

Burton Grad Associates, Inc.

5 Saint John Place
Westport, Connecticut 06880
(203) 222-8821
(203) 222-8728 Fax
Burtgrad@aol.com

Global 360, Inc.
2911 Turtle Creek Blvd. Suite 1100
Dallas, TX 75219

Invoice #3127

August 15, 2006

Project: 309-1

Attention: Pam Schneider

INVOICE

Project: Purchase Price Allocation Study as of 3/30/06

Consulting Services:

7/1/2006-8/15/2006: 7 days at @\$3,000/day \$21,000.00

Expenses:

Duplicating report and Express Mailing it to Global \$85.00

Advance Payment:

(\$9,000.00)

Total Due \$12,085.00

Payment is due within 15 days of receipt of this invoice

FedEx USA Airbill Express

FedEx Tracking Number

8350 2537 1550

Form 10, Rev. 12/01

0215

SPH23

Sender's Copy

1 From Please print name and address last Date 8/15/06 Sender's FedEx Account Number 1084-0812-0

Sender's Name BURTON GRAD Phone (203) 222-8821

Company BURTON GRAD ASSOCIATES INC

Address 5 SAINT JOHNS PL

City WESTPORT State CT ZIP 06880

2 Your Internal Billing Reference Please 24 characters will appear on invoice. OPTIONAL

3 To Recipient's Name PAM SCHNEIDER Phone (214) 445-4108

Company GLOBAL 360

Address 2911 TURTLE CREEK BLVD

To "HOLD" at FedEx location, print FedEx address. We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address SUITE 1100

City DALLAS State TX ZIP 75219

Try online shipping at fedex.com

By using this Airbill you agree to the service conditions on the back of this Airbill and in our current Service Guide, including terms that limit our liability.

Questions? Visit our Web site at fedex.com or call 1.800.Go.FedEx® 800.463.3333.

0217344922

4a Express Package Service

Package up to 150 lbs. Delivery commitment may be later in some areas. X FedEx Priority Overnight Next business morning FedEx Standard Overnight Next business afternoon FedEx First Overnight Next business morning Delivery to select locations

FedEx 2Day Second business day FedEx Express Saver Third business day

4b Express Freight Service Package over 150 lbs. Delivery commitment may be later in some areas.

FedEx 1Day Freight* Next business day FedEx 2Day Freight Second business day FedEx 3Day Freight Third business day

5 Packaging

FedEx Envelope* FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak Other

6 Special Handling

SATURDAY Delivery Available ONLY for FedEx Priority Overnight and FedEx 2Day to select ZIP codes. HOLD Weekday at FedEx Location NOT Available for FedEx First Overnight. HOLD Saturday at FedEx Location Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods? X No Yes As per attached Shipper's Declaration Yes Shipper's Declaration not required Dry Ice Dry Ice, 5 UN 1800 Cargo Aircraft Only

7 Payment Bill to:

Sender FedEx Acct. No. in Section 7 will be billed. Recipient Third Party Credit Card Cash/Check

Total Packages 1 Total Weight Total Declared Value \$.00

8 Release Signature Sign to authorize delivery without obtaining signature.

By signing you authorize us to deliver this shipment without obtaining a signature and agree to indemnify and hold us harmless from any resulting claims.

447

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447

SPH23

LEE PRINT AND DESIGN
154 WEST PARK STREET
LEE, MA. 01238
413-243-2544

MERCH#: 8001333270
08/15/06 12:45:28 PM

REC NUM: 001
ACCT# : *****7899
AUS CD:
CARD TP: MC
TRAN TP: SALE
AUTH CD: 272879

AMOUNT: 52.75

GRAD/BURTON

THANK YOU,
CUSTOMER COPY

at + design

street Lee, MA 01238
fax: 413-243-3647

date

8-15-06

phone

price

amount

52

50.24

total payment upon receipt

sub tot

50.24

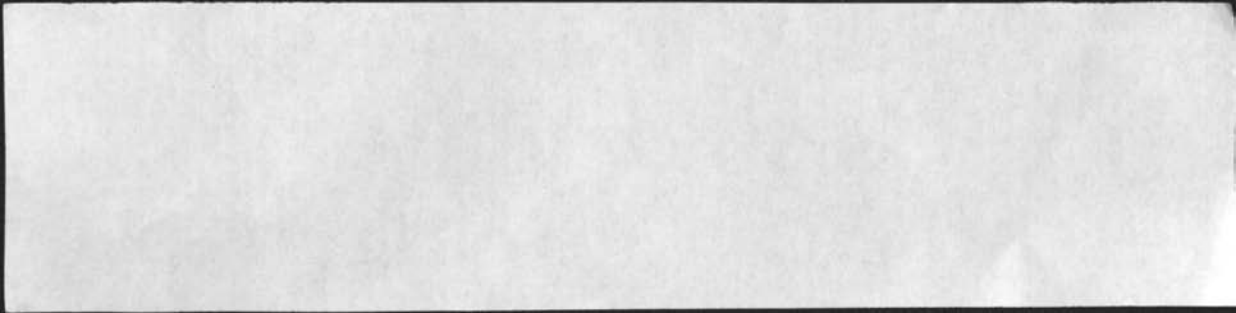
received by

tax

2.51

total

52.75



G+A Analysis for 2005

work pages

used 29 + 30

2005 P+L Statement shows \$16,826

GAAP elimination (Loughran Analysis)

reduces this to \$13,590 dif = 3236

and Non-GAAP elimination

reduces G+A to \$10,500 dif = 3090

~~3777~~
~~4034~~
 3777
 4034
 1145
 3929
 3214
 3263

 16162?

GAAP	G+A	R+D	M+S
Excluded Cos. 1805	427	279	156
2005	52 483	315	648
3005	479	324	329
4005	(25)	-	-
	<u>1364</u>	<u>918</u>	<u>1133</u>
Restructuring -	1208		
			<u>3415</u>

Non-GAAP

<u>Personnel</u>	
Exec Salaries + Exp	971
Severance	615
Advert Council	89
	<u>1675</u>
<u>Acctg + legal</u>	
Audits	323
Litigation	407
Name Change	98
Acq Costs	102
Bond, Latini + Dividend	122
	<u>1052</u>
<u>Occupancy</u>	
Viceroy moving	163
acc. Costs	262
Guard	38
	<u>363</u>
<u>total</u>	<u>3090</u>

refer to V-10 - G+A ~~Atkins~~ Cost Ratios

16 826	16 826
10 500	13 590
=	<u>3 236</u> →

GAAP Adjustments -

Aircraft - ~~LOS 828~~ 828

←
Other Oper Exp
Ridg ~~Equip~~ ^{Occup.} 480
Leased Equip 3
Prof Fees 19
Taxes 76
578

total Air 1406 -

Depreciation 621 -

Discontinued ops
(Soc Sec) 1364

3391 → 155 difference

non GAAP

Personnel 1675

Acctg + legal 1052

occupancy 363

3090

G+A Analysis - CY 2005

(<u>\$000</u>)	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
G360 Control.	3959	5429	4004	3434	16826
Adjusted GMP	3350	3551	3450	3239	<u>13590</u> 3236
Excluded Con.	427	483	479	(25)	1364
Aircraft	188	228	215	196	828
Restaurifining		1145		63	<u>1208</u> 3400
Adjusted Non-GMP	525 ²⁸²⁷	2882	2712	2079	<u>10500</u> 3090
Personnel Related	273	292	404	706	1675
Acctg + Legal	194	287	220	351	1052
Occupancy	56	90	114	103	<u>363</u>
To tal ^{Adj} Non-GMP	523	669	738	1160	3090

9/18

16 826 -

- 1287 - other open exp - Restructuring

- 528 Airplane

+ 100 Comm Travel

- 1364 - Excluded Cos.

Donna Allen

~~Dep. 582~~
Dep. 621

3959	5429	4004	3434	16526
3350	3551	3450	3239	13590
<u>609</u>	<u>1878</u>	<u>554</u>	<u>195</u>	<u>3236</u>

Excluded

Cos

~~Excl~~

Travel exp

Air

Dep

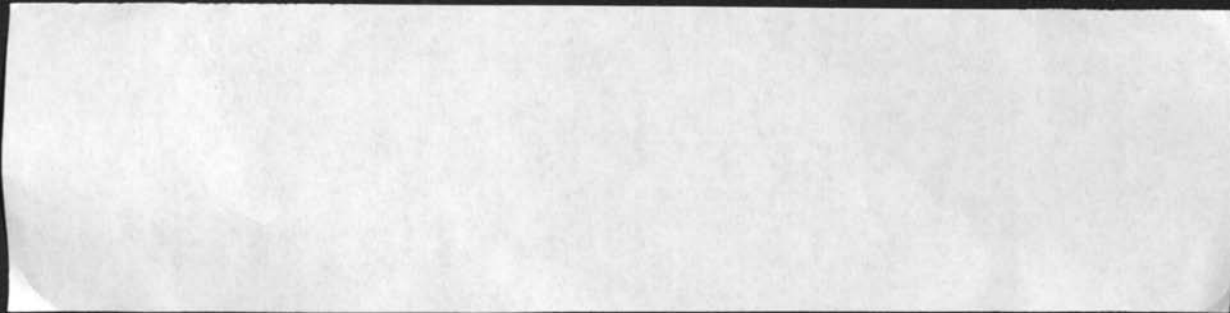
489	627	395	45
188	228	215	196
182	250	25	115

Air - 1406

Dep - 621

Excluded - 1364

3791



2005 Revenue / Backup

2005 Revenue Analysis

Software Products -

License 14886

Maintenance 52740

Professional Service 7949

Total SW Product 77575

Other Offerings

Third Party SW + other 996

Outsourcing 5734

Hardware 555

Total other offerings 7285

Total Global 360 84860

working copy
#13
add for Power & Ash 6/19

REVENUE

Software:

403100 Revenue - EX	5,775,642.00
403110 Revenue - Case M	2,183,282.13
403120 Revenue - Consu	3,013,764.85
403150 Revenue - Comp	1,857,985.64
403200 Revenue - Identit	487,159.56
403300 Revenue - IDMS	142,128.19
403400 Revenue - Kofile	67,465.35
403450 Revenue - Kovis	506,437.88
403500 Revenue - Other BGS Products	1,095.00
403600 Revenue - BPM Solutions (NK)	2,180,740.61
403700 Revenue - Keyfile	670,644.99
408100 Revenue - Other Software Reven	19,933.20
408200 Revenue - 3rd Party Products	487,229.84
Total Software Revenue	17,393,509.24

net 11
need to assign COS (Product) between 3rd Party SW & other SW
Revenue Break up

216
outsource
507
3rd party SW
16846

Maintenance:

414100 Revenue - EX Maintenance	24,272,255.60
414110 Revenue - Case Management Maintenance	1,137,933.84
414120 Revenue - Consumer Maintenance	125,013.06
414150 Revenue - Components Maintenance	2,265,175.79
414200 Revenue - Identitech Maintenance	3,164,081.05
414300 Revenue - IDMS Maintenance	1,036,545.56
414400 Revenue - Kofile Maintenance	3,216,992.03
414450 Revenue - Kovis Maintenance	1,653,127.60
414500 Revenue - Other BGS Maintenance (NK)	45,909.40
414600 Revenue - BPM Solutions Maintenance	12,848,793.86
414700 Revenue - Keyfile Maintenance	3,020,020.87
418200 Revenue - 3rd Party Maintenance	352,325.82
Total Maintenance Revenue	53,138,174.48
Subtotal Software and Maintenance Revenue	70,531,683.72

5907
outsource
3rd party SW
52741

Service Revenue:

420100 Revenue - EX Consulting	4,802,321.70
420200 Revenue - Identitech Consulting	1,120,357.64
420300 Revenue - IDMS Consulting	51,858.96
420400 Revenue - Kofile Consulting	217,705.00
420450 Revenue - Kovis Consulting	12,250.00
420500 Revenue - BGS Outsource Services	5,734,329.72
420600 Revenue - BPM Solutions Consulting (NK)	1,709,041.14
420700 Revenue - Keyfile Consulting	35,100.00
Total Service Revenue	13,682,964.16

Split with Cost Mgt (2600, 1200)
283
outsource
7949

Hardware Revenue:

430500 Revenue - Hardware	554,785.47
Total Hardware Revenue	554,785.47

Reduce

Other Revenue:

485000 Revenue - Freight	3,699.92
485400 Revenue - Other Income	87,194.95
Total Other Revenue	90,894.87

misc
3rd party SW

SUBTOTAL REVENUE (EXCLUDING INTERCOMPANY)

84,860,328.22

Intercompany Revenue:

490612 Revenue - Australia	1,150,387.63
490613 Revenue - Singapore	45,845.00
490615 Revenue - China	694,566.78
490619 Revenue - Netherlands	1,520,940.25
490628 Revenue - Belgium	1,904,027.78
490630 Revenue - France	1,229,417.30

490632 Revenue - Italy	1,275,185.87
490633 Revenue - Sweden	1,622,139.61
490634 Revenue - United Kingdom	3,898,731.52
490641 Revenue - Germany	103,204.58
490650 Revenue - Canada	2,747,774.45
490670 Revenue - BGS	577.50
490999 Revenue - Eliminations	<u>(16,192,801.13)</u>
Total Intercompany Revenue	(2.86)
TOTAL REVENUE	84,860,325.36

PRODUCTION COSTS

Software:

503100 COS - EX	(0.08)
503110 COS - Case Management	5,336.25
503120 COS - Consumer	0.24
503150 COS - Components	0.50
508100 COS - Other Software	<u>236,112.73</u>
Total Software COS	241,449.64

SP Lic. = 5
3rd Party

Maintenance:

510000 COS - Maintenance Third Party	910,462.91
514000 COS - Software Contract Maint	44,473.09
514100 COS - EX Maint	140,760.62
514110 COS - Case Management Maint	43,312.50
514120 COS - Consumer Maint	3,501.40
514150 COS - Components Maint	139.92
514400 COS - Kofile Maint	12,359.04
514600 COS - BPM Solutions Maint	<u>297.02</u>
Total Maintenance COS	1,155,306.50

3rd Party 955
200 - SP

Service:

520100 COS - EX Consulting	219,657.16
520150 COS - Components Consulting	31,184.49
520200 COS - Identitech Consulting	45,000.00
520500 COS - BGS Outsource Services	62,098.73
520600 COS - BPM Solutions Consulting	1,147,522.78
520700 COS - Keyfile Consulting	<u>28,900.00</u>
Total Service COS	1,534,363.16

outsourcing
SP - Prof fees
1472

Production Costs:

541100 COS - Resale Hardware	302,402.32
542100 COS - Chemicals	3,230.24
542150 COS - Computer Equip/Supplies	142,385.12
542200 COS - Film	141,261.73
542250 COS - Product Parts	40,334.83
542300 COS - Supplies	121,899.68
543100 COS - Third Party File Conversion	126,243.24
544100 COS - Shipping Supplies	1,519.00
545100 COS - Third Party Software	<u>898,116.21</u>
Total Production Costs	1,777,392.37

Hardware
outs.
outs.
outs.
T - Hardware
outs
outs
Hardware
Third Party SW

Aircraft Costs:

570100 COS - Fuel	291,374.19
570200 COS - Pilot Services	275,961.65
570300 COS - Aircraft Repairs & Maintenance	<u>260,303.92</u>
Total Aircraft COS	827,639.76

e

Other Costs:

580900 COS - Freight	19,327.97
581000 COS - Amortization	<u>35,761.20</u>

3rd Party SW
elim.

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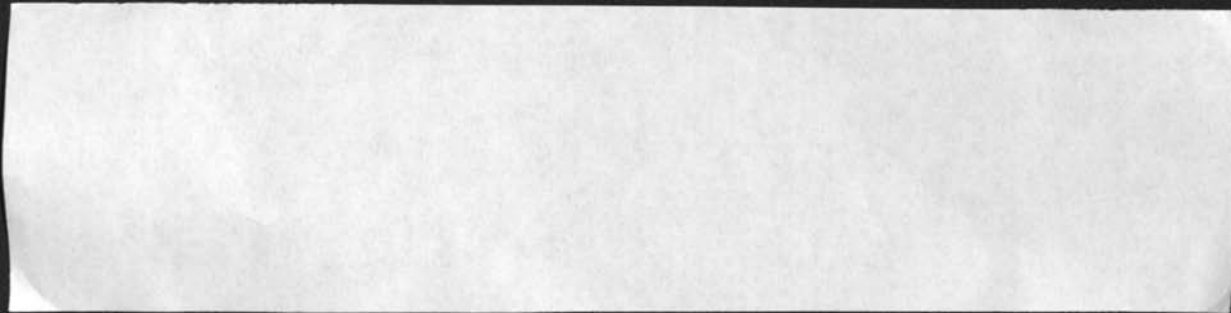
Global 360 - Consolidated
Income Statement - Detail Format
For the Twelve Months Ending December 31, 2005

Total Freight COS	55,089.17
TOTAL PRODUCTION COSTS	5,591,240.60
PERSONNEL EXPENSES	
Salaries:	
Exempt Salaries	29,961,933.62
Overtime - Direct Labor	133,407.73
Total Salaries:	30,095,341.35
Other Personnel Expenses:	
401K Employer Contributions	621,672.63
Commissions	4,710,740.45
Contract Labor	2,737,793.94
Conventions	4,559.78
Employee Insurance	2,282,673.90
Foreign Pension Contributions	485,472.34
Fringe Benefit Expense	215,439.79
Incentive Compensation	1,973,799.37
Payroll Taxes	3,057,290.83
Recruiting Expense	112,114.45
Service Recognition	1,014.90
Severance	445,302.64
Training Expense - External	89,430.46
Travel & Entertainment	4,810,107.82
Tuition Reimbursement	3,816.00
Total Other Personnel Expenses	21,551,229.30
TOTAL PERSONNEL EXPENSES	51,646,570.65
OTHER OPERATING EXPENSES	
Advertising & Marketing	1,009,163.65
Bad Debt Expense	179,579.95
Building Occupancy	3,732,376.59
Communications	1,419,920.17
Depreciation	1,305,040.19
Dues & Fees	137,499.27
Dues & Subscriptions	194,369.36
Equipment Repair & Maintenance Contracts	333,280.13
Expense Allocation to Other Plants	0.18
Freight	9,715.36
Leased Equipment	95,675.75
Office Supplies & Services	1,323,455.21
Outside Services	3,835,495.11
Professional Fees	2,075,702.01
Project Labor Transfer	(5,600.00)
Taxes	629,091.44
Other Operating Expenses	1,323,931.21
TOTAL OTHER OPERATING EXPENSES	17,598,695.58
TOTAL OPERATING EXPENSES	69,245,266.23
NET OPERATING INCOME (LOSS)	10,023,818.53
Amortization Expense - Acquisition Related:	
Amortization - Intangibles	1,189,093.29
Total Amortization Expense	1,189,093.29
Interest:	
Interest Income	93,034.82
Interest Expense	(908,254.60)
Total Interest Income (Expense)	(815,219.78)

IS_DET_YTD
05/26/06 03:07 PM

Global 360 - Consolidated
Income Statement - Detail Format
For the Twelve Months Ending December 31, 2005

Currency Gain (Loss):	
Currency Gain	306,831.48
Currency Loss	<u>(109,665.05)</u>
Total Currency Gain (Loss)	197,166.43
Other Non-operating Income (Expense):	
Gain (Loss) on Sale of Fixed Assets	<u>(576.93)</u>
Total Other Non-operating Income (Expense)	(576.93)
PRE-TAX INCOME (LOSS)	8,216,094.96
Income Taxes:	
National	4,721,409.87
State & Local	<u>361,348.40</u>
Total Income Taxes	5,082,758.27
Net Income (Loss) from Continuing Operations	3,133,336.69
Discontinued Operations	
Texas Land Records Income (Loss)	(1,432,513.85)
SouthTech Income (Loss)	<u>(4,623,034.94)</u>
Income (Loss) on Discontinued Operations	(6,055,548.79)
Net Income (Loss)	(2,922,212.10)
total revenue check	(84,860,325.36)
total COS check	5,591,240.60
total operating expense check	69,245,266.23
total non-operating expense check	12,946,030.63
net income check	2,922,212.10



Revenue Analysis - Forecasts

1) Professional Services -

ck ^{the} projection for 2006

against Don Woolf projection: \$9M for 2006

Handling the delayed
~~Is there any def Revenue - Services Packs.~~

Is that an order backlog? I think not

Prof service just for EX, NX, Care Mgr,
Identitech + BOS

2) Outsourcing Services

ck BG projection for 2006

against Chuck Barnett projection: \$8.44 - 2006

Handling deferred Rev - Any?

~~Order Backlog?~~ - Contracts in hand for \$264 over 1-2yr period. $\left. \begin{array}{l} \text{contracts in} \\ \text{hand for } \$264 \text{ over } 1-2\text{yr} \\ \text{period. } \left\langle \text{to provide list} \right\rangle \end{array} \right\} \begin{array}{l} \text{cont} \\ \text{contracts} \end{array}$

2% erosion of existing
10% new cont revenue

use 4Q06 projection as base for following year?

