(2,381,270)

Headcount	21	28	39	43		55	62	65	69	
Enterprise Members	125	250	700	1,400		2,600	4,000	6,300	8,325	
Single Project Members	1,500	2,280	3,885	5,285		9,880	13,840	19,935	24,210	
Total Project Members	1,625	2,530	4,585	6,685		12,480	17,840	26,235	32,535	

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	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Total FY 2002			Q 1 2003	Q 2 2003	Q 3 2003	Q 4 2003	Total FY 2003		
Summary Pro-Forma Financials														
													Pct Rev	Pct Cost
Revenues	5,210,855	6,646,560	7,895,490	9,024,867	28,777,772	100%		11,690,221	13,614,931	15,307,039	16,835,559	57,447,750	100%	
Cost of Goods Sold	994,773	1,016,024	1,037,275	1,058,526	4,106,598	14%	19%	1,706,275	1,727,526	1,748,777	1,770,028	6,952,606	12%	16%
Gross Margin	4,216,082	5,630,536	6,858,215	7,966,341	24,671,174	86%		9,983,946	11,887,405	13,558,262	15,065,531	50,495,144	88%	
Selling Expenses	1,293,589	1,410,491	1,507,909	1,589,091	5,801,081	20%	26%	1,656,743	1,764,119	1,853,599	1,928,166	7,202,626	13%	16%
Marketing	1,507,500	1,535,000	1,562,500	1,562,500	6,167,500	21%	28%	3,677,500	3,705,000	3,705,000	3,705,000	14,792,500	26%	34%
Research & Development	785,000	812,500	867,500	895,000	3,360,000	12%	15%	2,670,000	2,670,000	2,725,000	2,725,000	10,790,000	19%	25%
General and Administrative	667,500	667,500	695,000	722,500	2,752,500	10%	<u>12%</u>	1,010,000	1,010,000	1,037,500	1,065,000	4,122,500	7%	<u>9%</u>
							100%							100%
Net Income Before Taxes	(37,508)	1,205,045	2,225,306	3,197,249	6,590,093	23%		969,703	2,738,286	4,237,163	5,642,366	13,587,518	24%	

Collaborative Structures, Inc.
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	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Total FY 2002	Q 1 2003	Q 2 2003	Q 3 2003	Q 4 2003	Total FY 2003
Sales Build										
Sales Force										
Sales Staff - Headcount	30	30	30	30		30	30	30	30	
Recurring Revenue Sources										
Enterprise Sales to Repeat Owners										
New Sales:										
Via Direct Sales	10	10	10	10		15	15	15	15	
Via Insurance Company	5	5	5	5		11	11	11	11	
Via Construction Manager	5	5	5	5		11	11	11	11	
Subtotal New	20	20	20	20		37	37	37	37	
Lost Accounts:	4	5	7	8		9	12	15	17	
Total Enterprise Accounts	53	68	81	93	93	121	146	168	188	188
Enterprise Account Revenue Distribution										
Large (percent of accts; rev per qtr)	265,000	340,000	405,000	465,000	1,475,000	605,000	730,000	840,000	940,000	3,115,000
Medium	927,500	1,190,000	1,417,500	1,627,500	5,162,500	2,117,500	2,555,000	2,940,000	3,290,000	10,902,500
Small	397,500	510,000	607,500	697,500	2,212,500	907,500	1,095,000	1,260,000	1,410,000	4,672,500
Total	1,590,000	2,040,000	2,430,000	2,790,000	8,850,000	3,630,000	4,380,000	5,040,000	5,640,000	18,690,000
New Enterprise Bookings	2,400,000	2,400,000	2,400,000	2,400,000	9,600,000	4,440,000	4,440,000	4,440,000	4,440,000	17,760,000
Revenues from One-Time Projects										
New Projects Sold	240	240	240	240	960	240	240	240	240	960
Projects Concluded	67	89	108	124		139	151	163	172	
Net Single Projects Underway	711	862	994	1,110		1,211	1,300	1,377	1,445	
New Bookings - One time projects	4,800,000	4,800,000	4,800,000	4,800,000	19,200,000	4,800,000	4,800,000	4,800,000	4,800,000	19,200,000
Backlog worked off	1,540,405	1,947,854	2,304,373	2,616,326	8,408,958	2,889,285	3,128,125	3,337,109	3,519,970	12,874,489
Ending Backlog	15,582,835	18,434,980	20,930,608	23,114,282		25,024,997	26,696,872	28,159,763	29,439,793	
Total All new FirstLine bookings	7,200,000	7,200,000	7,200,000	7,200,000	28,800,000	9,240,000	9,240,000	9,240,000	9,240,000	36,960,000