- check definition of Order Backlog - unbilled Revenue
(work performed but not billed)

(waiting for deferred revenue report from Rev)

(check on how reimbursed expenses is handled - Rev + COS?)

Contract Rev seem many: Cont. Contracts + full Prod.

Revenue Change
Calculations

For each product -

2005/2004

License yr to yr rev change

Amount

yr to yr

evoni 2005

increment from new sales in 2005/

(50/50)

Prof serv ~~rev~~ yr to yr.

ratio to new lic 2004/2005

ratio to installed base $\frac{2004}{2005}$

outsourcing

yr to yr

strategic growth?

Hardware

yr to yr

any connection to licenses?

3rd party rev lic yr to yr

~~profit~~

amount - yr to yr

evoni

new lic

Identify base revenue for 2004, 2005, 1Q06

by categories: 9 products, outsourcing, hardware, 3rd party rev

Revenue Projection - Cost Contracts + Rebus

Existing customers for current products add-on seats/applications

Establish 2005 Rev: license, Maint, prof serv, outsourcing + others

by product

set up individual spread sheets for each product + for outsourcing + others (below)

on each spread sheet - 2005 ^{Act} 2006-2010 projection.

License -
prev yr
~~change factor~~
current yr

Maint
prev yr
evolution factor

evolution ^{new products license}
new license inc from prev yr
+ new ^{act} inc from ^{act} prev yr
current yr

Prof serv.
prev yr ^{new}
ratio to license
factor for prev yr ^{new lic}
current yr
factor for current yr ^{new lic}
current yr

acct for time 2007 -
license - 50% of
new license com yr + 50% of new lic.
100% of ^{prev yr} license
75% of ^{new} license com yr + 25% of ^{prev yr} license

for outsourcing

Rev prev yr
change factor
current yr.

Cost of Sales - Prod less - of costs

Mkt + bal
A+B
C+D
rat of cost
EBITDA factor of inc.

for others (below)

Rev prev yr
chg factor
current yr

Cost of Cost

M+I
A+B
C+D
rat of cost
EBITDA

EBITDA

Tax rate
taxes
after tax inc
tax rate
NPV
NPV

Maintenance Projection

Revenue 2005

By product: ^{By P} Revenue by Product (as credited) (net cash flow)

new sales ^{of add-on sales} by Product -

Maint rev from new sales

Discontinued ^{maint rev} ~~rev~~ from previous ^{customers} ~~cost~~

Any historic data by product for prev yrs
new sales
add on sales
discontinued

Product
Replacement Plans (sunsetting)

\$53,138

Is the maint percent consistent for all products? has it changed over past three years?

Are there multiple levels of maint? different %?

Costs

1155
+55

Cost of Sales -

"Production Costs"

Personnel - Salaries
- Other Pers

Other
"Operat'g Costs"

R+D

- new releases, new versions
bug fixing, enhancement, currency

Mktg + Sales

- effort on maint renewals?

G+A

- based on people or revenue

Manit Dec - 2009

Reductions only
COS

	Prod	↓	to	Serv	Prod	Manit	Serv
EX ES	5776			24272	4802		0
NX (BPM Sol.)	2151			12549	1709		
Sale Mgt	2183			1138			5
BOS (Proc Cont)	8						

Identitech	487	3164	1120
Components	1858	2265	
Consumer	3014	125	
Keyfile+keyflo	670	3020	35
Kojik+Kovis+IDMS	716	5907	282
other + 3rd party	508	398	

BGS outsourcing 0 0 5734

total	17394	53138	13683	241	1155	1534
			-5734			-62
			7949 (net lab)			1472 net lab.

Hardware 3rd Party Sw + other Invt + Int	508	555 388/489				2930
		84861				

other Prod-Costs

hardware resale	302
Third party sw	598
other	577
	1777
Aircraft	828
Int + Amort	55
	5590

Personnel -
Salaries
Other Personnel
Other Operating Exp

~~3024~~

Questions on ^{Rev +} Costs - 2005

Where should
these
be
assigned

①

3 rd Party revenue	Prod	487	- Rev
3 rd Party	" - Maint	352	
Other SW COS-prod.		226	
Software Cont maint		44	
3 rd party SW		598	

②

Home - Rev	555
Home Rental	302

③ COS-prod. costs -
review all items for allocation to
prod/maint/^{prod} services/misc devices
+ to particular offerings

Global 360, Inc.
BOS Sales in 2005

The software revenue was recognized in BPM Solutions. The maintenance will be recognized in 2006 in the BPM Solutions maintenance revenue category.

	<u>Total</u>	<u>Software</u>	<u>Maintenance</u>
G360 Hibernia Bank	\$213,125	\$206,250	\$6,875
UK Ecclesiastical	\$117,940	\$98,284	\$19,656
Less: carveout	<u>(83,764)</u>	<u>(83,764)</u>	
Net revenue	\$ 34,176	\$14,520	
TOTAL	\$247,301	\$220,770	\$26,531

Global 360, Inc.
BOS Sales in 2005

G360 Hibernia Bank \$213,125

UK	Ecclesiastical	\$117,940
	Less: carveout	<u>(83,764)</u>
	Net revenue	\$ 34,176

TOTAL		<u>\$247,301</u>
--------------	--	-------------------------

Product Revenue Forecasts

For each product -

Installed Base - % current
revenue 2005

~~Forecast~~ Product Revenue Analysis 2005 -

New Customers

^{New} Add-ons products for old customers

Add-ons for old customers

Deferred Revenue
Unbilled
Extensions
New Customers

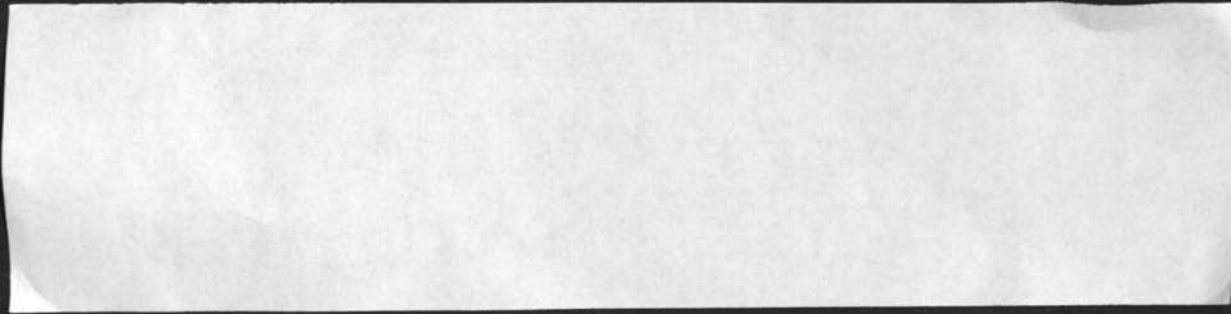
ERTI - 02-17

Current list - value based on
info current

Order Backlog -

Act. Contracts + Repl.

non-contract sales - (NB)



Lucy Navis -

Staff Status - all level 1 + level 2 would wish

allocate 100% to maintenance

+ Training → ^{costs} in Maint agreement
some separately billed

IPP - Investment Protection Program

Services - Response 1, 2, 3

auto-soft subscription

major release

practical services - ptr to:

thing

prob for system audit

upgrade planning

Interview
Notes -
6/8 + 6/9
- 6/27

Tech Act Mgt -

Installed customers.

each has a set of acct -

owns relationship with customer

for continued satisfaction

selection of services to send

compensated on renewal -

follow on PSO

primarily Ex.

but focused on product grouping

Sales exec 40% maint
licens + 40% maint
Sales mgt.
lic + 40% maint

may treat all as COS

$$75 \times 70K/yr + Bas = 90K = 6,300.$$

Exercise

Don Woolf Prof Services

6/9/03

BGS ~~Gov.~~ including Identitech (now Empower)

BPM Solutions -

Nile Contract -

all 3rd party - in 2005

cost - \$100 Salaries + (may be close \$20)

pay \$100/hr for 3rd party

\$15-2005 pricing range.

50% for Case Mgr } in 2005
50% for EX }

Prof Services - Americas \$9M for 2005 -

3rd party usage 40% of 50%

- Scott Winsler - VP Europe }
~~to~~ Greg Cohen - Asia (minor)

see proj model

\$150k / Sale + tax → \$4,500,000

+

\$ 75% billable time =

30 hrs x 50 = 1500 hrs/yr x 185 = \$ 277,500

100

x 100 = 150,000

x 15

2,250,000

10% to pre-sale

10% to

support + prod issues

ERP

support first serv.

20 6/12

Build rev/cost model

Don Woolf -

6/27/06

Rev General level - expert ^{independent} ~~exam~~ in one
2005 - \$9000 for 2006

- no other backlog -

... Case mgr - inflow ratio to
license rev

Service
Package
~~at the moment?~~

[may have been \$24 in 2005
may grow to \$34 in 2006

Case mgr

EX

NK

Identified (EM, power)

POS

Support
of research } C of S
Inventions
Protection
Program

Salut + Mktg - ~~12.5%~~ 12.5%

Professional fee - 25%

Support - (12.5%) ^{paid}

Personal

Mktg - No

Open Ex

reimb. expenses - (Rev)

[Salut + Mktg in normal - ?
30% Case

R+D - none

G+A - normal

Ch
Accty
Practice

Allocation

Chuck Barnett - IOS

6/8/06

Scanning - digital output
Indexing + structuring

labor - ~~not~~ ^{whipped admin.} preparing assets -
~~prep~~ • Scanners (Indexing)
• QC, QA (Indexing)

[low people
in Las Vegas]

60% of revenue is labor

20-25% = facilities, variables.

15% - 20% - G+A, R+D (in labor cost)

Mktg + sales (own people)

Revenue projection -

2-3 year contracts

gov't agencies + hospitals

4 locations

Rack - 5 cent (new location)

San Antn - 6-7 cent -

LA - 3 cent (in 1 contract) (new location)

Las Vegas - 1 major + bank printers
(acquired)

COs:
Resale Hubs - ?
Chen - ✓
CompuLink - ✓
Firm - ✓
P-O - 1 part
Supplier -
3 & printer file covr.
(how view?)

highly location dependent ---

growth limits - offshore is major competitor

niche: confid. work

need mktg + sales

[10-15% of growth in sales]

technology changes ICR, OCR.

[Dennis Alton
analyst]

can't check Barrett -

6/9/06

1 to 2x from revenues for total price

any transactions? } - unit-based val
any public cos.?

SFCP (Lawrence Corp) NASDAQ

ACS

Tyler

131 people - \$2.8M payroll - 2005
+ 22% .6M
\$3.4M

FTEMS

→
→
one
check for
205

Facilities - G+A -

Equip -

Supplies / Film (consumables)

Travel + Exp. (start up for new location)

Gold Fibre



6/27/06

Chuck Barnett -

- high retention of existing customers.

Rev

2% erosion -

10% net growth in new customers

Doubled capacity -

~~was~~ business booked -

- Order Backlog - \$26M

[cancellable but little to no cancellations]

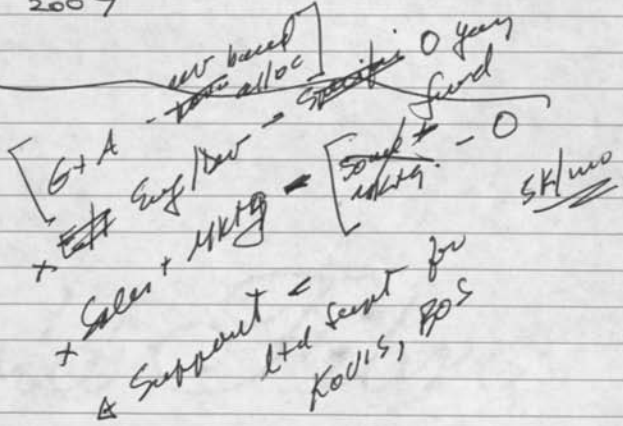
[1, 2, 3 years]

has Angeles

we project 4006 as lease for 2007

Cost of Sales

open Exp
fixed costs



- Rosako Home - No
- Chemical - outl.
- Comp Equip - outs.
- Fin - ?
- Prod. Mats - ?
- Supplies - ?

Ditto Conv. - outs.
short lapses

6/9/00

John Oldham

Prof Services - head. ^{related} only

first sale - new features/function

- pricing new sales - 1/3

+ upgrades - - -

+ training

price book for prof services -

→ \$176/hr → \$155/hr → \$215/hr

dining - starts 3/4 way after license date
spread over next 2 yrs

22%

cos - 3rd party maint -

payment to sel owner for
bug fixing (and enhancement)

Gene Russell / (R+D)

ASPAC - 6 R+D] - ARCSTORE -
only sold in Asia
[in Compounds]

For each release -
maint is separated account + 1 back

budget anticipated time -
+ then readjust each qtr

22 1/2% of 1Q^{ab} R+D for maintenance

- Q1 26%
- Q2 22%
- Q3 23%
- Q4 25%

Salary + benefit
\$160K/yr

$$\text{maint} = \left[\begin{array}{l} \text{Eng related fixes} - \text{int} \\ \text{Currency} - \\ \text{Supporting cost sept} \end{array} \right]$$

Engpower sees some level for outsourcing --
< \$200K for 05 >

expect growth 11.5% → 12.5% % of R+D to ^{Total} Revenue

Patents - no active patenting prog. -
Some patents, ~~but~~ might have int value

Unpatented technologies
Rule-based Chemistry - in Sec directory.
Predictive Optimization - low level attainment
& other

Khay: to contact me.

Principal Products

- EX -
- NX -
- BOS -
- Case Mgr -

Metg + Calc
Product
Forecast

Ben Cady

6/9/07

Surveys + work flow

(EX) - license revenue -
 minimal water / new application
 100% existing cust.
 relatively stable but dup change
maint
 erosion - 10 out of 370 over 2005 < 3%
 we 5% → 8%?
 prog services - $\frac{1}{2}$ new application

surveys for windows
 # cust exceeded

Revision Process Mgt

(NX) - Some significant improvements
 integrated with Microwft.
 integrate with BOS
 license: modest growth - flattened out
 some new customers - 30% -
 existing customers - 70%
 maint only 1 out of 100 over 2005
 32 → 52 ?
 Prog services
 for new cust or new appli
 cled on upgrades

Chancy Noori
 on Air Service
 maintenance
 but may have
 been affected
 by significant
 increases in
 maint fee %
 in 2003-2004

Case Mgr - ³⁶ ~~40~~ percent / end of 2005

is it under EX?
 [where is Prof Services?]

license growth over 3 yrs - \$1.5
selling into EX initial base - 70% - 80%
incremental rates - 20% - 30%
new containers - 10%
[core mgmt same BOS sale]
integration with BOS -
more process mgmt technology
Java Based (not Miniscript)
Linux.

maint - 3 yrs old ^{part}
conv, 3rd yr

prof servs - where is it?
Similar ratios
lower than for EX

BOS - new product - could have ^{longer} life ^{may be separate}
F1M - 2006 ^{sales force ratio}
license 2010 ^{heavily utilized}

[major R+D]

all reducing
20% sales
to servs
cont. mgmt
20% mgmt

layers on top of current
products & competitive prod
will use new distribution channels.

maint - not touch record
20% fee some equiv late in cycle

prof serv
\$1 prof serv ^{for each} \$1 in license ^{6 months}

Across The Board Prof Services generally equal 1/2 of
new license fees. will have to establish
ratio for each product based on new
licenses and on maint base (because of
enhancements)

Mark Cady
6/15

Identitack -

- Imaging + Document Mgmt -
- Strong Security model
- Windows/Server.
- 3rd party - Royalties
- <AGS lawsuit>

57 just
went

all
exc by
court

new sales - extension of existing customers
(migrate to Care mgr or NX)
concern with custom applicatn
no suspensive marketing tools
revised new sales

no
marketing

maint expense - \$ 5-10% rev evolution

cut back
to lower
ratio to
new lic.

Prof services - ratio to int base
net new sales

very low margin on loss -
high royalties
high prof serv cost

Diversified customers

Components - Scan Mgr Salute - } 50% of buy
 (weekly EX) Report Mgr " - } unit buy
 Archive Mgr " - } 100 units

exis'ing
customers
60% -
40% - new

exclusively
used with EX, NX or Care Mgr
paper-based

old sales to new customers
continuing sales to existing customer
no look to BOS

new sales - resident growth related
NX, EX, Care Mgr (not BOS but
easy to exit / net to new)

maint - similar to underlying EX, NX, CM
Prof serv - none

✓ Lawrence - Imaging for Windows

upgrade for Windows 2000 to XP

about
all new
customers

OEM'd by Microsoft

then resold by Microsoft.

Lawrence - with Noatel - settlement?

depending on their on XP's

new sales - depends on XP upgrades.

will drop rapidly after
XP upgrades stop

add up for 2006

drop significantly

Will at end of 5 yrs

all new customers

maint - minor maintenance

- prof ser - Nothing

outsourcing Services - (not part of merger plan)

Keyfile + Keyfile - Dark top docu management

lower volume

Windows based

standalone sale

400k unit

80%
exit cost

new sales - add'l sales to exit cost as
more seats

? maint - erosion rate (ex John Oldham)

2-11-06

prof ser - being done by 3rd party

ltd new cent sales

Kafite, Kovi + IDMS -

Kafite - Mt file film, microfiche negt

Kovi - Windows version + images

IDMS - storage negt product (includes negt)

Newfale,

essentially independent

negt sales are on Kovi's

most sales are new customers

ltd add-on for existing

Unit - (2) casual - slow casual.

lowt - Prof Services - minimal for Kovi's
rale (pentax, delima services)

2005 -
new cust
50-50

Ben Cady
VP Product Mgt -

Products

5/31

Product Plug... new and current

Steve Russell - Devel. + Maint
Larry Brown - Cust Service
Michael Cosno - Sales/Regional
Colleen Nichols - Mktg (website)

Product Family

Primary

~~Product~~ ^{Editor} - (BPM Suite) - EX only
NX " Editor " - BPM Solutions
Case Mgt Solution - Case Mgt
Bus Optim Server (Boss) - Proc Cont's predecessor.

~~Imaging~~ ~~Mgt~~ ---

Secondary products/Services

Identiftek -
Components -
Consumers -
BGS outsourcing Center
Keyfile + Keyfile
Kafite + Kavis + IDMS

2004 products

2005/6

WMS → EX + Case Mgt + Components

WMS Imaging Pro → Consumers

KIDMS → IDMS

Kufile → Kafite + Kavis
transition

SDI → BGS outsource Serv.

Viewstar → BPM Sol → NX

Identiftek → Identiftek

Keyfile → Keyfile (+ Keyfile)

☺

new deal

Bost	new	release	7/06
"	"	"	Q207
NK	new	release	6/06 Q207
EX	New	"	4Q06
Case	"	"	4Q06

==

Consulting - prof. services

proc services - ltd to P&S outsourcing

==

training practices -

• firm based contacts may be offered

Product Line Questions

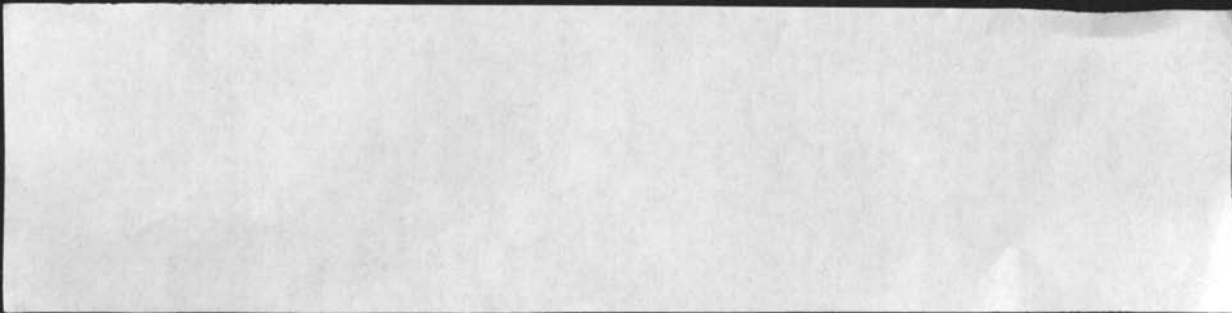
Current Principal Products - per website

Enterprise BPM Suite
Case Mgt
Process Control and Modeling
Mailroom Solutions
Keyfile
Keyflow
KOVIS

<u>Current Products</u> - per Fin Statements -	2005	2006
	SW	Service
EX	✓ x	✓ x
Case Mgt	✓ x	✓ x
Consumer	✓ x	✓ x
Components	✓ x	✓ x
Identitech	✓ x	✓ x
IDMS	✓	✓ x
Kofile	✓	✓ x
Kovis	✓ x	✓ x
Other BGS	✓	✓ (outsourced) x
BPM Solutions	✓ x	✓ x
Keyfile	✓ x	✓ x
3rd Party products	✓ x	✓ x

2004 Products - per Financial Statement (e:stream)

	SW	Service
WMS	✓	✓
WMS Imaging Pro	✓	✓
KIDMS	✓	✓
Kofile	✓	✓
SDI	✓	✓
ViewStar	✓	✓
Identitech	✓	✓
Keyfile	✓	✓



Subj: RE: FW: Invitation: Global 360 discuss valuation approach (Aug 15 10: 00 AM C...
Date: 8/14/2006 2:54:05 PM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com, Marney.MacKenna@ey.com

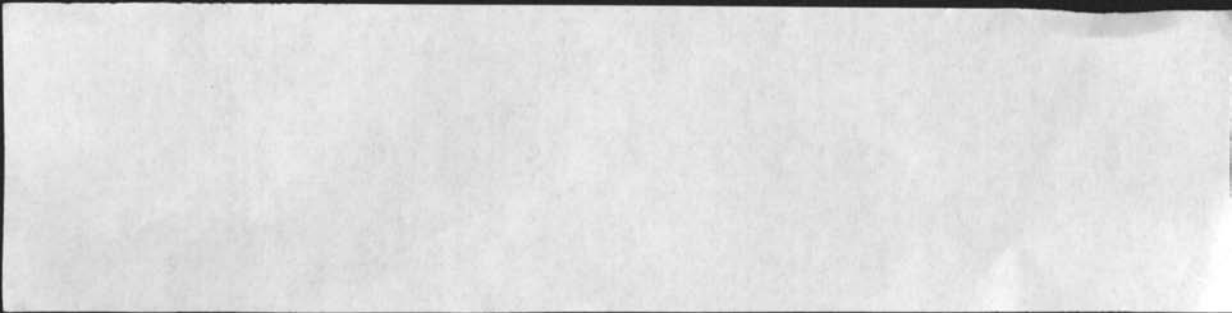
Hi Burt,

I am glad you will be available for the call tomorrow at 10AM CDT.

The call in number is:
1 866 241 3245
Participant PIN 59717

EY has included Barbara Rayner and Marney MacKenna on the meeting invitation. Marney - please advise if there will be any other attendees. I believe the subject of the call will be to discuss the valuation approach that has been used in your report.

Thank you,
Pam



Dof Inc 316000 (outsourcing) 4/06 - 2257

Dof Revenue
Back up for E-1

Dof Inc Total 31653 - 2257 =
adj total 29396

4/06	6398 - 2257 = 4141
5	3843
6	3661
7	3179
8	3030
9	2789
10	2442
11	2179
12	<u>2098</u>

from Dof Rent
Spread Sheet

total 2006 29719 - 2257 = 27462 + ^{FY2007} = 29074

4/07
Total 2007 1931

8
1/08
28
30

4
5
6
7
8
9
10
11
12
1/08

total

420
589
292
200
207
200
207
207
200
207
200
129
<u>5</u>
3

719
466
427
137
60
70
10
9
9
9
9
5
<u>1930</u>

1612

318

+ 3
321

FY 2007

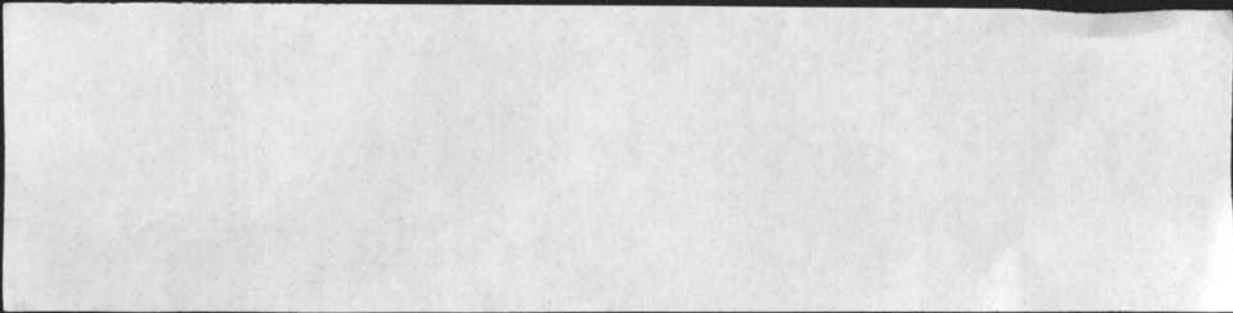
Constant Summary Sheet

Backup - Day Revenue

contribution ^{for} ~~total~~ assets

	2006	7	8	total
Total Assets	2326	2093	1861	
after tax	1442	1298	1154	
Ratio	.241	.02	0	
Assign Amt	348	26	0	
NPV factor (1.15 ⁶)	.965	.895	.831	
Adj Amt	336	23	0	359

Summary of Cost of Sales and Operating Expense Ratios					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
License					
Cost of Sales	.120	.115	.110	.105	.100
Sales & Mktg.	.370	.360	.350	.340	.330
R&D	.120	.120	.120	.120	.120
G&A	.125	.125	.125	.125	.125
Total License Cost Ratios	.735	.720	.705	.690	.675
Maintenance					
Cost of Sales	.190	.185	.180	.175	.175
Sales & Mktg.	.280	.270	.260	.250	.240
R&D	.120	.120	.120	.120	.120
G&A	.125	.125	.125	.125	.125
Total Maintenance Cost Ratios	.715	.700	.685	.670	.660
Professional Services					
Cost of Sales	.700	.650	.600	.550	.550
Sales & Mktg.	.240	.230	.220	.210	.200
G&A	.125	.125	.125	.125	.125
Total Prof Serv. Cost Ratios	1.065	1.005	.945	.885	.875
Third Party Software					
Cost of Sales	.400	.400	.400	.400	.400
Sales & Mktg.	.290	.280	.270	.260	.250
G&A	.125	.125	.125	.125	.125
Total 3rd Party SW Cost Ratios	.815	.805	.795	.785	.775
Outsourcing					
Cost of Sales	.800	.750	.750	.750	.750
G&A	.125	.125	.125	.125	.125
Total Outsourcing Cost Ratios	.925	.875	.875	.875	.875
Hardware					
Cost of Sales	.600	.600	.600	.600	.600
G&A	.125	.125	.125	.125	.125
Total Hardware Cost Ratios	.725	.725	.725	.725	.725



Global 360, Inc. and Subsidiaries
 Summary Income Statement
 For the Three Months Ending June 30, 2006

	<u>June</u>	<u>YTD</u>
Revenue		
Software	3,432	4,983
Maintenance	4,569	13,130
Services	2,436	5,383
Hardware	96	139
Other	43	57
Total Revenue	<u>10,576</u>	<u>23,692</u>
Cost of Sales		
Software	46	134
Maintenance	144	326
Services	2,551	6,113
Hardware	85	91
Other	0	2
Total Cost of Sales	<u>2,826</u>	<u>6,666</u>
Gross Margin	<u>7,750</u>	<u>17,026</u>
Sales & marketing	2,153	6,664
General & administrative	1,597	3,822
Research & development	975	2,775
Currency gain/loss	(96)	(294)
EBITDA	<u>3,121</u>	<u>4,059</u>
Other Income (Expense)	0	(5)
Depreciation	(124)	(371)
Interest expense	(845)	(2,259)
Interest income	22	78
EBT	<u>2,174</u>	<u>1,502</u>
Income Tax (Benefit)		
State	0	(59)
Federal	13	16
Total Income Tax (Benefit)	<u>13</u>	<u>(43)</u>
Net Income (Loss) from Continuing Operations	<u>2,161</u>	<u>1,545</u>
Discontinued Operations		
Texas Land Records Income (Loss)	0	(4)
Income (Loss) on Discontinued Operations	<u>0</u>	<u>(4)</u>
Net Income (Loss)	<u>2,161</u>	<u>1,541</u>

Subject to cautionary language in Basis of Presentation.

Global 360, Inc. and Subsidiaries
Summary Balance Sheet
For the Month Ending June 30, 2006

ASSETS

Cash & Equivalents	8,024
Accounts Receivable	26,532
Less: Allowances	<u>(1,485)</u>
Net Accounts Receivable	25,047
Prepays	1,603
A/R - Other	219
Other Current Assets	66
Income Tax Receivable	1,625
Deferred Tax Asset	<u>1,903</u>
Total Current Assets	38,487
Property, Plant, & Equipment	9,057
Less: Accum. Depreciation	<u>(5,895)</u>
Total Property, Plant, & Equipment - Net	3,162
Goodwill - Net	201,711
Deferred Tax Asset	1,788
Other	<u>472</u>
Total Other Assets	203,971
TOTAL ASSETS	<u>245,620</u>

LIABILITIES & STOCKHOLDERS' EQUITY

Accounts Payable	1,207
Accrued Liabilities	6,831
Accrued Payroll Related Expenses	3,936
Current Portion of Long-term Debt	6,631
Deferred Revenue	28,718
Current Income Tax Payable	<u>290</u>
Total Current Liabilities	47,613
Deferred Taxes - LT Liability	21
Long-term Debt	<u>81,768</u>
Total Non-current Liabilities	81,790
TOTAL LIABILITIES	<u>129,403</u>
Stock & Capital Surplus	115,003
Currency Translation Adjustments	(326)
Retained Earnings	<u>1,541</u>
TOTAL SHAREHOLDERS' EQUITY	116,217
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>245,620</u>

Subject to cautionary language in Basis of Presentation.

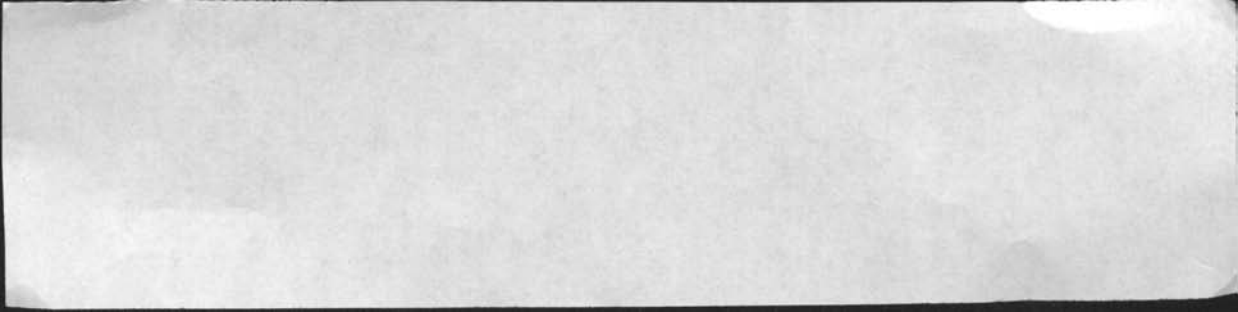


Privileged and Confidential
8/7/2006
5:54 PM

Financial Projections - FY 2007

(\$ in thousands)

	Jun-06	Sep-06	Dec-06	Mar-07	FY2007
	Actuals	Estimate	Estimate	Estimate	Estimate
Revenue					
Software Licenses	\$4,983	\$4,500	\$6,000	\$6,700	\$22,183
Maintenance	13,130	13,650	14,600	14,500	\$55,880
Services	5,383	4,900	5,300	5,700	\$21,283
Hardware / Other	<u>196</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>\$796</u>
Total Revenue	\$23,692	\$23,250	\$26,100	\$27,100	\$100,142
Cost of Sales	\$6,667	\$6,400	\$6,835	\$7,250	\$27,152
Gross Margin	\$17,025	\$16,850	\$19,265	\$19,850	\$72,990
<i>Gross Margin %</i>	<i>71.9%</i>	<i>72.5%</i>	<i>73.8%</i>	<i>73.2%</i>	<i>72.9%</i>
Operating Expenses:					
Research & Development	2,775	2,850	2,950	3,178	\$11,753
Sales & Marketing	6,664	6,250	6,797	6,850	\$26,561
General & Administrative	3,821	2,950	3,050	2,950	\$12,771
Judgment	<u>-294</u>	<u>250</u>	<u>350</u>	<u>400</u>	<u>\$706</u>
Total Operating Expenses	\$12,966	\$12,300	\$13,147	\$13,378	\$51,791
EBITDA	\$4,059	\$4,550	\$6,118	\$6,472	\$21,199
<i>EBITDA Margin %</i>	<i>17.1%</i>	<i>19.6%</i>	<i>23.4%</i>	<i>23.9%</i>	<i>21.2%</i>
Cumulative EBITDA	\$7,130	\$11,680	\$17,798	\$21,199	



Scott Wingster - EMEA 8/8/96

Cost of
Sales
Analysis

EMEA generates about \$1-2M in
Prof. Service revenue -
most of which is supported
from France.

Prof. Serv.
vs.
Cost Serv.

40% of France just costs
s/b assigned to Prof. Service

Gary Cook - APAC

Summary: Int Asset Values

			after semi-p value	after asset Contrib	55982
Contracts	- 44,830	→	53,400	49,498	→
Unlied	616	→	616	→ 594	→ 714
Products	5,550	→	6,879	→ 6,268	→
					7089
					<hr/> 63,785
<hr/>					
Patents					500
Other Trade					500
					<hr/> 64,785

Tax Benefit Breakup

38% tax rate

15 year amortization

20% NPV factor / 10% NPV factor

Value = \$1000

	20% 20%	10%	7.5%
1	.917	.955	.965
2	.764	.868	.898
3	.637	.789	.831
4	.530	.717	.777
5	.442	.652	.723
6	.386	.593	.672
7	.307	.539	.625
8	.256	.490	.582
9	.213	.445	.541
10	.178	.405	.503
11	.148	.368	.468
12	.123	.335	.436
13	.103	.304	.405
14	.086	.276	.377
15	.071	.251	.351
			9.158
	5.161	7.987	
		3.035	3.480
tax rate .38	1.962	5.152	
÷ 15	.131	.202	.232

Project Longhorn
Projections
2006 - 2007

	<u>2006</u>	<u>2007</u>
Revenue:		
Software licenses	23,500	22,183
Maintenance	58,200	55,880
Service	18,000	21,283
Hardware and Other	500	796
Total Revenue	<u>100,200</u>	<u>100,142</u>
Cost of Sales	26,930	27,152
Gross Margin	<u>73,270</u>	<u>72,990</u>
Operating Expenses:		
Research and development	11,844	11,753
Selling	27,281	26,561
General and administrative	11,979	12,771
Judgement		706
Other Expense (Income)		
EIBTDA	<u><u>22,166</u></u>	<u><u>21,199</u></u>

Proposed:
2007

\$100.1M Rev

12.9% Gross Margin

R&D = 11.7%
Sales + Mktg = 26.5%
G+A = 13%

EBITDA 21%

June Act

FY 2007

BG Allocation

COS -	24970	(Op Exp) - includes Prod'n?	
	4726	(Prod)	PSO = Prod'n?
	<u>29696</u>	← No	Support included
Op Exp -	23620	M+S	<u>Prof services</u>
R&D	9392	R+D	
G+A	16826	G+A	
	<u>49836</u>		

total Exp 79532

per Inc Stmt

Prod'n Costs - 5591 - 828 - 36 =

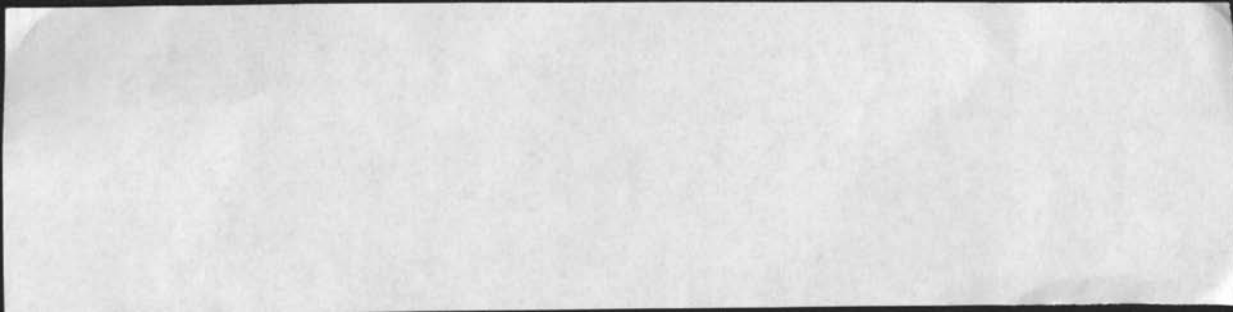
Personnel 51647

Other Opex 17599

74837 - 828 - 36 = 73973

Rev

84860



Global 360 - Consolidated
Quarterly Comparison Income Statement - GAAP Format
For the Twelve Months Ending December 31, 2005

	1st Qtr 2005		2nd Qtr 2005		3rd Qtr 2005		4th Qtr 2005		Total YTD	
	\$\$	% Rev	\$\$	% Rev	\$\$	% Rev	\$\$	% Rev	\$\$	% Rev
Revenue										
Software	3,376,315.36		5,038,852.27		3,942,735.82		5,035,605.79		17,393,509.24	
Maintenance	12,640,868.82		13,044,539.97		13,154,167.78		14,299,597.91		53,138,174.48	
Services	3,183,244.06		3,313,780.71		3,333,531.47		3,852,407.92		13,682,964.16	
Hardware	154,131.31		192,627.85		45,371.36		162,654.95		554,785.47	
Other	39,635.00		12,187.49		44,026.78		(4,954.40)		90,894.87	
Subtotal Revenue	19,394,194.55		21,601,988.29		20,519,833.21		23,344,312.17		84,860,328.22	
Intercompany revenue					(3,382.78)		(2.86)		(2.86)	
Total Revenue	19,394,194.55		21,598,605.51		20,523,215.99		23,344,309.31		84,860,325.36	
Cost of Sales										
Software	203,996.15		554,873.54		241,296.27		219,567.79		1,219,833.75	
Maintenance	121,929.48		380,298.84		330,271.04		322,807.14		1,155,306.50	
Services	5,065,075.20		5,753,825.40		5,375,226.05		4,989,876.76		21,783,802.41	
Hardware	89,714.37		153,561.90		67,838.26		(8,712.21)		302,402.32	
Aircraft										
Other	6,961.28		6,928.65		6,729.24		60.84		20,680.01	
Total Cost of Sales	5,487,678.48		6,849,288.33		6,821,460.86		5,523,599.32		24,482,024.99	
Gross Margin	13,906,518.07		14,749,317.18		13,901,755.13		17,820,709.99		60,378,300.37	
Sales & marketing	5,201,607.72		6,550,302.23		5,766,630.57		5,911,528.87		23,430,069.39	
General & administrative	3,777,433.70		5,178,777.25		3,928,486.83		3,319,367.16		16,204,064.94	
Research & development	2,440,543.05		2,484,967.93		2,652,972.01		1,801,068.13		9,379,546.12	
EBITDA	2,486,903.60		535,274.77		1,563,665.72		6,788,745.83		11,364,619.92	
Other Income (Expense)	63,100.45		(256,769.53)		(153,276.34)		543,534.92		196,589.50	
Depreciation	(322,019.69)		(384,244.85)		(373,344.64)		(225,431.01)		(1,305,040.19)	
Amortization	(8,940.30)		(8,940.30)		(8,940.30)		(8,940.30)		(35,761.20)	
Goodwill & intangibles amortization	(449,306.01)		(142,658.01)		(298,565.01)		(298,564.26)		(1,189,093.29)	
Intercompany Debt Forgiveness										
Interest expense	(175,736.12)		(147,534.49)		(249,726.97)		(335,257.02)		(908,254.60)	
Interest income	27,212.58		17,785.38		20,106.37		27,930.49		93,034.82	
EBT	1,621,244.51		(387,087.03)		489,918.83		6,492,018.65		8,216,094.96	
Income Tax (Benefit)										
State	7,281.59		4,149.81		2,968.00		346,949.00		361,348.40	
Federal	674,637.22		277,269.84		213,345.92		3,556,156.89		4,721,409.87	
Total Income Tax (Benefit)	681,918.81		281,419.65		216,313.92		3,903,105.89		5,082,758.27	
Net Income (Loss) from Continuing Operations	939,325.70		(668,506.66)		273,604.91		2,588,912.76		3,133,336.69	
Discontinued Operations										
Texas Land Records Income (Loss)							(1,432,513.85)		(1,432,513.85)	
SouthTech Income (Loss)							(4,623,034.94)		(4,623,034.94)	
Income (Loss) on Discontinued Operations							(6,055,548.79)		(6,055,548.79)	
Net Income (Loss)	939,325.70		(668,506.66)		273,604.91		(3,466,636.03)		(2,922,212.10)	
total revenue check	(19,394,194.55)		(21,598,605.51)		(20,523,215.99)		(23,344,309.31)		(84,860,325.36)	
total expense check	18,454,868.85		22,267,112.19		20,249,611.08		26,810,945.34		87,782,537.46	
net income check	(939,325.70)		668,506.68		(273,604.91)		3,466,636.03		2,922,212.10	