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	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Total FY 2002		Q 1 2003	Q 2 2003	Q 3 2003	Q 4 2003	Total FY 2003	
Revenue Streams												
<i>FirstLine</i>												
Enterprise	1,590,000	2,040,000	2,430,000	2,790,000	8,850,000	31%	3,630,000	4,380,000	5,040,000	5,640,000	18,690,000	33%
Single Project	1,540,405	1,947,854	2,304,373	2,616,326	8,408,958	29%	2,889,285	3,128,125	3,337,109	3,519,970	12,874,489	22%
<i>Product Line Extensions</i>												
Portfolio Product (Info - Network)												
Enterprise	477,000	612,000	729,000	837,000	2,655,000	9%	1,270,500	1,533,000	1,764,000	1,974,000	6,541,500	11%
Single Firm	184,849	233,743	276,525	313,959	1,009,075	4%	346,714	375,375	400,453	422,396	1,544,939	3%
Insurance Product												
Enterprise	397,500	510,000	607,500	697,500	2,212,500	8%	1,197,900	1,445,400	1,663,200	1,861,200	6,167,700	11%
People Consulting & Services												
Enterprise	397,500	510,000	607,500	697,500	2,212,500	8%	907,500	1,095,000	1,260,000	1,410,000	4,672,500	8%
Single Project	385,101	486,964	576,093	654,081	2,102,239	7%	722,321	782,031	834,277	879,993	3,218,622	6%
Rentable Applications												
Enterprise	<u>238,500</u>	<u>306,000</u>	<u>364,500</u>	<u>418,500</u>	<u>1,327,500</u>	5%	<u>726,000</u>	<u>876,000</u>	<u>1,008,000</u>	<u>1,128,000</u>	<u>3,738,000</u>	7%
Sum of Product Extensions												
Gross Revenues	5,210,855	6,646,560	7,895,490	9,024,867	28,777,772	100%	11,690,221	13,614,931	15,307,039	16,835,559	57,447,750	100%
Expenses												
<i>Cost of Goods Sold</i>												
Engineering Staff	6	6	6	6			6	6	6	6		
Base Comp (loaded)	165,000	165,000	165,000	165,000	660,000		165,000	165,000	165,000	165,000	660,000	
Support Staff	17	18	19	20			19	20	21	22		
Base Comp (loaded)	361,250	382,500	403,750	425,000	1,572,500		403,750	425,000	446,250	467,500	1,742,500	
Consulting Expenses	25,000	25,000	25,000	25,000	100,000		250,000	250,000	250,000	250,000	1,000,000	
Amortize Hardware, Software	125,000	125,000	125,000	125,000	500,000		250,000	250,000	250,000	250,000	1,000,000	
Internet Fees	6,000	6,000	6,000	6,000	24,000		12,500	12,500	12,500	12,500	50,000	
Hosting Fees	<u>312,500</u>	<u>312,500</u>	<u>312,500</u>	<u>312,500</u>	<u>1,250,000</u>		<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>2,500,000</u>	
Total Cost of Goods Sold	994,773	1,016,024	1,037,275	1,058,526	4,106,598		1,706,275	1,727,526	1,748,777	1,770,028	6,952,606	
Gross Margin	4,216,082	5,630,536	6,858,215	7,966,341	24,671,174		9,983,946	11,887,405	13,558,262	15,065,531	50,495,144	
<i>Selling Expenses</i>												
Prior Commissions Paid/Expensed	378,589	495,491	592,909	674,091			741,743	849,119	938,599	1,013,166		
New FirstLine Commissions Booked	1,080,000	1,080,000	1,080,000	1,080,000	4,320,000		1,386,000	1,386,000	1,386,000	1,386,000	5,544,000	
Commissions Backlog	2,972,947	3,557,456	4,044,547	4,450,455			5,094,713	5,631,594	6,078,995	6,451,829		
Staff (from Headcount, above)	30	30	30	30			30	30	30	30		
Base Comp (loaded)	675,000	675,000	675,000	675,000	2,700,000		675,000	675,000	675,000	675,000	2,700,000	
Expenses	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	960,000		<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	960,000	
Total Selling Expenses	1,293,589	1,410,491	1,507,909	1,589,091	5,801,081		1,656,743	1,764,119	1,853,599	1,928,166	7,202,626	