LHOCMP_GAAP
06/29/06 09:57 AM

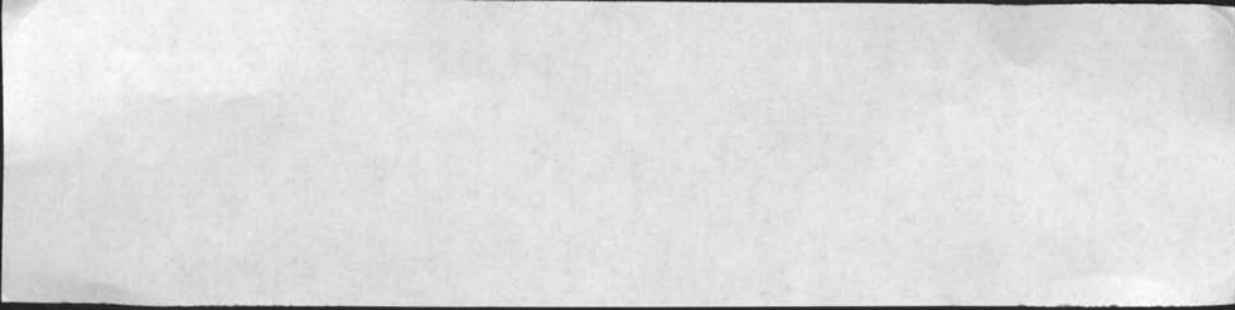
Companies Included
Quarterly Comparison Income Statement - GAAP Format
For the Twelve Months Ending December 31, 2005

	1st Qtr 2005		2nd Qtr 2005		3rd Qtr 2005		4th Qtr 2005		Total YTD	
	\$	% Rev	\$	% Rev	\$	% Rev	\$	% Rev	\$	% Rev
Revenue										
Software	3,376,315.36	323%	5,016,180.77	-823%	3,942,735.82	1099%	5,058,277.29	-160%	17,393,509.24	-736%
Maintenance	12,570,867.89	1203%	12,974,953.23	*****	13,106,180.15	3652%	14,486,173.21	-459%	53,138,174.48	*****
Services	3,061,404.06	293%	3,182,918.47	-522%	3,068,130.22	855%	4,056,972.41	-128%	13,369,464.15	-565%
Hardware	154,131.31	15%	152,627.85	-32%	45,371.36	13%	162,654.95	-5%	554,785.47	-23%
Other	9,956.73	1%	38,958.63	-6%	41,051.79	11%	927.72	0%	90,894.87	-4%
Subtotal Revenue	19,172,675.35	1836%	21,406,666.95	-3510%	20,203,478.34	5630%	23,765,005.58	-753%	84,546,828.22	-3576%
Intercompany revenue	(53,125.00)	-5%	(71,039.05)	12%	(44,585.94)	-12%	(50,002.86)	2%	(218,752.86)	9%
Total Revenue	19,119,550.35	1830%	21,334,629.89	-3498%	20,158,892.40	5618%	23,715,002.72	-751%	84,328,075.38	-3567%
Cost of Sales										
Software	203,996.15	20%	554,873.54	-91%	227,992.89	64%	232,971.17	-7%	1,219,833.75	-52%
Maintenance	121,952.48	12%	380,298.04	-82%	330,271.04	92%	322,807.14	-10%	1,155,308.50	-49%
Services	4,926,016.27	472%	5,392,020.39	-884%	5,282,476.63	1472%	6,178,072.72	-196%	21,778,586.01	-921%
Hardware	53,379.65	5%	189,896.62	-31%	67,691.59	19%	(8,565.54)	0%	302,402.32	-13%
Aircraft										
Other	6,961.28	1%	6,928.65	-1%	6,729.24	2%	60.84	0%	20,680.01	-1%
Total Cost of Sales	5,312,282.80	509%	6,524,018.04	-1070%	5,915,161.39	1648%	6,725,346.33	-213%	24,476,808.59	-1035%
Gross Margin	13,807,267.52	1322%	14,810,611.85	-2429%	14,243,731.01	3969%	16,989,656.39	-538%	59,851,266.77	-2531%
Sales & marketing	5,045,385.77	483%	5,902,682.94	-968%	5,438,037.93	1515%	7,019,851.32	-222%	23,405,557.96	-990%
General & administrative	3,325,059.70	318%	4,071,129.83	-766%	3,424,134.57	954%	3,227,007.76	-102%	14,647,331.96	-619%
Research & development	2,080,547.09	199%	2,069,814.39	-343%	2,248,843.53	627%	2,646,841.11	-84%	9,056,046.12	-383%
EBITDA	3,356,274.96	321%	2,148,964.59	-352%	3,132,714.96	873%	4,095,958.20	-101%	12,731,030.73	-538%
Other Income (Expense)	63,100.45	6%	(256,769.53)	42%	(153,276.34)	-43%	543,534.92	-17%	196,589.50	-8%
Depreciation	(206,467.24)	-20%	(185,967.41)	30%	(333,380.75)	-93%	(262,162.93)	8%	(987,978.33)	42%
Amortization	(8,940.30)	-1%	(8,940.30)	1%	(8,940.30)	-2%	(8,940.30)	0%	(35,761.20)	2%
Goodwill & intangibles amortization	(271,610.01)	-26%	(271,610.01)	45%	(271,610.01)	-76%	(374,263.26)	12%	(1,189,093.29)	50%
Intercompany Debt Forgiveness										
Interest expense	(106,808.28)	-10%	(84,037.09)	14%	(189,347.00)	-53%	(256,678.79)	8%	(636,871.16)	27%
Interest income	24,792.62	2%	15,038.24	-2%	18,948.81	5%	36,255.15	-1%	93,034.82	-4%
EBT	2,850,342.20	273%	1,354,698.49	-222%	2,183,109.39	611%	3,773,700.99	-119%	10,171,851.07	-430%
Income Tax (Benefit)										
State	7,281.59	1%	4,149.81	-1%	2,968.00	1%	348,247.00	-11%	362,646.40	-15%
Federal	665,567.77	64%	269,034.23	-44%	203,122.08	57%	3,949,724.79	-125%	5,087,448.87	-215%
Total Income Tax (Benefit)	672,849.36	64%	273,184.04	-45%	206,090.08	57%	4,297,971.79	-138%	5,450,095.27	-231%
Net Income (Loss) from Continuing Operations	2,177,492.84	208%	1,081,514.45	-177%	1,987,019.31	554%	(524,270.80)	17%	4,721,755.80	-200%
Texas Land Records Income (Loss)										
SouthTech Income (Loss)										
Income (Loss) on Discontinued Operations										
Net Income (Loss)	2,177,492.84	208%	1,081,514.45	-177%	1,987,019.31	554%	(524,270.80)	17%	4,721,755.80	-200%
total revenue check	(19,119,550.35)	*****	(21,334,629.89)	3498%	(20,158,892.40)	*****	(23,715,002.72)	751%	(84,328,075.38)	3567%
total expense check	16,942,057.51	1622%	20,253,115.44	*****	18,171,873.09	5094%	24,239,273.62	-768%	79,606,319.56	*****
net income check	(2,177,492.84)	-208%	(1,081,514.45)	177%	(1,987,019.31)	-554%	524,270.80	-17%	(4,721,755.80)	200%

Added to admin b/c it relates
to Washoba

Companies Excluded
Quarterly Comparison Income Statement - GAAP Format
For the Twelve Months Ending December 31, 2005

	1st Qtr 2005		2nd Qtr 2005		3rd Qtr 2005		4th Qtr 2005		Total YTD	
	\$\$	% Rev	\$\$	% Rev	\$\$	% Rev	\$\$	% Rev	\$\$	% Rev
Revenue										
Software			22,671.50	-39%					22,671.50	-4%
Maintenance	70,000.93	-67%	69,586.74	-119%	47,967.63	-56%	93,455.95	-30%	281,041.25	-50%
Services	121,840.00	-116%	130,832.24	-223%	265,392.25	-311%	196,647.10	-64%	714,711.59	-128%
Other	29,678.27	-28%	(20,771.14)	46%	2,974.99	-3%	72.42	0%	5,954.54	-1%
Subtotal Revenue	221,519.20	-211%	196,319.34	-335%	316,354.87	-371%	290,185.47	-94%	1,024,378.88	-184%
Intercompany revenue	53,125.00	-50%	67,656.26	-115%	47,968.72	-56%	50,000.00	-16%	218,750.00	-39%
Total Revenue	274,644.20	-261%	263,975.62	-450%	364,323.59	-427%	340,185.47	-110%	1,243,128.88	-223%
Cost of Sales										
Software					13,403.38	-16%			13,403.38	-2%
Maintenance										
Services	139,058.93	-132%	361,605.01	-616%	692,749.42	-813%	659,983.47	-214%	1,853,396.83	-332%
Hardware	36,334.72	-35%	(36,334.72)	62%	146.67	0%	(146.67)	0%		
Aircraft										
Other										
Total Cost of Sales	175,393.65	-167%	325,270.29	-554%	706,299.47	-829%	659,836.80	-214%	1,866,900.21	-335%
Gross Margin	99,250.55	-94%	(61,294.67)	104%	(341,975.88)	401%	(318,651.33)	104%	(823,671.33)	112%
Sales & marketing	156,221.95	-148%	647,619.29	*****	328,592.64	-386%	443,922.28	-144%	1,576,356.16	-283%
General & administrative	452,374.00	-430%	507,647.32	-965%	504,352.26	-592%	4,954,038.34	*****	6,418,411.92	*****
Research & development	359,995.96	-342%	395,148.54	-673%	404,128.48	-474%	453,386.52	-147%	1,612,659.50	-289%
EBITDA	(889,341.36)	826%	(1,611,709.82)	2748%	(1,579,049.26)	1853%	(6,170,998.47)	1999%	(10,231,096.91)	1634%
Other income (Expense)										
Depreciation	(115,552.45)	110%	(198,277.44)	336%	(39,963.89)	47%	(174,255.52)	56%	(528,049.30)	95%
Amortization										
Goodwill & intangibles amortization	(177,696.00)	169%	128,952.00	-220%	(26,955.00)	32%	75,699.00	-25%		
Intercompany Debt Forgiveness										
Interest expense	(68,927.84)	66%	(63,497.40)	108%	(50,379.97)	71%	(179,351.48)	58%	(372,156.69)	67%
Interest income	2,419.96	-2%	2,747.14	-5%	3,157.56	-4%	(8,324.66)	3%		
EBT	(1,229,097.89)	1188%	(1,741,785.52)	2968%	(1,703,190.56)	1998%	(6,457,231.13)	2092%	(11,131,304.90)	1996%
Income Tax (Benefit)										
State							(1,298.00)	0%	(1,298.00)	0%
Federal	9,069.45	-9%	8,235.61	-14%	10,223.84	-12%	(3,513,567.90)	1138%	(3,486,039.00)	625%
Total Income Tax (Benefit)	9,069.45	-9%	8,235.61	-14%	10,223.84	-12%	(3,514,865.90)	1139%	(3,487,337.00)	625%
Net Income (Loss) from Continuing Operations	(1,238,167.14)	1177%	(1,750,021.13)	2982%	(1,713,414.40)	2010%	(2,942,365.23)	953%	(7,643,967.90)	1370%
Texas Land Records Income (Loss)										
SouthTech Income (Loss)										
Income (Loss) on Discontinued Operations										
Net Income (Loss)	(1,238,167.14)	1177%	(1,750,021.13)	2982%	(1,713,414.40)	2010%	(2,942,365.23)	953%	(7,643,967.90)	1370%
total revenue check	(274,644.20)	261%	(263,975.62)	450%	(364,323.59)	427%	(340,185.47)	110%	(1,243,128.88)	223%
total expense check	1,512,811.34	*****	2,013,996.75	*****	2,077,737.99	*****	3,282,550.70	*****	8,887,096.78	*****
net income check	1,238,167.14	*****	1,750,021.13	*****	1,713,414.40	*****	2,942,365.23	-953%	7,643,967.90	*****



Subj: RE: Patent Portfolio Review
 Date: 7/5/2006 10:55:34 AM Eastern Standard Time
 From: Dana.Khoyi@global360.com
 To: Burtgrad@aol.com

Back up

Patents

Unpatented
Technologies

Hi Burt,

Sorry it took so long, but I wanted to double check the quick summary I did a while back. The attached spreadsheet has a tab that summarizes the patents and there potential value.

In terms of trade secrets there are a couple of features we added to Case Manager fairly recently (in the 9.2 release) that I had wanted to try patenting. These may apply:

- (X) 1. Rules based security – we extended the permission mechanism to allow application designers to add rules based on user and object properties to specify conditions under which users have permission to perform specific actions. For example, a rule could specify that clerks only get READ permission if the value of a claim is less than their authorized limit.
2. Dynamic load balancing – the case manager server can be run on any number of servers connected to a single database server. The servers automatically detect each other's presence and automatically divide up the work to be processed.

These are documented in detail in the Case Manager help system.

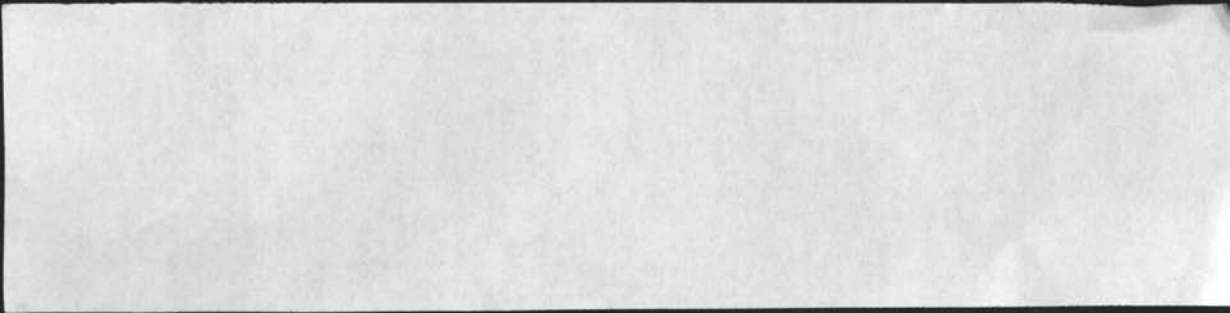
Dana

From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Friday, June 30, 2006 9:14 AM
To: Dana.Khoyi@global360.com
Subject: Re: Patent Portfolio Review

My schedule has changed. If you want to call me earlier this morning that would be fine. Thanks.

Burt Grad
 203-222-8821
 (fax) 203-222-8821
 5 St. John Place
 Westport, CT 06880

*only use 1st
2 pgs as
Appendix*



Cost of Sales Analysis

per longhorn summary \$24,476
 per G360 Consolidated 24,482
 per G360 Consolidated - detail - \$25,000

GAAP
 non-GAAP
 are identical

Using
 D-3

Prodn Costs 4755
 Pers Exp 16150
 Other Op Exp 4095

per Location + org component
 PSO 4764

Supt 11677 (includes some P.S.O.)
 Prod Fut 701
 Prod Mt 2695
 Prod Fee 5134

 total 24971

Supt Analysis

France 2374
 Australia 1594

 3968

50%
 primarily for
 Prod term

1984

total prod serv COS = 4764 + 1984 = 6748

total Maint COS = 11677 - 1984 = 9693

Prod Service Dev -

7949

France - 359
 Australia - 195

SW COS -	503	(4000)	5	→	Prod a/gt
	508		236	→	"
Maint COS	510		910	→	Supt
	514		245	→	SuAT
Service COS -	520		180-200	→	PSO
	520		500-	→	Prod Fee
			600-700	→	PSO

Prod cost

Scott Winkler
 @ Global 360
 com

541 100

→ Prod ~~200~~ Mgt

542 100

→ Prod Fac

150

→ " Fac

200

→ " Fac

250

→ " "

300

→ " "

543 100

→ " "

544 100

→ Prod Mgt

545 100

→ Prod Ful. / Prod Mgt
680 285

Other

580 900 ←

→ Prod Mgt

581 000

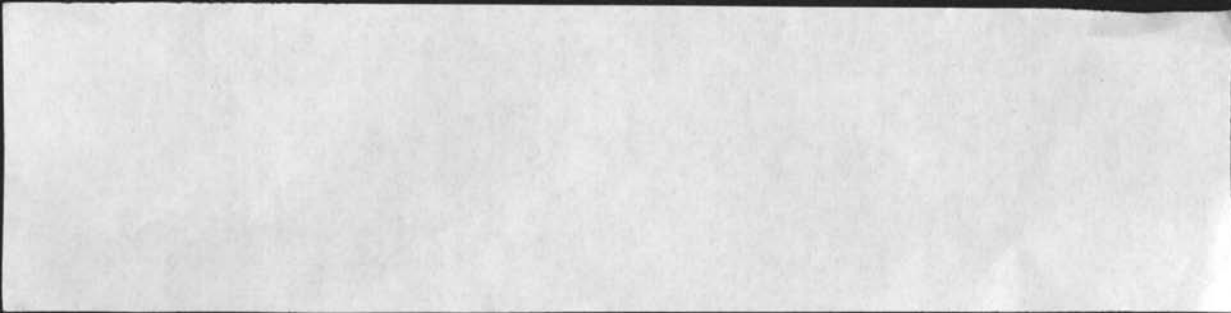
→ Prod Mgt

Requisiten 482

→

Prod Fac 127
Prod Mgt

	P30	Supt	Prod Fuel	Prod Mgt	Prod Fac	Total
Orig value	476	11677	701	2695	5134	24971
<u>Adjustments</u>						
503				5		} 241
D-4 508				236		
510		910				} 1155
+ 514		245				
<u>Notes</u> 50100-200	296					} 1535
520 500					62	
520 600-700	1177					
541 100				302		} 1768
542 200-300					443	
543 100					126	
544 100				2		
545 100			600	285		
7nt 580 900					19	} 55
Amount 581 000				36		
Total Adj: (Prod'n COS)	1473	1155	610	866	650	4755 / 4755
Non-Prod COS	3291	10522	91	1829	4484	
<u>less Notes:</u> Depreciation (other op exp)				355	127	482
Net Non- Prod'n COS	3291	10522	91	1474	4357	19735
						25153 24971



From D-1

Production Costs

		<u>License</u>	<u>Maint</u>			
1677	SW Prod	5	200			
2108						
1677	3rd Party SW	236	955			
596	Outsourcing			62	534	
346	Hardware				346	
<u>4727</u>	<u>Total</u>	<u>241</u>	<u>1155</u>	<u>1534</u>	<u>1778</u>	<u>19</u>

Sect V
Prod Cos

eliminated 826 for license
36 for Amortization
 $5591 - 864 = 4727$

Used These

from D-4

<u>total</u>		<u>Lic</u>	<u>Maint</u>	<u>Sw</u>	<u>Prod</u>	<u>Other</u>
1677	SW Prod	5	200	1472		
2105						
2056	3rd Party SW	236	955		895	19
592	Outsourcing			62	530	
344	Hardware				344	
<u>36</u>	<u>Eliminate Amortization</u>					36
<u>4755</u>	<u>total</u>	<u>241</u>	<u>1155</u>	<u>1534</u>	<u>1769</u>	<u>55</u>

1. Production Cost of Sales Analysis and Ratio

These ~~are~~ direct costs are shown on Global 360's 2005 P+L as assigned to specific software products (and their revenue streams) and to the other offerings (see Appendix). These costs are summarized below:

	Rev	Prodn Cos	Ratio
Software Products			
License	16886	5	0
Maintenance	52740	200	.0038
Professional Services	7949	1473	.1853
Other Offerings			
Third Party Lic	950	895	.9421
Outsourcing Service	5221	572	.0989
Hardware	555	321	.5784
Total	84860	4719	.0576

3,466
direct
and operating expenses

In projecting the Production Cost of Sales we will use the following ratios:

Software Products	2005		2010	
	Prodn	oper exp	Prodn	oper exp
License	0	0	0	0
Maintenance	0	.27	0	.25
Prof. Serv	.18	.60	.15	.50
Other offering				
Third Party Lic	.94	0	.90	0
Outsourcing Service	.10	.90	.05	.75
Hardware	.60	0	.60	0

U

Dave Khay

3rd Party
COS

Dave H. Kalkus

reviewed all patents
12001

4932026	message band workflow	1990	
5113393	" " "	1992	
5060135	Manipulation of Documents	1991	
5537486	Barcode Documents	1996	
5745901	Graphical Workflow Editor	1998	<u>waiver</u>
5970170	Handwriting Recognition	1999	

		<u>License</u>	<u>Manit</u>	<u>Total</u>
Kodak	- Kodak	40	4	44
		0	6	6
		0	57	57
Facsys	- ?			
Kofax	- Kofax	122 (input Excel 64)	4 76	126 143
Readsoft	- Readsoft	184	0	184
Esken	- Esken	20	7	27
AmyDoc	- AmyDoc	23	3	26
Spicer		8	364	372
total		397	521	985
MDY		464	164	

on 12/31/05 P+L COS	SW - Other SW	236
?	Manit - Third Party	910
	[- SW Cont Manit	44]
	Prod'n - Third Party	698
	<u>total</u>	2044

Global 360, Inc.

3rd Party Revenue Breakdown

Year ended 12/31/2005

<u>Account</u>	<u>Description</u>	<u>G360</u>	<u>BGS</u>	<u>Canada</u>	<u>Totals</u>
408200	SW Revenue - 3rd Party Products	309,123.00	178,106.84		487,229.84
	<u>Identified components:</u>				
	Kodak	29,548.00			
	FacSys	31,415.00			
	Kofax	31,218.62	120,685.16		
	ReadSoft	194,900.00			
	Esker		10,200.00		
	AnyDoc		18,500.00		
		<u>287,081.62</u>	<u>120,685.16</u>	-	
418200	Maintenance - 3rd party Maintenance	18,079.12	319,165.65	15,081.05	352,325.82
	<u>Estimated BGS %'s, est. based on 2005 billings:</u>				
	Kofax		23%		
	Spicer		57%		
	other		20%		

Attached

Global 360, Inc.

Summary of 3rd Party Software & Maintenance Expense

2005

Company	Vendor	Software	Maintenance	Total
G360	Captiva	59,798.61	1,000.00	60,798.61
G360	CDP Communications	100,750.00	4,375.00	105,125.00
G360	Cranel	19,181.65	6,811.50	25,993.15
G360	Kodak	40,028.61	3,525.97	43,554.58
G360	Emfast	19,335.00	39,691.95	59,026.95
G360	Hart		9,198.21	9,198.21
G360	Kofax	122,188.62	3,285.00	125,473.62
G360	Latin American Technology		21,079.00	21,079.00
G360	CDW	6,358.27		6,358.27
G360	Emfast	33,704.00		33,704.00
G360	GSA	57,728.27		57,728.27
G360	NewWave Technologies	35,680.23		35,680.23
G360	Pegasus	13,328.27		13,328.27
G360	ReadSoft	183,985.00		183,985.00
	subtotal	692,066.54	88,966.63	781,033.17
BGS	AmyUni		495.00	495.00
BGS	AnyDoc	22,587.63	2,983.50	25,571.13
BGS	Convera		78,000.00	78,000.00
BGS	Cranel	40,483.29	3,799.47	44,282.76
BGS	CRT		9,629.12	9,629.12
BGS	Esker	20,049.00	6,670.98	26,719.98
BGS	Fujitsu		4,845.00	4,845.00
BGS	Hyland Software		2,511.00	2,511.00
BGS	J&K Imaging		37,378.00	37,378.00
BGS	Kofax	67,084.05	75,856.68	142,940.73
BGS	NewWave	11,621.24	3,541.16	15,162.40
BGS	OCE		501.12	501.12
BGS	Snowbound		18,000.00	18,000.00
BGS	Spicer	7,949.82	363,682.78	371,632.60
BGS	Versitec		15,560.92	15,560.92
BGS	Xenos		21,450.00	21,450.00
BGS	CDW	1,155.28		1,155.28
BGS	GSA MA	445.88		445.88
BGS	Handmade	2,430.00		2,430.00
BGS	Hershey	1,990.00		1,990.00
BGS	Hyland Software	19,552.00		19,552.00
BGS	MDY	164,430.00		164,430.00
BGS	PageTech	1,200.00		1,200.00
BGS	Scansoft	998.00		998.00
BGS	Sunbelt Software	5,281.70		5,281.70

BGS	VioSoftware	1,161.04		1,161.04
BGS	WinterTree	750.00		750.00
	subtotal	369,168.93	644,904.73	1,014,073.66
Keyfile	CDW	3,074.60		3,074.60
Keyfile	Captiva	50,000.00		50,000.00
	subtotal	53,074.60	-	53,074.60
UK	Kodak		5,536.47	5,536.47
	subtotal	-	5,536.47	5,536.47
Australia	Alloys International		283.92	283.92
Australia	itX Group		658.10	658.10
Australia	Kodak		56,676.80	56,676.80
Australia	PDFLIB	11,146.50	2,754.00	13,900.50
Australia	Peabody	6,900.00	2,495.00	9,395.00
Australia	Point Software	5,131.21	1,010.94	6,142.15
Australia	Sun Microsystems		5,331.06	5,331.06
Australia	Sybase & Sun Microsystems		88,901.07	88,901.07
Australia	ACA Pacific	4,927.50		4,927.50
Australia	Other	2,069.66		2,069.66
	subtotal	30,174.87	158,110.89	188,285.76
	Totals	1,144,484.94	897,518.72	2,042,003.66
	Per financials:			
	acct 508100	236,112.73		
	acct 510000		910,462.91	
	acct 545100	898,116.21		
		1,134,228.94	910,462.91	2,044,691.85

Cost of Sales Analysis - P.

See Products	TOTAL Lic Increase	Maint	prof serv	OTH Sp. Adv			
EX	0	141	220				
NX (BPM Sol.)			1148				
Case Mgt	5	43		224			
BOS							
Consumer Components		4					
Identitech			31	777			
Kafite		12	45				
Keyfile			29				
Subtotal - SW	1678	5	200	1473	0		
Other offerings							
3rd Party SW	2086	236	910		898		
			45				
Outsourcing serv	634			62	572		
Hardware	321				321		
Subtotal - other	3041	236	955	62	1769		
Unassigned -	20236					10760	5391
Grand Total	24954	241	1155	1534	1789	10760	5391
							4085
							4085**

COS
~~Product~~

* Elim 36 from other costs for Amortization
 ** Elim 10 from other oper Exp for Depreciation

COS - Non Production Costs

	Sec Products Lic	Maint	Prof Serv	sup parts	out- sourcing	hd wra	Total
<u>Orig Comp</u>							
<u>Global 360</u>							
Mktg							
Sales							
Eng/Dev							
Prod Mgt	✓	✓					847
Prod Fulfil	✓	✓					
Prof Service			✓				2,190
Support		✓					5,092
IT							
Admin/Acty							
TOTAL - G360							
<u>B65</u>							
Mktg							
Sales							
Eng/Dev							
Prod Mgt					✓		
Prof Serv					✓		
Support							
IT							
Admin/Acty							
TOTAL - B65							

Cost of Sales Analysis - 2003

(\$000)	Fus total	Products	Maint	Prof Serv	H. direct other Proc Serv	Cos Total
+ Revenue	84860	17394	53138	13683 7949	5734+555 +91 = <u>6380</u>	84861
- "Production" Costs	5591	241	1155	1472	62 1769 +2567.55 <u>1824</u>	4755
? aircraft costs? 828					<u>1886</u>	
Permanuel Exp	51647					10760
Sal						5391
other						4095
^{other} Operating Exp	17599					[482]
Dep + 1305	[1305]					
- Total Oper Exp	69245					25000
	74837					4095
oper Inc	10024					
Amount - 1189	-1189					
Interest - 815	-815					
Currency + 197	+197					
Per tax/fee costs	8216					
Taxes	5083					
Net Inc / cost ops	3133					
Disc Ops	-6056					
Net Inc	(2922)					

2005 Oper Cost Summary

Rev		Prod Prod	Pres	Other	Total
Rev					84861
COS -	Dep 482	4755	10760 5390 <u>16150</u>	4095	25000 ^{21.42%} 4755
	Prod.				
	Maint				
	Prof fees				
	Proc fees + Admin + Other				
	total				
Sal & Merg	Dep 189	—	8564 11481 <u>20045</u>	3574	23619 ^{27.83%}
R+D	Dep 13	45	6474 2190 <u>8664</u>	723	9392 ^{11.06%}
G+A	Dep 621	834	4299 2489 <u>6788</u>	2489 9207	16826 ^{19.82%}
total op Exp	Dep 1305	836	35497	13504	49837 ✓ ^{58.73%}
	[<u>Salaries</u> Other Pres]		19337 16160		
total Exp		5591	51647	17599	74837 ^{88.19%}

Gold Fibre

COS -

~~Allocated~~

Assign 25000 to Lic, maint, Prof fees, outs,
3rd party SW + HW

: Produ, Pers, other Op Exp

#24	Functional Dept - Control	Control		<u>6360</u> / <u>865 Admin</u> <u>6028 339</u>
<u>6360</u>	Sales	21243	723619	21183
	Mktg	2158		2158
	Support			
	Prof fees	5741		5092
	Prof fees	3863	- 10604	936 2190
	Prod Mgt	849		849 847
	Prod Fulfillment	151		151
	R+D	9387	9392	9387
	IT			
	Admin/Actg	16825	16825	
	Production		5591	
865	Sales			278
	Support			
	Prof fees			17
	Prod Mgt			2
	R+D			
	IT			
	Admin/Actg			294
	Production			
	Prod Facilities			4379
COS -		25000		

(\$000)	200 Maint		1Q 2006	Rev / Cost / op Cost Analysis ✓ adds currency per firm
	2004	2005		
<u>Revenue</u>				
Software	11972	17394	2788	
Maint	49833	53138	13524	
Serv - Prof	} 8165	13683	4334	
- Proc				
Hdware + other	1164	646	312	
<u>total Rev</u>	<u>71234</u>	<u>84860</u>	<u>20957</u>	
<u>Cost of Sales</u>				
Software	821	1256	122	
Maint	738	1155	280	
Serv - Prof	} 17582	22266	5961	
- Proc				
Hdware + other	1158	323	283	
<u>Total COS</u>	<u>20299</u>	<u>25000</u>	<u>6646</u>	
R+D	8232	9392	2724	
Salaries + etc	} 32611	23619	5961	
			40444	34060
G+A		16826	28099	[2012]
<u>Total Costs</u>	<u>61142</u>	<u>74836</u>	<u>43430</u>	
			<u>-20082</u>	[23348]
oper Prof / (loss)	10093	10024	(22472)	
(EBITDA)			<u>-20082</u>	
				[(2390)]
				↑ [adj for incentive payments]

* include incentive payments of 20,087 triggered by purchase of co.

includes prof services fees of 3,870 which related to purchase (total for 2005 was 1,868 and 1Q05 was 459. Presume that \$3,311 was one time purchase related)

	2005				
	<u>SW</u>	<u>Manit</u>	<u>Serv</u>	<u>Prod, etc.</u>	<u>Total</u>
Prod Costs					
Revenue	17,394	53,138	7949	5734	84,860
				555	
				91	
				<u>6380</u>	

<u>Prod</u>					
<u>Cost of Sales</u>					
Prod. Costs	241	1155	1472	62	4755
				<u>1769</u>	
				1821	
				<u>58</u>	
				<u>1886</u>	
Prev Exp.					16150
Other Op Exp					4095
<u>total</u>					<u>25000</u>

<u>American</u>	<u>Business limited -</u>		[Pat Kouba]
	Support (5)		
6360	Prod. Mgt	1295	
10485	Prof Services (1)	3068	
	Prod Infillment (1)	701	
	Prof Serv. (2)		
865	Support (1)	1174	
8314	Prod Mgt	484	
	Prod. Fac. (4)		

Cont'd Areas Listed (cont)

Keyfile 385
Support 300
Prod 85

6360 LLC 197
PSO 197

Canada 2766
Products 2766

~~Asia~~

EMEA 15032

Belgium
Germany
France
Italy
Neth
Sweden
UK

ASPAC

Australia
Singapore
China

Elimination (STEL?)

Companies Excluded

South Tech (CBEL)
← Airplane
← Washboro

BGS - Dallas

Comp. Elimination
~~CBEL~~

Rev Summary
+ net Revenue COS

(\$ 000)	<u>Global 360</u>	
<u>Revenue</u>	<u>CY2005</u>	<u>1Q 2006</u>
Software	17 394	27 88
Maint	53 138	13 524
Service	13 683	4 334
Hardware	555	306
Other	91	6
<u>Total</u>	<u>84 860</u>	<u>20 957</u>

Operating COSTS

Production Exp (COS)

Software	241	62
Maint	1 155	280
Service	1534	103
materials	1777	417
Aircraft	828	322
other	55	9
<u>total Production</u>	<u>5591</u>	<u>1 192</u>

Personnel Exp

Salaries	30 095	7 721
other People-related	21 551	26 394
<u>total Personnel</u>	<u>51 647</u>	<u>34 115</u>

Other Operating Exp	17 599	8 122
<u>Total Operating Cost</u>	<u>69 245</u>	<u>42 237</u>

Net Operating Inc/(Loss)	10 024	(22 472)
← Amortization	1 189	299
Net Interest	813	294
Currency adj + other	(197)	(109) (576)
<u>Pretax Inc/(Loss)</u>	<u>8 216</u>	<u>(22 379)</u>

SUPPORT

	G360 SUPPORT	G360 SALES	G360 R+D	G360 Prod Serv	G360 Prod Mkt	G360 Prod Mkt	G360 Mktg
Rev - total	27648	0	0	4718	8116		
COS - License					125		
COS - Maint	24				109		
					22886		
					151		
					65		
COS - Service	301			671			
COS - Prod'n	0		5		196	538	
COS - Other	2			4		538	12
total Prod'n	328	0		675	448		
<hr/>							
Pers -							
Sal	3628	7992	6474	842	403	70	445
other Pers	1011	10445	2190	411	129	16	895
Other Op Exp	454	2747	223	936	316	65	818
Exp		-158					
total Op Exp	5092	21183	9387	2190	847	151	2158
Dep.	-1	-158	-13	0	-13	0	-1

	Rev	total Op Exp	total Prod Cost
BGS Sales	0	278	0
BGS Prod Serv	50	17	0
BGS Prod Mkt	1378	2	483
BGS Prod Fee	5150	4379	435
BGS Admin	0	294	3
G360 Mktg		2158	
G360 Sales		21243	
G360 R+D		2292	

Financial Report - 2005 total only
Global 360

- ✓ ~~Sales~~ Mktg
- ✓ Sales
- ✓ Engineering/development
- ✓ Product Mgt
- ✓ Product fulfillment
- ✓ Prof services
- ✓ Support

COS
88 Exp
Analysis

BGS -

- Sales : + 2 depts - Nev, San Antonio
- ✓ ~~Eng/Dev~~ : + 3 depts - no outsourcing
- Production
- ? Prod Mgt
- Prof services : + 3 depts BGS outsourcing
- x Support : + 2 depts
- IT

Admin/Accty. : Nevada, LA City, San Antonio

Subjects for Pam

~~Deferred Rev Analysis~~

License
revenue
Partners
outgrowth

Horizontal SW?
3rd party SW?
Some for 2006
2007
2008

~~3rd Party SW - COS / for standalone~~

~~ident of royalties for specific other products~~

~~What is definition of G360 vs BGS~~

~~How are reimbursed expenses handled?~~

COS + Operating Expense

Global 360 COS

Production	
Product Mgt	847
Product Fulfillment	
Professional Services	2190
Support	5092

BGS 360 COS

Production	
Prod. Facility	4379
Product Mgt	43792
Prof. Services	17
Support	

Global 360 Op Exp

Mktg	→	Sales + Mktg	2158
Sales	→	"	21243
Eng + Devl	→	R&D	2292
IT	→	G+A	
Admin/acty	→	G+A	

BGS 360 Op Exp

Sales	→	Sales + Mktg	278
Eng/Devl	→	R&D	
IT	→	G+A	
Admin/acty	→	G+A	294

Product: EX
~~Ress
 License Rev
 Maint Rev
 Prof Services Rev~~

Cost of Sales Analysis - Production Costs

Source D-1
 and

Production Costs
 Personnel Costs
 Other
 Operating Expenses

2005 - Cost of Sales Analysis -

0-4 (4000) Head of Product	Revenue \$ Ratio	Production Expenses \$ Ratio	Personnel Related \$ Ratio	Other Op Exp \$ Ratio	Total Costs
5 Product: EX					
6 License \$	5776	0	D6 = 06/B6		
7 Maint \$	24272	141	D7 = 06/B6		
8 Prof. Serv \$	4802	220			
9 total EX					

10 Product: NX
 14
 15 Product: Core Net
 19
 20 Product: BOS
 24
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 98
 99
 100

62 outsourcing
 63
 64
 65 Hardware
 66
 67
 68 3rd party SW
 69
 70
 71 Grand Total

3rd party SW
 Hardware
 outsourcing

45 Product: Keyfile (+ Keyfile)
 46
 47
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45
 50-54 Repeat
 55 Product: Components
 56
 57 Product: Identitech
 58
 59 Product: Kabite, Kowis, IDMS
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 99
 100

(\$000)	FY2005 Revenues	FY2005 COGS	Ratio
License	2,773	403	.145
Maintenance	12,843	7,098	.553
Consulting and Training	2,534	2,087	.824
Hardware & Third Party	2,034	1,552	.763
Total	20,184	11,140	.552

Source: Appendix D-7

	<i>Ratio</i>	<i>Products Ratio</i>	<i>Emp + related Ratio</i>	<i>Other oper. Ratio</i>	<i>Products Ratio</i>	<i>Total Ratio</i>
<i>Products:</i>						
License						
Maint						
Prof serv						
<i>Products Total</i>						
Outsourcing						
Hardware						
3rd party software						
<i>Total</i>						

Reanalyze 3^e
all figures

Cost of
Sales

Licence .

408100	other SW Rev	20	} 507
	3 rd Party "	487	
	other		

Maint

418200	3 rd Party - Maint	352
--------	-------------------------------	-----

Prods Cost -

Licence

508100	other SW	236	-	3 rd Party SW	>
--------	----------	-----	---	--------------------------	---

Maint

510000	3 rd Party Maint	910	-	3 rd Party fee
514000	SW Contact Maint	44	-	" " "

Production

565100	3 rd Party SW	298	-	3 rd Party SW
--------	--------------------------	-----	---	--------------------------

505100 - 236 - embedded product royalties.

Ben Coley

510000 - ?

400 - 5/3 EX license comm.

3rd party SW }
other SW }

Cost of Sale

Some royalties are pd on
3rd party software not
sold separately but as part
of other G360 product

4. ~~Operating~~ ^{Expense} Summary

The table below shows the results of the 2005 Operating Expense Analysis and the 2005 ratios:

(7)

The following table summarizes the operating expense ratios which will be used for the 2006-2010 planning period for all of the projected revenue streams (for deferred revenues, customer contracts and software products and other offerings):

<u>Operating Expenses</u>	2006 2005	2007	2008	2009	2010
Sales + Mktg -					
Licenses	.29	.28	.27	.26	.25
Support	.29	.28	.27	.26	.25
Prof Services	.29	.28	.27	.26	.25
and other offerings	0	0	0	0	0
R&D					
Licenses	.135				
Support	.135				
Prof Services	0				
and other offerings	0				
GrA					
Licenses	.190	.180	.170	.160	.150
Support	.190				
Prof Services					
and other offerings					

All Oper Costs -

2005

Back-up Materials

COS -	①	②	③	④		
	2005 P&L Consolidated #13	2005 P&L Consol #15	2005 P&L Consol ①-②	← COS #15 S+M	R+D	G+A
Production Costs						
SW	241	241	0			
Maint	1155	1155	0			
Service	1534	1534	0			
Other Prodn	1777	1769	8-?		5	3
Aircraft	628	0	828.8.1m			828
Other	55	55	0			
Total Prodn	5591	4755	effective: 0	0	5	831
Oper Exp						
Personnel						
Salaries	30095	10760	19335	8564	6474	4299
Other P&L	21581	5391	16160	11481	2190	2489
Other Op Exp	17599	4095	13504	3574	723	6756 9207
Total Oper Exp	69245	20246	45999	23619 23619	9387	15995
Total Expense	74836	25000	49836	23619	9392	16826
Oper Income	10024	—	—			
adjust for:						
Aircraft cos	828	0	828			828
Amount cos	36	36	36			
Deprec. oper	1305	482	823	189	13	621
Other Prodn			(8)			
Adj' Exp.			8			
COS-Prodn	4727	4719	4727			
oper Exp	67940	19764	48176			
Total Adj Exp	72667	24483	48184			

col 1 has
small difference
in Equip, 2.1m
+ 3.2m maint SW

Sales + Mktg Alloc - 2005 23,619 .278 of Rev

REV

$$\text{Lic Rev} = 17394 - 1 - 20 - 487 = 16886$$

$$\text{Mant Rev} = 53138 - 46 - 352 = 52740$$

$$\text{Prof Services} = 13683 - 5734 = 7949$$

$$\text{Outsourcing} = 1 + 46 + 5734 = 5781$$

$$\text{Hardware} = \quad \quad \quad = 555$$

$$\text{3rd Party SW} = 20 + 487 + 352 = 859$$

$$\begin{array}{l} \text{MISC - FAT} = 4 \\ \text{Other} = 87 \end{array} \quad \left. \vphantom{\begin{array}{l} \text{MISC - FAT} \\ \text{Other} \end{array}} \right\} ? = 91$$

} 950

84860

R + D Alloc 2005 9392 .111

Gr A Alloc 2005 16825 .198

Op Exp .587

COs Alloc 2005 25000 .295
.882

Operating Expense Analysis - 2005

Expense	Total.	COS			COS
		M+S	R+D	G+A	
Marketing & Sales	84860	-	-	-	-
Production Costs	5591	0	5	831	4755
Personnel Exp					
Salaries	30045	8564	1474	4294	10760
Other Pers.	21551	11481	2190	2429	5391
total Personnel Exp	51647	20045	8664	6788	16150
Other Operating Exp.	17599	3574	723	9207	4095
Total of Exp	74836 74836	23619	9392	16825	25000
total Exp					
Net of Inc	10024	-	-	-	-
(needs to be adj for Aircraft, Asset + Deprec)					