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	Q 1 2002	Q 2 2002	Q 3 2002	Q 4 2002	Total FY 2002	Q 1 2003	Q 2 2003	Q 3 2003	Q 4 2003	Total FY 2003
Marketing Expenses										
Staff	8	9	10	10		11	12	12	12	
Base Comp (loaded)	220,000	247,500	275,000	275,000	1,017,500	302,500	330,000	330,000	330,000	1,292,500
Promotion										
Public Relations	100,000	100,000	100,000	100,000	400,000	125,000	125,000	125,000	125,000	500,000
Advertising	375,000	375,000	375,000	375,000	1,500,000	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Trade Shows	125,000	125,000	125,000	125,000	500,000	250,000	250,000	250,000	250,000	1,000,000
Direct Mail	250,000	250,000	250,000	250,000	1,000,000	250,000	250,000	250,000	250,000	1,000,000
Consulting	125,000	125,000	125,000	125,000	500,000	250,000	250,000	250,000	250,000	1,000,000
Collateral	312,500	312,500	312,500	312,500	<u>1,250,000</u>	1,250,000	1,250,000	1,250,000	1,250,000	<u>5,000,000</u>
Total Marketing Expenses	1,507,500	1,535,000	1,562,500	1,562,500	6,167,500	3,677,500	3,705,000	3,705,000	3,705,000	14,792,500
R&D										
Staff	9	10	12	13		13	13	15	15	
Base Comp (loaded)	247,500	275,000	330,000	357,500	1,210,000	357,500	357,500	412,500	412,500	1,540,000
Hardware Amortize	62,500	62,500	62,500	62,500	250,000	125,000	125,000	125,000	125,000	500,000
Software Amortize	37,500	37,500	37,500	37,500	150,000	62,500	62,500	62,500	62,500	250,000
Consulting & Contracting Expense	125,000	125,000	125,000	125,000	500,000	875,000	875,000	875,000	875,000	3,500,000
Licensing & Other	312,500	312,500	312,500	312,500	<u>1,250,000</u>	1,250,000	1,250,000	1,250,000	1,250,000	<u>5,000,000</u>
Total R & D Expenses	785,000	812,500	867,500	895,000	3,360,000	2,670,000	2,670,000	2,725,000	2,725,000	10,790,000
G&A										
Staff	7	7	8	9		9	9	10	11	
Base Comp (loaded)	192,500	192,500	220,000	247,500	852,500	247,500	247,500	275,000	302,500	1,072,500
Legal & Audit	250,000	250,000	250,000	250,000	1,000,000	375,000	375,000	375,000	375,000	1,500,000
Occupancy & Utilities (all depts)	62,500	62,500	62,500	62,500	250,000	75,000	75,000	75,000	75,000	300,000
Consulting Expense	37,500	37,500	37,500	37,500	150,000	62,500	62,500	62,500	62,500	250,000
Other	125,000	125,000	125,000	125,000	<u>500,000</u>	250,000	250,000	250,000	250,000	<u>1,000,000</u>
Total G & A Expenses	667,500	667,500	695,000	722,500	2,752,500	1,010,000	1,010,000	1,037,500	1,065,000	4,122,500
Net Income	(37,508)	1,205,045	2,225,306	3,197,249	6,590,093	969,703	2,738,286	4,237,163	5,642,366	13,587,518
Headcount	77	80	85	88		88	90	94	96	
Enterprise Members	13,250	17,000	20,250	23,250		36,300	43,800	50,400	56,400	
Single Project Members	<u>35,550</u>	<u>43,100</u>	<u>49,700</u>	<u>55,500</u>		<u>66,605</u>	<u>71,500</u>	<u>75,735</u>	<u>79,475</u>	
Total Project Members	48,800	60,100	69,950	78,750		102,905	115,300	126,135	135,875	