How to allocate

COS (from Prod'n) to Products (Lic, maint, PC)

and to other (outsourcing, Admin, 3rd Party, SW)

M+S to Products (Lic, maint, PS)

and to other (outsourcing, Admin, 3rd party, SW)

R+D

G+A

Allocation of Functional Costs - 2005

Revenue	16886	52740	8035	5781	559	859	84860
	License	Mgmt	Prof serv	cont- lawy	Admin	2 nd party sw	Total
5 Cost of sales							4718
6 Prodn Cost	5	200	1472	633	321	2085	4755
7 Salaries							10760
8 Other Pers							5391
9 Other Op Exp							4095
10 Total COS							25000
11 12 COS Ratio							
12 13 Sales + Mktg.							
14 Prodn Cost							0
15 Salaries							8564
16 Other Pers							11481
17 Other Op Exp							3574
18 Total Sales + Mktg							23619
19 SM Ratio							
20 21 Res + Devel							
21 Prodn Cost							5
22 Salaries							6474
23 Other Pers							2190
24 Other Op Exp							723
25 Total Sales + R+D							9392
26 R+D Ratio							
27 28 G + A							
28 Prodn Cost							831
29 Salaries							4294
30 Other Pers							2489
31 Other Op Exp							9207
32 Total G + A							16825
33 G+A Ratio							

Global 390 - Consolidated
Expense Detail Format for Cost of Sales Departments
For the Twelve Months Ending December 31, 2005

COS
working copy
#15

	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr 2005	Total YTD
PRODUCTION COSTS					
Software:					
503100 COS - EX	112.06	5,336.25	(10,209.14)	10,097.00	(0.08)
503110 COS - Case Management					5,336.25
503120 COS - Consumer	14.44		0.01	(14.21)	0.24
503150 COS - Components		5,162.50	(5,250.00)	88.00	0.50
503450 COS - Kavis		1,013.25	(1,013.25)		
506100 COS - Other Software	46,500.00	105,784.38	103,593.35	(19,765.00)	236,112.73
Total Software COS	46,626.50	117,296.38	87,120.97	(9,594.21)	241,449.64
Maintenance:					
514000 COS - Maintenance Third Party	139,644.72	336,622.56	234,366.35	197,829.28	910,462.91
514003 COS - Software Contract Maint	12,506.32	28,798.77		3,168.00	44,473.09
514100 COS - EX Maint	(31,196.96)	7,073.80	90,176.09	74,707.89	140,760.62
514110 COS - Case Management Maint		(429.00)		43,741.50	43,312.50
514120 COS - Consumer Maint			3,501.40		3,501.40
514150 COS - Components Maint	139.90		(0.01)	0.03	139.92
514400 COS - Koffie Maint		5,267.44	3,256.00	3,835.60	12,359.04
514600 COS - BPM Solutions Maint (N.X)	835.50	965.67	(1,028.79)	(475.18)	297.02
Total Maintenance COS	121,929.48	380,238.84	330,271.04	322,807.14	1,155,306.50
Service:					
520100 COS - EX Consulting	52,091.85	165,876.12	479.18	1,210.01	219,657.16
520150 COS - Components Consulting				31,184.49	31,184.49
520200 COS - Identitech Consulting		45,000.00			45,000.00
520500 COS - BGS Outsource Services		61,528.12	570.61		62,098.73
520600 COS - BPM Solutions Consulting	293,462.13	220,888.12	292,892.55	340,479.98	1,147,522.78
520700 COS - Keyfile Consulting				28,900.00	28,900.00
Total Service COS	345,553.98	493,292.36	293,742.34	401,774.48	1,534,363.16
Production Costs:					
541100 COS - Resale Hardware	89,714.37	153,551.90	67,838.26	(8,712.21)	302,402.32
542100 COS - Chemicals	1,534.41	343.72		1,352.11	2,230.24
542150 COS - Computer Equip/Supplies	65,928.57	53,411.84	23,914.53	(2,870.81)	140,384.13
542200 COS - Film	17,869.87	20,085.20	33,359.80	67,064.13	138,389.00
542250 COS - Product Parts	33,409.82	1,352.20	1,791.30	3,781.51	40,334.83
542300 COS - Supplies	12,027.57	20,638.01	43,815.30	45,218.30	121,699.18
543100 COS - Third Party File Conversion	125,503.24			740.00	126,243.24
544100 COS - Shipping Supplies			1,519.00		1,519.00
545100 COS - Third Party Software	157,369.55	392,369.65	154,275.30	191,007.00	895,041.61
Total Production Costs	503,357.50	641,782.53	326,513.49	297,600.03	1,769,253.55
Aircraft Costs:					
Other Costs:					
580500 COS - Freight	6,961.28	6,928.65	5,210.24	60.84	19,161.01
581000 COS - Amortization	8,940.30	8,940.30	8,940.30	8,940.30	35,761.20
Total Freight COS	15,901.58	15,869.95	14,150.54	9,001.14	54,922.21
TOTAL PRODUCTION COSTS	1,033,369.04	1,648,539.06	1,051,796.38	1,021,586.58	4,755,295.06
PERSONNEL EXPENSES					
Salaries:					
Exempt Salaries	2,806,516.45	2,774,065.39	2,912,411.30	2,380,449.02	10,653,442.16
Overtime - Direct Labor	10,172.86	19,855.92	54,146.23	21,930.95	106,105.96
Total Salaries:	2,816,689.31	2,793,921.31	2,966,557.53	2,382,379.97	10,759,548.12
Other Personnel Expenses:					
401K Employer Contributions	16,049.01	17,736.51	20,075.24	(907.96)	54,952.80
Contract Labor	258,758.92	274,457.45	356,481.27	496,353.51	1,386,051.15
Conventions				575.00	575.00
Employee Insurance	281,436.73	299,581.52	378,363.37	351,789.06	1,311,170.68
Foreign Pension Contributions	27,576.88	26,888.39	29,989.67	23,913.05	108,066.93
Fringe Benefit Expense	7,748.03	3,077.84	3,123.18	3,002.43	16,951.28
Incentive Compensation	107,866.22	128,966.92	139,133.25	282,291.28	658,257.67
Payroll Taxes	224,467.35	202,569.00	204,897.71	117,910.48	749,834.54
Recruiting Expense			3,994.00	3,155.00	7,149.00
Severance		(2,323.36)	(448.75)	(1,599.55)	(4,371.66)
Training Expense - External	7,569.67	6,771.16	16,235.64	10,975.05	44,551.54
Travel & Entertainment	242,291.21	250,482.33	337,567.24	223,169.18	1,053,509.96
Tuition Reimbursement	792.00	2,268.00	728.00		3,816.00
Total Other Personnel Expenses	1,176,556.02	1,213,495.58	1,489,836.76	1,510,626.53	5,390,514.89
TOTAL PERSONNEL EXPENSES	3,993,245.33	4,007,416.89	4,456,394.29	3,893,006.50	16,150,063.01
OTHER OPERATING EXPENSES					
Advertising & Marketing	1,686.84	1,781.10	5,050.05	2,486.50	11,004.49
Building Occupancy	136,508.24	319,731.74	480,793.99	(115,983.74)	821,070.23
Communications	94,057.30	86,436.85	80,921.61	91,008.60	352,424.36
Depreciation	85,876.33	84,968.99	234,342.91	77,431.10	482,119.33
Dues & Subscriptions	1,205.52	5,014.48	289.95	3,000.59	10,110.54
Equipment Repair & Maintenance Contracts	32,684.90	25,183.66	31,447.02	25,368.50	114,684.08
Expense Allocation to Other Plants		226,729.83	(16,150.00)	34,044.00	242,523.63
Freight	31.06	70.98	482.85	19.00	603.89
Leased Equipment	1,823.44	5,795.79	12,514.77	1,459.60	21,593.60
Office Supplies & Services	86,894.26	82,356.05	132,912.11	(85,936.63)	236,225.79
Outside Services	286,039.45	406,870.60	357,219.93	586,570.27	1,635,700.25
Professional Fees	21,721.99	20,171.69	26,763.72	49,860.83	118,517.93
Project Labor Transfer				(5,600.00)	(5,600.00)

3rd party SW?

3rd party SW?

outsourcing

Hardware
outsourcing
Hardware
Hardware
3rd party SW?

SW
ELIM

4718

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Global 360 - Consolidated
Expense Detail Format for Cost of Sales Departments
For the Twelve Months Ending December 31, 2005

	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr 2005	Total YTD
Taxes		14,941.22	6,706.40	4,781.71	26,429.33
Other Operating Expenses	<u>7,349.71</u>	<u>7,588.89</u>	<u>5,256.09</u>	<u>6,845.31</u>	<u>27,040.00</u>
TOTAL OTHER OPERATING EXPENSES	755,678.74	1,286,941.67	1,356,551.40	695,375.64	4,094,547.45
TOTAL OPERATING EXPENSES	5,582,293.11	6,942,897.62	6,864,744.07	5,609,970.72	24,999,905.52
total COS check	1,033,369.04	1,648,539.06	1,051,798.38	1,021,588.58	4,755,295.06
total operating expense check	4,548,924.07	5,294,358.56	5,812,945.69	4,588,382.14	20,244,610.46

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Global 360 - Consolidated
Expense Detail Format for Sales & Mktg Departments
For the Twelve Months Ending December 31, 2005

Sales + Mktg

	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr	Total
PRODUCTION COSTS					
Software:					
Maintenance:					
Service:					
Production Costs:					
Aircraft Costs:					
Other Costs:					
PERSONNEL EXPENSES					
SALARIES:					
Exempt Salaries	2,077,140.45	2,361,733.53	2,302,306.91	1,822,423.07	8,563,605.96
Total Salaries:	2,077,140.45	2,361,733.53	2,302,306.91	1,822,423.07	8,563,605.96
Other Personnel Expenses:					
401K Employer Contributions	14,278.56	14,278.56	14,451.76	(19,393.54)	23,615.34
Commissions	852,299.07	1,073,841.40	974,044.75	1,780,438.52	4,680,623.74
Contract Labor	104,592.30	117,545.98	92,357.26	74,596.44	389,094.98
Conventions			310.91	(103.63)	207.28
Employee Insurance	110,858.32	105,691.27	122,962.99	79,226.48	418,739.06
Foreign Pension Contributions	71,260.81	65,237.48	66,484.36	126,372.73	329,355.38
Fringe Benefit Expense	16,726.58	2,446.02	9,090.25	13,719.36	41,982.21
Incentive Compensation	85,097.34	533,498.10	94,639.23	(176,597.89)	536,636.78
Payroll Taxes	481,557.05	376,821.62	323,779.88	314,382.44	1,496,540.99
Recruiting Expense			1,363.88	50,419.82	51,783.50
Service Recognition	826.07				826.07
Severance	28,695.27	4,846.32	129,583.34	272,353.34	435,448.27
Training Expense - External	1,515.50	15,436.61	6,783.66	1,101.88	26,837.65
Travel & Entertainment	663,621.22	1,020,952.34	705,048.67	660,161.03	3,049,783.26
Total Other Personnel Expenses	2,431,298.09	3,330,595.70	2,542,900.94	3,176,679.78	11,481,474.51
TOTAL PERSONNEL EXPENSES	4,508,438.54	5,692,329.23	4,845,209.85	4,999,102.85	20,045,080.47
OTHER OPERATING EXPENSES					
Advertising & Marketing	154,567.22	395,256.13	178,388.27	269,386.72	997,600.34
Building Occupancy	132,308.22	165,316.29	180,132.20	200,961.15	678,657.86
Communications	91,095.09	118,100.30	97,285.23	99,768.72	407,269.34
Depreciation	54,143.21	49,735.39	56,239.31	28,745.24	188,863.15
Dues & Fees		85.14			85.14
Dues & Subscriptions	43,920.66	22,201.69	34,897.12	33,795.78	134,814.65
Equipment Repair & Maintenance Contracts	10,341.07	6,734.91	12,992.77	7,158.63	37,227.38
Expense Allocation to Other Plants	(25,440.15)	(247,581.38)			(273,021.51)
Freight	588.52	950.87	520.22	665.32	2,534.93
Leased Equipment	1,408.44	926.15	61.00		2,395.59
Office Supplies & Services	32,847.94	60,582.61	38,369.56	51,771.08	181,601.19
Outside Services	242,018.89	283,514.55	343,516.91	224,914.04	1,093,964.39
Professional Fees	9,513.88	11,765.59	7,450.74	17,612.55	46,342.76
Taxes		19,210.13	29,776.70	6,430.03	55,416.86
TOTAL OTHER OPERATING EXPENSES	747,312.39	907,708.39	977,660.03	941,171.26	3,573,852.07
TOTAL OPERATING EXPENSES	5,255,750.93	6,600,037.62	5,822,869.88	5,940,274.11	23,618,932.54
total operating expense check	5,255,750.93	6,600,037.62	5,822,869.88	5,940,274.11	23,618,932.54

Source?

Global 360 - Consolidated
Expense Detail Format for R&D Departments
For the Twelve Months Ending December 31, 2005

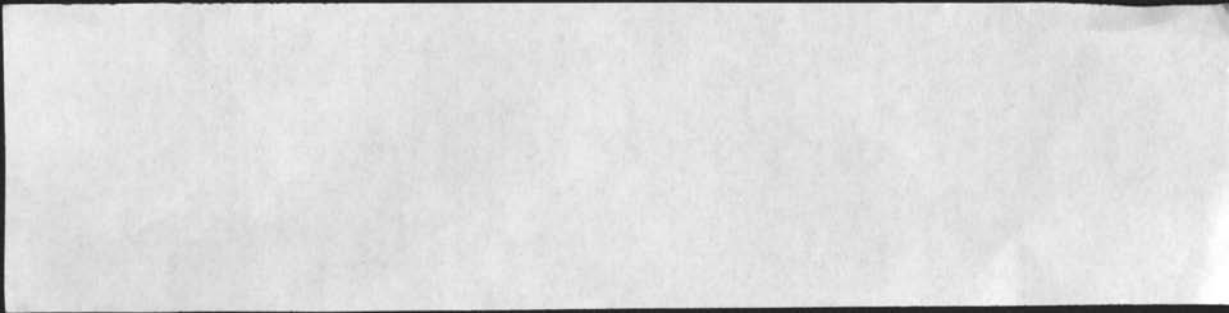
R+D

	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr 2005	Total YTD
PRODUCTION COSTS					
Software:					
Maintenance:					
Service:					
Production Costs:					
542150 COS - Computer Equip/Supplies		435.99	1,965.00		2,000.99
542300 COS - Supplies			200.50		200.50
545100 COS - Third Party Software	2,412.61			661.99	3,074.60
Total Production Costs	2,412.61	435.99	1,765.50	661.99	5,276.09
Aircraft Costs:					
Other Costs:					
TOTAL PRODUCTION COSTS	2,412.61	435.99	1,765.50	661.99	5,276.09
PERSONNEL EXPENSES					
Salaries:					
Exempt Salaries	1,683,022.61	1,645,320.24	1,788,169.61	1,356,782.03	6,473,294.49
Overtime - Direct Labor	52.50	262.50			315.00
Total Salaries:	1,683,075.11	1,645,582.74	1,788,169.61	1,356,782.03	6,473,609.49
Other Personnel Expenses:					
401K Employer Contributions	12,387.32	11,887.31	11,590.67	(4,350.34)	31,514.96
Contract Labor	30,951.25	75,962.50	47,451.50	368,777.00	523,142.25
Conventions	88,866.45	90,297.44	96,090.94	88,258.27	363,513.10
Employee Insurance	37,500.00	25,000.00	1,995.00	87,500.00	150,000.00
Fringe Benefit Expense	60,347.18	67,500.01	47,708.31	347,145.93	522,701.43
Incentive Compensation	160,342.89	127,783.43	118,224.71	37,195.05	463,546.08
Payroll Taxes			385.00	500.00	885.00
Recruiting Expense				6,135.62	6,135.62
Severance	1,180.00	7,140.00			8,320.00
Training Expense - External	32,149.07	52,109.88	58,390.12	(24,625.58)	118,023.59
Travel & Entertainment					
Total Other Personnel Expenses	443,724.16	457,680.67	381,846.25	906,823.45	2,190,074.53
TOTAL PERSONNEL EXPENSES	2,126,799.27	2,103,263.41	2,170,015.86	2,263,605.48	8,663,684.02
OTHER OPERATING EXPENSES					
Building Occupancy	102,823.62	115,641.04	111,846.37	116,694.62	446,975.65
Communications	18,444.14	17,232.31	15,011.98	(9,984.68)	40,703.75
Depreciation	501.12		7,649.22	4,460.17	12,610.51
Dues & Subscriptions	55.00	3,635.42		600.00	4,490.42
Equipment Repair & Maintenance Contracts	1,328.93	809.00	9,611.98	1,209.84	12,950.85
Leased Equipment		1,038.39	1,038.39	4,634.75	6,711.53
Office Supplies & Services	20,430.81	39,027.74	100,893.34	(70,878.54)	89,473.35
Outside Services	169,202.90	188,963.76	233,747.49	(521,272.98)	60,641.17
Professional Fees	9,045.87	9,045.87	9,041.10	15,827.65	42,960.49
Taxes		5,679.00			5,679.00
TOTAL OTHER OPERATING EXPENSES	311,832.29	381,263.53	488,839.87	(458,739.17)	723,196.52
TOTAL OPERATING EXPENSES	2,441,044.17	2,484,962.93	2,658,855.73	1,805,528.30	9,392,156.63
total COS check	2,412.61	435.99	1,765.50	661.99	5,276.09
total operating expense check	2,438,631.56	2,484,526.94	2,658,855.73	1,804,866.31	9,386,880.54

Global 360 - Consolidated
Expense Detail Format for G&A Departments
For the Twelve Months Ending December 31, 2005

G+A

	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr 2005	Total YTD
PRODUCTION COSTS					
Software:					
Maintenance:					
Service:					
Production Costs:					
542200 COS - Film	2,862.73	51.42	2,411.38	(2,462.80)	2,862.73
542300 COS - Supplies					
Total Production Costs	2,862.73	51.42	2,411.38	(2,462.80)	2,862.73
Aircraft Costs:					
570100 COS - Fuel	52,309.28	95,380.36	66,769.05	76,935.50	291,374.19
570200 COS - Pilot Services	79,574.33	43,978.00	90,150.33	52,258.99	275,961.65
570300 COS - Aircraft Repairs & Maintenance	56,409.65	69,500.44	58,297.24	57,096.59	260,303.92
Total Aircraft COS	188,293.26	227,838.80	215,216.62	196,291.08	827,639.76
Other Costs:					
580900 COS - Freight				166.96	166.96
Total Freight COS				166.96	166.96
TOTAL PRODUCTION COSTS	191,155.99	227,890.22	217,628.00	193,995.24	830,669.45
PERSONNEL EXPENSES					
Salaries:					
Exempt Salaries	1,053,657.61	1,074,502.76	1,136,404.34	1,007,026.30	4,271,591.01
Overtime - Direct Labor	1,918.90	7,728.82	8,637.91	8,501.14	26,986.77
Total Salaries:	1,055,576.51	1,082,231.58	1,145,042.25	1,015,527.44	4,298,577.78
Other Personnel Expenses:					
401K Employer Contributions	142,640.05	107,952.87	150,304.33	110,692.28	511,589.53
Commissions	30,116.71				30,116.71
Contract Labor	129,174.43	117,870.45	108,573.76	83,886.92	439,505.56
Conventions				1,495.00	1,495.00
Employee Insurance	66,917.15	60,275.88	91,485.57	(48,427.54)	169,251.06
Foreign Pension Contributions	13,256.58	10,875.51	12,890.12	11,037.82	48,050.03
Fringe Benefit Expense	2,347.22	885.73	910.53	2,362.82	6,506.30
Incentive Compensation	98,526.95	20,749.98	17,039.41	119,887.15	256,203.49
Payroll Taxes	107,715.09	78,658.86	83,383.22	79,612.05	347,369.22
Recruiting Expense		365.00	30,657.00	21,284.95	52,266.95
Service Recognition	78.00		110.83		188.83
Severance	6,019.88	(119.79)		2,190.32	8,090.41
Training Expense - External	1,797.06	2,664.71	3,894.54	1,384.96	9,721.27
Travel & Entertainment	266,114.75	114,971.15	139,730.20	67,974.91	568,791.01
Total Other Personnel Expenses	664,703.87	533,150.35	638,969.51	452,341.64	2,489,163.37
TOTAL PERSONNEL EXPENSES	1,920,280.38	1,615,381.93	1,784,211.76	1,467,869.08	6,787,743.15
OTHER OPERATING EXPENSES					
Advertising & Marketing	558.82				558.82
Bad Debt Expense	(3,570.07)				(3,570.07)
Building Occupancy	478,391.98	339,381.92	190,729.77	(346,841.67)	179,579.95
Communications	150,058.75	118,664.94	228,510.18	122,288.85	619,522.72
Depreciation	181,899.03	249,840.47	75,113.20	114,794.50	621,447.20
Dues & Fees	35,650.61	38,777.93	28,896.69	34,088.90	137,414.13
Dues & Subscriptions	13,324.39	11,801.51	14,047.44	5,760.44	44,933.78
Equipment Repair & Maintenance Contracts	32,213.61	70,355.62	39,961.61	25,857.18	168,418.02
Expense Allocation to Other Plants	25,464.59	546.01	2,510.87	1,876.59	30,398.06
Freight	1,389.45	1,273.73	1,916.21	1,697.15	6,476.54
Leased Equipment	19,555.98	19,829.57	5,388.71	20,200.77	64,975.03
Office Supplies & Services	264,487.23	291,481.41	206,056.22	54,150.02	816,154.88
Outside Services	146,496.90	295,681.89	295,342.59	307,687.92	1,045,189.30
Professional Fees	459,297.50	476,735.27	547,178.64	394,969.42	1,867,880.83
Taxes	42,777.62	18,719.05	31,317.56	448,752.02	541,566.25
Other Operating Expenses		1,145,000.00		151,891.21	1,296,891.21
TOTAL OTHER OPERATING EXPENSES	1,847,696.36	3,585,345.57	2,001,760.27	1,772,297.34	9,207,099.54
TOTAL OPERATING EXPENSES	3,959,132.73	5,428,617.72	4,003,600.03	3,434,161.66	16,825,512.14
total COS check	191,155.99	227,890.22	217,628.00	193,995.24	830,669.45
total operating expense check	3,767,976.74	5,200,727.50	3,785,972.03	3,240,166.42	15,994,842.69