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	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Total FY 2004	Pct Rev	Pct Cost
Summary Pro-Forma Financials							
Revenues	21,762,964	24,142,968	26,317,347	28,284,241	100,507,520	100%	
Cost of Goods Sold	2,822,524	2,843,775	2,886,277	2,907,528	11,460,104	11%	16%
Gross Margin	18,940,440	21,299,193	23,431,070	25,376,713	89,047,416	89%	
Selling Expenses	1,837,805	1,904,587	1,960,239	2,006,616	7,709,248	8%	11%
Marketing	6,857,500	6,885,000	6,912,500	6,912,500	27,567,500	27%	38%
Research & Development	5,037,500	5,037,500	5,065,000	5,092,500	20,232,500	20%	28%
General and Administrative	1,552,500	1,580,000	1,607,500	1,607,500	6,347,500	6%	<u>9%</u>
Net Income Before Taxes	3,655,135	5,892,106	7,885,831	9,757,597	27,190,668	27%	100%

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	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Total FY 2004
Sales Build					
Sales Force					
Sales Staff - Headcount	25	25	25	25	
Recurring Revenue Sources					
Enterprise Sales to Repeat Owners					
New Sales:					
Via Direct Sales	19	19	19	19	
Via Insurance Company	19	19	19	19	
Via Construction Manager	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	
Subtotal New	57	57	57	57	
Lost Accounts:	<u>19</u>	<u>23</u>	<u>26</u>	<u>29</u>	
Total Enterprise Accounts	226	260	291	319	319
Enterprise Account Revenue Distribution					
Large (percent of accts; rev per qtr)	1,130,000	1,300,000	1,455,000	1,595,000	5,480,000
Medium	3,955,000	4,550,000	5,092,500	5,582,500	19,180,000
Small	<u>1,695,000</u>	<u>1,950,000</u>	<u>2,182,500</u>	<u>2,392,500</u>	<u>8,220,000</u>
Total	6,780,000	7,800,000	8,730,000	9,570,000	32,880,000
New Enterprise Bookings	6,840,000	6,840,000	6,840,000	6,840,000	27,360,000
Revenues from One-Time Projects					
New Projects Sold	200	200	200	200	800
Projects Concluded	181	183	185	187	
Net Single Projects Underway	1,464	1,481	1,496	1,509	
New Bookings - One time projects	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
Backlog worked off	3,679,974	3,594,977	3,520,605	3,455,530	14,251,086
Ending Backlog	28,759,819	28,164,841	27,644,236	27,188,707	
Total All new FirstLine bookings	9,840,000	9,840,000	9,840,000	9,840,000	39,360,000