Worksheet model

Back-up

Revenue Projections - Hospitality Customer Contracts: EX

(\$000)	Actual	Projections					Fiscal Year
	Fiscal Year 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	2006-2010 Total
Revenue - previous year							
Licenses - Current custs.	2,773	2,773	2,496	2,246	1,909	1,527	10,951
Licenses - new custs.	-	500	1,000	2,000	3,000	4,500	11,000
Total Licenses Revenue - cur. yr.	2,773	3,273	3,496	4,246	4,909	6,027	21,951
Prev. Year Maint - cur. custs.		12,843	12,058	11,351	10,665	9,470	51,464
Erosion - current custs.		1,284	1,206	1,135	1,600	1,894	
Add-on - current custs.		499	499	449	404	344	
Full Year Maint. - current custs. yrs	12,843	12,058	11,351	10,665	9,470	7,920	51,464
Add-on Maintenance - new custs.		0	100	200	400	600	
Full Year Maint. - new custs.	0	0	100	300	700	1,300	2,400
Cons and Training - current custs.	2,534	2,534	2,281	2,053	1,745	1,396	10,008
Cons and Training - new custs.	0	250	500	1,000	1,500	2,250	5,500
Third Party & Other - current custs.	2,034	1,387	1,248	1,123	955	764	5,476
Third Party & Other - new custs.	0	250	500	1,000	1,500	2,250	5,500
Total Revenue* - current yr	20,184	19,751	19,475	20,387	20,778	21,906	102,298

* Projections are BGAJ calculations and are not the same as SoftBrands projections for any of the fiscal years 2006-2010; source of FY2005 numbers is Appendix D-1

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Pg 2 -
51-100
Pg 3
100-150
Pg 4
151-200
Pg 5
201-250

* 2005 will all be direct entries
Formulas:
C5 = B7, etc.
C6 = entered #'s (x.xx)
C7 = C5 * C6, etc.
C10 = B14, etc.
C11 = entered #'s (x.xx)
C12 = C10 * C11, etc.
C13 = ~~entered #'s C5~~ * .20, etc.
C14 = C10 - C12 + C13, etc.
C16 = B18, etc.
C17 = entered #'s (x.xx)
C18 = C16 * C17, etc.
C20 = C7 + C14 + C18, etc.

Totals for:
H7 = C7 → G7
H4 = C14 → G14
H18 = C18 → G18
H20 = C20 → G20
(even check with H7+H14+H18)

: NX (BPM Solution)
E
Continue for pages 2, 3, 4, 5
Pg 2 : Core Management
: Business Optimization Server
Pg 3 : Consumer
: Components
Pg 4 : Identitech
: Kufite, Kovic, IDMS
Pg 5 : Keyfile (and Keyfile)

Same heading as 191

251-254

Customer Contracts: Outsourcing

255. Revenue - previous yr

~~Revenue change and ratio~~

Revenue - current yr

256. Erosion of Revenue ratio

257. Revenue Erosion - \$

258. Increment of Rev. ratio

259. Revenue Increment - \$

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261. Revenue ~~Table~~ - Cur yr.

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266-266 15-269
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B = entered figures

C5 = B * 1, etc

C6 = entered figures (C * X), etc

C7 = C5 * C6

C8 = entered figures (. X X)

C9 = C8 * (C5 - C7), etc

C11 = C5 - C7 + C9, etc

Customer Contracts: Handwritten

3rd party copy

Same for under

Customer Contracts: 3rd party software

Same for under

all references are to G-2
G-1 ~~G-1~~

1 } Same Headers
4 } as G-1

Contractor Contract: January

- 5 Prod Licenses Rev $B_5 = [B_{20}^{7} + B_{45}^{32} + B_{70}^{51} + B_{95}^{82} + B_{120}^{107} + B_{145}^{122} + B_{170}^{157} + B_{195}^{182} + B_{220}^{207}]$; $C_5 = [C_{xx}]$, etc.
- 6 Prod Maint Rev
- 7
- 8 $B_7 = [B_{14} + B_{29} + B_{44} + B_{59} + B_{74} + B_{89} + B_{104} + B_{119} + B_{134} + B_{149} + B_{164} + B_{179} + B_{194} + B_{209}]$
 $C_7 = [C_{xx}]$, etc.
- 9 Prod Prof Serv Rev
- 10
- 11 Outsourcing Rev $B_9 = [B_{12} + 43 + 68 + 93 + 118 + 143 + 168 + 193 + 218]$ $C_9 = [C_{xx}]$
- 12 $B_{11} = B_{261}$, $C_{11} = C_{261}$, etc.
- 13 Hardware Rev $B_{13} = B_{276}$, $C_{13} = C_{276}$, etc.
- 14
- 15 Third Party Software Rev $B_{15} = B_{291}$, $C_{15} = C_{291}$, etc.
- 16
- 17 Total Revenue $B_{17} = B_5 + B_7 + B_9 + B_{11} + B_{13} + B_{15}$, $C_{17} = [C]$, etc.

NK
Prof Ferris
Travis

$$.335 \times 2181 = 1156$$

$$.195 \times 2181 = 425$$

$$\begin{array}{r} 425 \\ 730 \\ \hline 1155 \end{array} / 1709 = 1.676 \quad 2006$$

$$.145 \times 1679 = 243$$

$$803$$

2007

$$\begin{array}{r} 243 \\ 803 \\ \hline 1046 \end{array} / 1155 = .906$$

$$.145 \times 1847 = 268$$

$$.435 \times 2032 = 884$$

$$1152$$

$$C32 = .77 C30$$

$$(.195 \times C30)$$

$$+ .435 \times .77 \times C30$$

$$.335 + .195$$

$$= .530 \times C30$$



Global 360, Inc. & Subsidiaries
Income Statement - Detail Format
Support - WMS / Case Mgmt / SMB / Components
For the Twelve Months Ending December 31, 20

REVENUE

Software:

403100 Revenue - EX
403110 Revenue - Case Management
403120 Revenue - Consumer
403150 Revenue - Components
403200 Revenue - Identitech
403250 Revenue - SouthTech
403400 Revenue - Kofile
403450 Revenue - Kovis
403500 Revenue - Other BGS Products
403600 Revenue - BPM Solutions
403700 Revenue - Keyfile
408100 Revenue - Other Software Revenue
408200 Revenue - 3rd Party Products

Total Software Revenue

0.00

Maintenance:

414100 Revenue - EX Maintenance	13,012,122.11
414110 Revenue - Case Management Maintenance	587,173.74
414120 Revenue - Consumer Maintenance	80,414.13
414150 Revenue - Components Maintenance	1,036,017.12
414200 Revenue - Identitech Maintenance	
414250 Revenue - SouthTech Maintenance	(268,436.01)
414400 Revenue - Kofile Maintenance	2,841,011.27
414450 Revenue - Kovis Maintenance	608,366.85
414500 Revenue - Other BGS Maintenance	
414600 Revenue - BPM Solutions Maintenance	9,748,012.99
414700 Revenue - Keyfile Maintenance	3,448.11
418200 Revenue - 3rd Party Maintenance	

Total Maintenance Revenue

27,648,130.31

Subtotal Software and Maintenance Revenue

27,648,130.31

Service Revenue:

420100 Revenue - EX Consulting
420200 Revenue - Identitech Consulting
420250 Revenue - SouthTech Consulting
420400 Revenue - Kofile Consulting
420450 Revenue - Kovis Consulting
420500 Revenue - BGS Outsource Services

420600 Revenue - BPM Solutions Consulting
420700 Revenue - Keyfile Consulting

Total Service Revenue 0.00

Hardware Revenue:

430500 Revenue - Hardware

Total Hardware Revenue 0.00

Other Revenue:

485000 Revenue - Freight

485400 Revenue - Other Income

Total Other Revenue 0.00

SUBTOTAL REVENUE (EXCLUDING INTERCOMPANY) 27,648,130.31

Intercompany Revenue:

490600 Revenue - Global 360

490612 Revenue - Australia 40,883.00

490613 Revenue - Singapore 20,751.00

490615 Revenue - China 29,361.00

490619 Revenue - Netherlands 174,399.00*

490628 Revenue - Belgium 110,198.00

490630 Revenue - France 90,778.00

490632 Revenue - Italy 53,899.00

490633 Revenue - Sweden 103,655.00

490634 Revenue - United Kingdom 234,292.00

490641 Revenue - Germany 4,487.00

490650 Revenue - Canada 205,542.00

490999 Revenue - Eliminations (1,068,245.00)

Total Intercompany Revenue 0.00

TOTAL REVENUE 27,648,130.31

PRODUCTION COSTS

Software:

503100 COS - EX

503110 COS - Case Management

503120 COS - Consumer

503150 COS - Components

503450 COS - Kovis

508100 COS - Other Software

Total Software COS	0.00
Maintenance:	
510000 COS - Maintenance Third Party	23,820.68
514100 COS - EX Maint	
514150 COS - Components Maint	
Total Maintenance COS	23,820.68
Service:	
520100 COS - EX Consulting	
520150 COS - Components Consulting	
520200 COS - Identitech Consulting	
520500 COS - BGS Outsource Services	
520600 COS - BPM Solutions Consulting	301,102.99
520700 COS - Keyfile Consulting	
Total Service COS	301,102.99
Production Costs:	
541100 COS - Resale Hardware	
542100 COS - Chemicals	
542150 COS - Computer Equip/Supplies	
542200 COS - Film	
542250 COS - Product Parts	
542300 COS - Supplies	276.79
543100 COS - Third Party File Conversion	
544100 COS - Shipping Supplies	
545100 COS - Third Party Software	
Total Production Costs	276.79
Aircraft Costs:	
570100 COS - Fuel	
570200 COS - Pilot Services	
570300 COS - Aircraft Repairs & Maintenance	
Total Aircraft COS	0.00
Other Costs:	
580900 COS - Freight	2,327.57
581000 COS - Amortization	
Total Freight COS	2,327.57
TOTAL PRODUCTION COSTS	327,528.03

PERSONNEL EXPENSES**Salaries:**

Exempt Salaries	3,624,144.84
Overtime - Direct Labor	3,646.95

Total Salaries:	3,627,791.79
------------------------	---------------------

Other Personnel Expenses:

401K Employer Contributions	.
Commissions	
Contract Labor	63,646.96
Conventions	
Employee Insurance	280,516.76
Fringe Benefit Expense	
Incentive Compensation	136,310.46
Payroll Taxes	276,673.66
Recruiting Expense	
Severance	
Training Expense - External	17,398.97
Travel & Entertainment	236,488.42

Total Other Personnel Expenses	1,011,035.23
---------------------------------------	---------------------

TOTAL PERSONNEL EXPENSES	4,638,827.02
---------------------------------	---------------------

OTHER OPERATING EXPENSES

Advertising & Marketing	
Bad Debt Expense	
Building Occupancy	211,190.05
Communications	49,389.70
Depreciation	969.01
Dues & Fees	
Dues & Subscriptions	2,019.00
Equipment Repair & Maintenance Contracts	38,932.97
Expense Allocation to Other Plants	
Leased Equipment	(956.25)
Office Supplies & Services	34,356.96
Outside Services	79,404.00
Professional Fees	33,542.72
Taxes	
Other Operating Expenses	4,805.50

TOTAL OTHER OPERATING EXPENSES	453,653.66
---------------------------------------	-------------------

TOTAL OPERATING EXPENSES	5,092,480.68
---------------------------------	---------------------

NET OPERATING INCOME (LOSS)	22,228,121.60
------------------------------------	----------------------

Amortization Expense - Acquisition Related:

Amortization - Intangibles

Total Amortization Expense

0.00

Interest:

Interest Income

Interest Expense

Total Interest Income (Expense)

0.00

Currency Gain (Loss):

Currency Gain

Currency Loss

Total Currency Gain (Loss)

0.00

Other Non-operating Income (Expense):

Intercompany Debt Forgiveness

Total Other Non-operating Income (Expense)

0.00

PRE-TAX INCOME (LOSS)

22,228,121.60

Income Taxes:

National

State & Local

Total Income Taxes

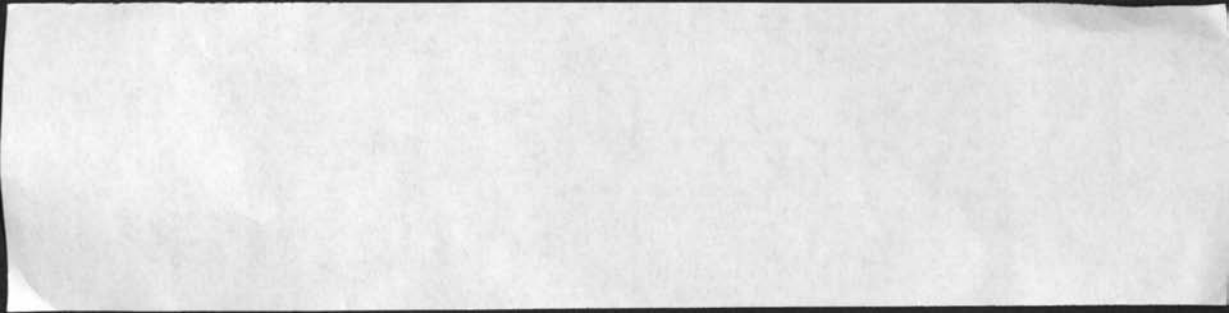
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Net Income (Loss) from Continuing Operations

22,228,121.60

Net Income (Loss)

22,228,121.60



Global 360, Inc. & Subsidiaries
Income Statement - Detail Format
Sales - SalesOps / North America / Client Services Group /
For the Twelve Months Ending December 31, 20

REVENUE

Software:

403100 Revenue - EX
403110 Revenue - Case Management
403120 Revenue - Consumer
403150 Revenue - Components
403200 Revenue - Identitech
403250 Revenue - SouthTech
403400 Revenue - Kofile
403450 Revenue - Kovis
403500 Revenue - Other BGS Products
403600 Revenue - BPM Solutions
403700 Revenue - Keyfile
408100 Revenue - Other Software Revenue
408200 Revenue - 3rd Party Products

Total Software Revenue

0.00

Maintenance:

414100 Revenue - EX Maintenance
414110 Revenue - Case Management Maintenance
414120 Revenue - Consumer Maintenance
414150 Revenue - Components Maintenance
414200 Revenue - Identitech Maintenance
414250 Revenue - SouthTech Maintenance
414400 Revenue - Kofile Maintenance
414450 Revenue - Kovis Maintenance
414500 Revenue - Other BGS Maintenance
414600 Revenue - BPM Solutions Maintenance
414700 Revenue - Keyfile Maintenance
418200 Revenue - 3rd Party Maintenance

Total Maintenance Revenue

0.00

Subtotal Software and Maintenance Revenue

0.00

Service Revenue:

420100 Revenue - EX Consulting
420200 Revenue - Identitech Consulting
420250 Revenue - SouthTech Consulting
420400 Revenue - Kofile Consulting
420450 Revenue - Kovis Consulting
420500 Revenue - BGS Outsource Services

420600 Revenue - BPM Solutions Consulting
420700 Revenue - Keyfile Consulting

Total Service Revenue 0.00

Hardware Revenue:

430500 Revenue - Hardware

Total Hardware Revenue 0.00

Other Revenue:

485000 Revenue - Freight

485400 Revenue - Other Income

Total Other Revenue 0.00

SUBTOTAL REVENUE (EXCLUDING INTERCOMPANY) 0.00

Intercompany Revenue:

490600 Revenue - Global 360

490612 Revenue - Australia

490613 Revenue - Singapore

490615 Revenue - China

490619 Revenue - Netherlands

490628 Revenue - Belgium

490630 Revenue - France

490632 Revenue - Italy

490633 Revenue - Sweden

490634 Revenue - United Kingdom

490641 Revenue - Germany

490650 Revenue - Canada

490670 Revenue - BGS

Total Intercompany Revenue 0.00

TOTAL REVENUE 0.00

PRODUCTION COSTS

Software:

503100 COS - EX

503110 COS - Case Management

503120 COS - Consumer

503150 COS - Components

503450 COS - Kavis

508100 COS - Other Software

Total Software COS 0.00

Maintenance:

510000 COS - Maintenance Third Party

514100 COS - EX Maint

514150 COS - Components Maint

Total Maintenance COS 0.00

Service:

520100 COS - EX Consulting

520150 COS - Components Consulting

520200 COS - Identitech Consulting

520500 COS - BGS Outsource Services

520600 COS - BPM Solutions Consulting

520700 COS - Keyfile Consulting

Total Service COS 0.00

Production Costs:

541100 COS - Resale Hardware

542100 COS - Chemicals

542150 COS - Computer Equip/Supplies

542200 COS - Film

542250 COS - Product Parts

542300 COS - Supplies

543100 COS - Third Party File Conversion

544100 COS - Shipping Supplies

545100 COS - Third Party Software

Total Production Costs 0.00

Aircraft Costs:

570100 COS - Fuel

570200 COS - Pilot Services

570300 COS - Aircraft Repairs & Maintenance

Total Aircraft COS 0.00

Other Costs:

580900 COS - Freight

581000 COS - Amortization

Total Freight COS 0.00

TOTAL PRODUCTION COSTS 0.00

PERSONNEL EXPENSES**Salaries:**

Exempt Salaries	7,991,739.99
Overtime - Direct Labor	

Total Salaries:	7,991,739.99
------------------------	---------------------

Other Personnel Expenses:

401K Employer Contributions	18,997.93
Commissions	4,669,054.72
Contract Labor	372,662.00
Conventions	207.28
Employee Insurance	376,239.00
Foreign Pension Contributions	329,355.38
Fringe Benefit Expense	41,982.21
Incentive Compensation	345,793.78
Payroll Taxes	1,454,627.72
Service Recognition	826.07
Recruiting Expense	51,783.50
Severance	435,448.27
Training Expense - External	26,745.75
Travel & Entertainment	2,320,903.37

Total Other Personnel Expenses	10,444,626.98
---------------------------------------	----------------------

TOTAL PERSONNEL EXPENSES	18,436,366.97
---------------------------------	----------------------

OTHER OPERATING EXPENSES

Advertising & Marketing	625,948.51
Bad Debt Expense	
Building Occupancy	650,350.09
Communications	391,120.21
Depreciation	187,950.85
Dues & Fees	85.14
Dues & Subscriptions	89,035.79
Equipment Repair & Maintenance Contracts	36,568.00
Expense Allocation to Other Plants	(273,021.51)
Freight	2,634.93
Leased Equipment	2,395.59
Office Supplies & Services	169,096.93
Outside Services	766,571.48
Professional Fees	42,555.46
Taxes	55,416.86
Other Operating Expenses	

TOTAL OTHER OPERATING EXPENSES	2,746,708.33
TOTAL OPERATING EXPENSES	21,183,075.30

NET OPERATING INCOME (LOSS)	<u>(21,183,075.30)</u>
Amortization Expense - Acquisition Related:	
Amortization - Intangibles	
Total Amortization Expense	<u>0.00</u>
Interest:	
Interest Income	
Interest Expense	
Total Interest Income (Expense)	<u>0.00</u>
Currency Gain (Loss):	
Currency Gain	
Currency Loss	
Total Currency Gain (Loss)	<u>0.00</u>
Other Non-operating Income (Expense):	
Intercompany Debt Forgiveness	
Total Other Non-operating Income (Expense)	<u>0.00</u>
PRE-TAX INCOME (LOSS)	<u>(21,183,075.30)</u>
Income Taxes:	
National	
State & Local	
Total Income Taxes	<u>0.00</u>
Net Income (Loss) from Continuing Operations	<u>(21,183,075.30)</u>
Discontinued Operations	
Texas Land Records Income (Loss)	24,111.43
SouthTech Income (Loss)	
Income (Loss) on Discontinued Operations	<u>24,111.43</u>
Net Income (Loss)	<u>(21,207,186.73)</u> =====