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	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Total FY 2004	
Revenue Streams						
<i>FirstLine</i>						
Enterprise	6,780,000	7,800,000	8,730,000	9,570,000	32,880,000	33%
Single Project	3,679,974	3,594,977	3,520,605	3,455,530	14,251,086	14%
<i>Product Line Extensions</i>						
Portfolio Product (Info - Network)						
Enterprise	2,712,000	3,120,000	3,492,000	3,828,000	13,152,000	13%
Single Firm	551,996	539,247	528,091	518,329	2,137,663	2%
Insurance Product						
Enterprise	2,712,000	3,120,000	3,492,000	3,828,000	13,152,000	13%
People Consulting & Services						
Enterprise	1,695,000	1,950,000	2,182,500	2,392,500	8,220,000	8%
Single Project	919,994	898,744	880,151	863,882	3,562,772	4%
Rentable Applications						
Enterprise	<u>2,712,000</u>	<u>3,120,000</u>	<u>3,492,000</u>	<u>3,828,000</u>	<u>13,152,000</u>	13%
Sum of Product Extensions						
Gross Revenues	21,762,964	24,142,968	26,317,347	28,284,241	100,507,520	100%
Expenses						
<i>Cost of Goods Sold</i>						
Engineering Staff	6	6	6	6		
Base Comp (loaded)	165,000	165,000	165,000	165,000	660,000	
Support Staff	18	19	21	22		
Base Comp (loaded)	382,500	403,750	446,250	467,500	1,700,000	
Consulting Expenses	500,000	500,000	500,000	500,000	2,000,000	
Amortize Hardware, Software	500,000	500,000	500,000	500,000	2,000,000	
Internet Fees	25,000	25,000	25,000	25,000	100,000	
Hosting Fees	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>5,000,000</u>	
Total Cost of Goods Sold	<u>2,822,524</u>	<u>2,843,775</u>	<u>2,886,277</u>	<u>2,907,528</u>	<u>11,460,104</u>	
Gross Margin	18,940,440	21,299,193	23,431,070	25,376,713	89,047,416	
<i>Selling Expenses</i>						
Prior Commissions Paid/Expensed	1,075,305	1,142,087	1,197,739	1,244,116		
New FirstLine Commissions Booked	1,476,000	1,476,000	1,476,000	1,476,000	5,904,000	
Commissions Backlog	6,852,524	7,186,437	7,464,697	7,696,581		
Staff (from Headcount, above)	25	25	25	25		
Base Comp (loaded)	562,500	562,500	562,500	562,500	2,250,000	
Expenses	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>800,000</u>	
Total Selling Expenses	1,837,805	1,904,587	1,960,239	2,006,616	7,709,248	

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	Q 1 2004	Q 2 2004	Q 3 2004	Q 4 2004	Total FY 2004
Marketing Expenses					
Staff	13	14	15	15	
Base Comp (loaded)	357,500	385,000	412,500	412,500	1,567,500
Promotion					
Public Relations	250,000	250,000	250,000	250,000	1,000,000
Advertising	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000
Trade Shows	500,000	500,000	500,000	500,000	2,000,000
Direct Mail	250,000	250,000	250,000	250,000	1,000,000
Consulting	500,000	500,000	500,000	500,000	2,000,000
Collateral	2,500,000	2,500,000	2,500,000	2,500,000	<u>10,000,000</u>
Total Marketing Expenses	6,857,500	6,885,000	6,912,500	6,912,500	27,567,500
R&D					
Staff	15	15	16	17	
Base Comp (loaded)	412,500	412,500	440,000	467,500	1,732,500
Hardware Amortize	250,000	250,000	250,000	250,000	1,000,000
Software Amortize	125,000	125,000	125,000	125,000	500,000
Consulting & Contracting Expense	1,750,000	1,750,000	1,750,000	1,750,000	7,000,000
Licensing & Other	2,500,000	2,500,000	2,500,000	2,500,000	<u>10,000,000</u>
Total R & D Expenses	5,037,500	5,037,500	5,065,000	5,092,500	20,232,500
G&A					
Staff	11	12	13	13	
Base Comp (loaded)	302,500	330,000	357,500	357,500	1,347,500
Legal & Audit	500,000	500,000	500,000	500,000	2,000,000
Occupancy & Utilities (all depts)	125,000	125,000	125,000	125,000	500,000
Consulting Expense	125,000	125,000	125,000	125,000	500,000
Other	500,000	500,000	500,000	500,000	<u>2,000,000</u>
Total G & A Expenses	1,552,500	1,580,000	1,607,500	1,607,500	6,347,500
Net Income	3,655,135	5,892,106	7,885,831	9,757,597	27,190,668

Headcount	88	91	96	98
Enterprise Members	79,100	91,000	101,850	111,650
Single Project Members	<u>87,840</u>	<u>88,860</u>	<u>89,760</u>	<u>90,540</u>
Total Project Members	166,940	179,860	191,610	202,190