Global 360 BGS, Inc.
Income Statement - Detail Format
BGS Sales - Nevada / San Antonio
For the Twelve Months Ending December 31, 20

REVENUE

Software:

403100 Revenue - EX
403110 Revenue - Case Management
403120 Revenue - Consumer
403150 Revenue - Components
403200 Revenue - Identitech
403250 Revenue - SouthTech
403400 Revenue - Kofile
403450 Revenue - Kovis
403500 Revenue - Other BGS Products
403600 Revenue - BPM Solutions
403700 Revenue - Keyfile
408100 Revenue - Other Software Revenue
408200 Revenue - 3rd Party Products

Total Software Revenue

0.00

Maintenance:

414100 Revenue - EX Maintenance
414110 Revenue - Case Management Maintenance
414120 Revenue - Consumer Maintenance
414150 Revenue - Components Maintenance
414200 Revenue - Identitech Maintenance
414250 Revenue - SouthTech Maintenance
414400 Revenue - Kofile Maintenance
414450 Revenue - Kovis Maintenance
414500 Revenue - Other BGS Maintenance
414600 Revenue - BPM Solutions Maintenance
414700 Revenue - Keyfile Maintenance
418200 Revenue - 3rd Party Maintenance

Total Maintenance Revenue

0.00

Subtotal Software and Maintenance Revenue

0.00

Service Revenue:

420100 Revenue - EX Consulting
420200 Revenue - Identitech Consulting
420250 Revenue - SouthTech Consulting
420400 Revenue - Kofile Consulting
420450 Revenue - Kovis Consulting
420500 Revenue - BGS Outsource Services

420600 Revenue - BPM Solutions Consulting
420700 Revenue - Keyfile Consulting

Total Service Revenue 0.00

Hardware Revenue:

430500 Revenue - Hardware

Total Hardware Revenue 0.00

Other Revenue:

485000 Revenue - Freight

485400 Revenue - Other Income

Total Other Revenue 0.00

SUBTOTAL REVENUE (EXCLUDING INTERCOMPANY) 0.00

Intercompany Revenue:

490600 Revenue - Global 360

490612 Revenue - Australia

490613 Revenue - Singapore

490615 Revenue - China

490619 Revenue - Netherlands

490628 Revenue - Belgium

490630 Revenue - France

490632 Revenue - Italy

490633 Revenue - Sweden

490634 Revenue - United Kingdom

490641 Revenue - Germany

490650 Revenue - Canada

490670 Revenue - BGS

Total Intercompany Revenue 0.00

TOTAL REVENUE 0.00

PRODUCTION COSTS

Software:

503100 COS - EX

503110 COS - Case Management

503120 COS - Consumer

503150 COS - Components

503450 COS - Kovis

508100 COS - Other Software

Total Software COS 0.00

Maintenance:

510000 COS - Maintenance Third Party

514100 COS - EX Maint

514150 COS - Components Maint

Total Maintenance COS 0.00

Service:

520100 COS - EX Consulting

520150 COS - Components Consulting

520200 COS - Identitech Consulting

520500 COS - BGS Outsource Services

520600 COS - BPM Solutions Consulting

520700 COS - Keyfile Consulting

Total Service COS 0.00

Production Costs:

541100 COS - Resale Hardware

542100 COS - Chemicals

542150 COS - Computer Equip/Supplies

542200 COS - Film

542250 COS - Product Parts

542300 COS - Supplies

543100 COS - Third Party File Conversion

544100 COS - Shipping Supplies

545100 COS - Third Party Software

Total Production Costs 0.00

Aircraft Costs:

570100 COS - Fuel

570200 COS - Pilot Services

570300 COS - Aircraft Repairs & Maintenance

Total Aircraft COS 0.00

Other Costs:

580900 COS - Freight

581000 COS - Amortization

Total Freight COS 0.00

TOTAL PRODUCTION COSTS 0.00

PERSONNEL EXPENSES**Salaries:**

Exempt Salaries	126,962.63
Overtime - Direct Labor	

Total Salaries:	126,962.63
------------------------	-------------------

Other Personnel Expenses:

401K Employer Contributions	4,617.41
Commissions	11,569.02
Contract Labor	
Conventions	
Employee Insurance	9,535.13
Fringe Benefit Expense	
Incentive Compensation	61,087.00
Payroll Taxes	9,651.38
Recruiting Expense	
Severance	
Training Expense - External	
Travel & Entertainment	45,135.62

Total Other Personnel Expenses	141,595.56
---------------------------------------	-------------------

TOTAL PERSONNEL EXPENSES	268,558.19
---------------------------------	-------------------

OTHER OPERATING EXPENSES

Advertising & Marketing	1,041.00
Bad Debt Expense	
Building Occupancy	
Communications	3,264.67
Depreciation	
Dues & Fees	
Dues & Subscriptions	520.00
Equipment Repair & Maintenance Contracts	
Expense Allocation to Other Plants	
Leased Equipment	
Office Supplies & Services	3,780.63
Outside Services	
Professional Fees	439.15
Taxes	
Other Operating Expenses	

TOTAL OTHER OPERATING EXPENSES	9,045.45
---------------------------------------	-----------------

TOTAL OPERATING EXPENSES	277,603.64
---------------------------------	-------------------

NET OPERATING INCOME (LOSS)	(277,603.64)
------------------------------------	---------------------

Amortization Expense - Acquisition Related:

Amortization - Intangibles

Total Amortization Expense	0.00
-----------------------------------	-------------

Interest:

Interest Income

Interest Expense

Total Interest Income (Expense)	0.00
--	-------------

Currency Gain (Loss):

Currency Gain

Currency Loss

Total Currency Gain (Loss)	0.00
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Other Non-operating Income (Expense):

Intercompany Debt Forgiveness

Total Other Non-operating Income (Expense)	0.00
---	-------------

PRE-TAX INCOME (LOSS)	(277,603.64)
------------------------------	---------------------

Income Taxes:

National

State & Local

Total Income Taxes	0.00
---------------------------	-------------

Net Income (Loss) from Continuing Operations	(277,603.64)
---	---------------------

Net Income (Loss)	(277,603.64)
--------------------------	---------------------

Global 360 BGS, Inc.
Income Statement - Detail Format
Professional Services - Outsourcing
For the Twelve Months Ending December 31, 2005

REVENUE

Software:

Maintenance:

Service Revenue:

420500 Revenue - BGS Outsource Services 80,033.97

Total Service Revenue 80,033.97

Hardware Revenue:

Other Revenue:

SUBTOTAL REVENUE (EXCLUDING INTERCOMPAN 80,033.97

Intercompany Revenue:

TOTAL REVENUE 80,033.97

PRODUCTION COSTS

Software:

Maintenance:

Service:

Production Costs:

Aircraft Costs:

Other Costs:

PERSONNEL EXPENSES

Salaries:

Other Personnel Expenses:

OTHER OPERATING EXPENSES

Office Supplies & Services

226.09

Outside Services	16,517.49
TOTAL OTHER OPERATING EXPENSES	16,743.58
TOTAL OPERATING EXPENSES	16,743.58
NET OPERATING INCOME (LOSS)	63,290.39
PRE-TAX INCOME (LOSS)	63,290.39
Net Income (Loss) from Continuing Operations	63,290.39
Net Income (Loss)	63,290.39

Global 360 BGS, Inc.
Income Statement - Detail Format
Product Management
For the Twelve Months Ending December 31, 2005

REVENUE

Software:

403200 Revenue - Identitech	487,159.56
403450 Revenue - Kovis	26,244.00
403500 Revenue - Other BGS Products	1,095.00
408200 Revenue - 3rd Party Products	178,106.84

Total Software Revenue 692,605.40

Maintenance:

414450 Revenue - Kovis Maintenance	212,479.71
418200 Revenue - 3rd Party Maintenance	319,165.65

Total Maintenance Revenue 531,645.36

Subtotal Software and Maintenance Revenue 1,224,250.76

Service Revenue:

420450 Revenue - Kovis Consulting	12,250.00
-----------------------------------	-----------

Total Service Revenue 12,250.00

Hardware Revenue:

430500 Revenue - Hardware	141,670.10
---------------------------	------------

Total Hardware Revenue 141,670.10

Other Revenue:

SUBTOTAL REVENUE (EXCLUDING INTERCOMPAN 1,378,170.86

Intercompany Revenue:

490634 Revenue - United Kingdom	8,550.00
---------------------------------	----------

Total Intercompany Revenue 8,550.00

TOTAL REVENUE 1,386,720.86

PRODUCTION COSTS

Software:

503450 COS - Kovis	714.00
--------------------	--------

508100 COS - Other Software	14,346.57
Total Software COS	15,060.57
Maintenance:	
510000 COS - Maintenance Third Party	99,068.08
Total Maintenance COS	99,068.08
Service:	
Production Costs:	
541100 COS - Resale Hardware	66,499.11
542150 COS - Computer Equip/Supplies	16,915.00
542300 COS - Supplies	148.00
545100 COS - Third Party Software	284,834.94
Total Production Costs	368,397.05
Aircraft Costs:	
Other Costs:	
TOTAL PRODUCTION COSTS	482,525.70
PERSONNEL EXPENSES	
Salaries:	
Other Personnel Expenses:	
OTHER OPERATING EXPENSES	
Professional Fees	1,912.00
TOTAL OTHER OPERATING EXPENSES	1,912.00
TOTAL OPERATING EXPENSES	1,912.00
NET OPERATING INCOME (LOSS)	902,283.16
PRE-TAX INCOME (LOSS)	902,283.16
Net Income (Loss) from Continuing Operations	902,283.16

Net Income (Loss)

902,283.16

=====

total revenue check	(1,386,720.86)
total COS check	482,525.70
total operating expense check	1,912.00
net income check	(902,283.16)

Global 360 BGS, Inc.
Income Statement - Detail Format
Production Facilities - Nevada / LA County / San A
For the Twelve Months Ending December 31, 20

REVENUE

Software:

403100 Revenue - EX
403110 Revenue - Case Management
403120 Revenue - Consumer
403150 Revenue - Components
403200 Revenue - Identitech
403250 Revenue - SouthTech
403400 Revenue - Kofile
403450 Revenue - Kovis
403500 Revenue - Other BGS Products
403600 Revenue - BPM Solutions
403700 Revenue - Keyfile
408100 Revenue - Other Software Revenue
408200 Revenue - 3rd Party Products

Total Software Revenue

0.00

Maintenance:

414100 Revenue - EX Maintenance
414110 Revenue - Case Management Maintenance
414120 Revenue - Consumer Maintenance
414150 Revenue - Components Maintenance
414200 Revenue - Identitech Maintenance
414250 Revenue - SouthTech Maintenance
414400 Revenue - Kofile Maintenance
414450 Revenue - Kovis Maintenance
414500 Revenue - Other BGS Maintenance
414600 Revenue - BPM Solutions Maintenance
414700 Revenue - Keyfile Maintenance
418200 Revenue - 3rd Party Maintenance

Total Maintenance Revenue

45,909.40

45,909.40

Subtotal Software and Maintenance Revenue

45,909.40

Service Revenue:

420100 Revenue - EX Consulting
420200 Revenue - Identitech Consulting
420250 Revenue - SouthTech Consulting
420400 Revenue - Kofile Consulting
420450 Revenue - Kovis Consulting
420500 Revenue - BGS Outsource Services

5,104,074.48

420600 Revenue - BPM Solutions Consulting
420700 Revenue - Keyfile Consulting

Total Service Revenue 5,104,074.48

Hardware Revenue:

430500 Revenue - Hardware

Total Hardware Revenue 0.00

Other Revenue:

485000 Revenue - Freight 477.02

485400 Revenue - Other Income

Total Other Revenue 477.02

SUBTOTAL REVENUE (EXCLUDING INTERCOMPANY) 5,150,460.90

Intercompany Revenue:

490600 Revenue - Global 360

490612 Revenue - Australia

490613 Revenue - Singapore

490615 Revenue - China

490619 Revenue - Netherlands

490628 Revenue - Belgium

490630 Revenue - France

490632 Revenue - Italy

490633 Revenue - Sweden

490634 Revenue - United Kingdom

490641 Revenue - Germany

490650 Revenue - Canada

490670 Revenue - BGS

Total Intercompany Revenue 0.00

TOTAL REVENUE 5,150,460.90

PRODUCTION COSTS

Software:

503100 COS - EX

503110 COS - Case Management

503120 COS - Consumer

503150 COS - Components

503450 COS - Kovis

508100 COS - Other Software

Total Software COS	0.00
Maintenance:	
510000 COS - Maintenance Third Party	19,821.84
514100 COS - EX Maint	
Total Maintenance COS	19,821.84
Service:	
520100 COS - EX Consulting	
520150 COS - Components Consulting	
520200 COS - Identitech Consulting	
520500 COS - BGS Outsource Services	51,350.72
520600 COS - BPM Solutions Consulting	
520700 COS - Keyfile Consulting	
Total Service COS	51,350.72
Production Costs:	
541100 COS - Resale Hardware	(51,850.00)
542100 COS - Chemicals	3,230.24
542150 COS - Computer Equip/Supplies	88,069.13
542200 COS - Film	138,399.00
542250 COS - Product Parts	1,329.33
542300 COS - Supplies	111,609.91
543100 COS - Third Party File Conversion	740.00
544100 COS - Shipping Supplies	1,519.00
545100 COS - Third Party Software	69,987.42
Total Production Costs	363,034.03
Aircraft Costs:	
570100 COS - Fuel	
570200 COS - Pilot Services	
570300 COS - Aircraft Repairs & Maintenance	
Total Aircraft COS	0.00
Other Costs:	
580900 COS - Freight	390.84
581000 COS - Amortization	
Total Freight COS	390.84
TOTAL PRODUCTION COSTS	434,597.43

PERSONNEL EXPENSES**Salaries:**

Exempt Salaries	1,565,700.44
Overtime - Direct Labor	98,773.05

Total Salaries:	1,664,473.49
------------------------	---------------------

Other Personnel Expenses:

401K Employer Contributions	19,496.53
Commissions	
Contract Labor	1,108,752.33
Conventions	
Employee Insurance	487,378.26
Fringe Benefit Expense	
Incentive Compensation	205,795.97
Payroll Taxes	174,396.26
Recruiting Expense	
Severance	
Training Expense - External	
Travel & Entertainment	99,563.11

Total Other Personnel Expenses	2,095,382.46
---------------------------------------	---------------------

TOTAL PERSONNEL EXPENSES	3,759,855.95
---------------------------------	---------------------

OTHER OPERATING EXPENSES

Advertising & Marketing	5,400.00
Bad Debt Expense	
Building Occupancy	254,871.98
Communications	24,498.43
Depreciation	114,499.59
Dues & Fees	
Dues & Subscriptions	672.00
Equipment Repair & Maintenance Contracts	14,806.24
Expense Allocation to Other Plants	
Leased Equipment	13,400.83
Office Supplies & Services	82,039.25
Outside Services	49,122.24
Professional Fees	48,120.05
Taxes	11,488.11
Other Operating Expenses	

TOTAL OTHER OPERATING EXPENSES	618,918.72
---------------------------------------	-------------------

TOTAL OPERATING EXPENSES	4,378,774.67
---------------------------------	---------------------

NET OPERATING INCOME (LOSS)	337,088.80
------------------------------------	-------------------

Amortization Expense - Acquisition Related:

Amortization - Intangibles

Total Amortization Expense	0.00
----------------------------	------

Interest:

Interest Income

Interest Expense

Total Interest Income (Expense)	0.00
---------------------------------	------

Currency Gain (Loss):

Currency Gain

Currency Loss

Total Currency Gain (Loss)	0.00
----------------------------	------

Other Non-operating Income (Expense):

Intercompany Debt Forgiveness

Total Other Non-operating Income (Expense)	0.00
--	------

PRE-TAX INCOME (LOSS)	337,088.80
------------------------------	-------------------

Income Taxes:

National

State & Local

Total Income Taxes	0.00
--------------------	------

Net Income (Loss) from Continuing Operations	337,088.80
---	-------------------

Net Income (Loss)	337,088.80
--------------------------	-------------------

=====

Global 360 BGS, Inc.
Income Statement - Detail Format
Admin - Nevada / LA County / San Antonio
For the Twelve Months Ending December 31, 20

REVENUE

Software:

403100 Revenue - EX
403110 Revenue - Case Management
403120 Revenue - Consumer
403150 Revenue - Components
403200 Revenue - Identitech
403250 Revenue - SouthTech
403400 Revenue - Kofile
403450 Revenue - Kovis
403500 Revenue - Other BGS Products
403600 Revenue - BPM Solutions
403700 Revenue - Keyfile
408100 Revenue - Other Software Revenue
408200 Revenue - 3rd Party Products

Total Software Revenue

0.00

Maintenance:

414100 Revenue - EX Maintenance
414110 Revenue - Case Management Maintenance
414120 Revenue - Consumer Maintenance
414150 Revenue - Components Maintenance
414200 Revenue - Identitech Maintenance
414250 Revenue - SouthTech Maintenance
414400 Revenue - Kofile Maintenance
414450 Revenue - Kovis Maintenance
414500 Revenue - Other BGS Maintenance
414600 Revenue - BPM Solutions Maintenance
414700 Revenue - Keyfile Maintenance
418200 Revenue - 3rd Party Maintenance

Total Maintenance Revenue

0.00

Subtotal Software and Maintenance Revenue

0.00

Service Revenue:

420100 Revenue - EX Consulting
420200 Revenue - Identitech Consulting
420250 Revenue - SouthTech Consulting
420400 Revenue - Kofile Consulting
420450 Revenue - Kovis Consulting
420500 Revenue - BGS Outsource Services

420600 Revenue - BPM Solutions Consulting
420700 Revenue - Keyfile Consulting

Total Service Revenue 0.00

Hardware Revenue:

430500 Revenue - Hardware

Total Hardware Revenue 0.00

Other Revenue:

485000 Revenue - Freight

485400 Revenue - Other Income

Total Other Revenue 0.00

SUBTOTAL REVENUE (EXCLUDING INTERCOMPANY) 0.00

Intercompany Revenue:

490600 Revenue - Global 360

490612 Revenue - Australia

490613 Revenue - Singapore

490615 Revenue - China

490619 Revenue - Netherlands

490628 Revenue - Belgium

490630 Revenue - France

490632 Revenue - Italy

490633 Revenue - Sweden

490634 Revenue - United Kingdom

490641 Revenue - Germany

490650 Revenue - Canada

490670 Revenue - BGS

Total Intercompany Revenue 0.00

TOTAL REVENUE 0.00

PRODUCTION COSTS

Software:

503100 COS - EX

503110 COS - Case Management

503120 COS - Consumer

503150 COS - Components

503450 COS - Kovis

508100 COS - Other Software

Total Software COS 0.00

Maintenance:

510000 COS - Maintenance Third Party .

514100 COS - EX Maint

514150 COS - Components Maint

Total Maintenance COS 0.00

Service:

520100 COS - EX Consulting

520150 COS - Components Consulting

520200 COS - Identitech Consulting

520500 COS - BGS Outsource Services

520600 COS - BPM Solutions Consulting

520700 COS - Keyfile Consulting

Total Service COS 0.00

Production Costs:

541100 COS - Resale Hardware .

542100 COS - Chemicals

542150 COS - Computer Equip/Supplies

542200 COS - Film 2,862.73

542250 COS - Product Parts

542300 COS - Supplies

543100 COS - Third Party File Conversion

544100 COS - Shipping Supplies

545100 COS - Third Party Software

Total Production Costs 2,862.73

Aircraft Costs:

570100 COS - Fuel

570200 COS - Pilot Services

570300 COS - Aircraft Repairs & Maintenance

Total Aircraft COS 0.00

Other Costs:

580900 COS - Freight

581000 COS - Amortization

Total Freight COS 0.00

TOTAL PRODUCTION COSTS 2,862.73

PERSONNEL EXPENSES**Salaries:**

Exempt Salaries	284,268.37
Overtime - Direct Labor	3,972.38

Total Salaries:	288,240.75
------------------------	-------------------

Other Personnel Expenses:

401K Employer Contributions	4,429.30
Commissions	
Contract Labor	8,396.79
Conventions	
Employee Insurance	22,414.51
Fringe Benefit Expense	
Incentive Compensation	445.43
Payroll Taxes	20,552.13
Recruiting Expense	365.00
Severance	
Training Expense - External	1,000.00
Travel & Entertainment	55,918.23

Total Other Personnel Expenses	113,521.39
---------------------------------------	-------------------

TOTAL PERSONNEL EXPENSES	401,762.14
---------------------------------	-------------------

OTHER OPERATING EXPENSES

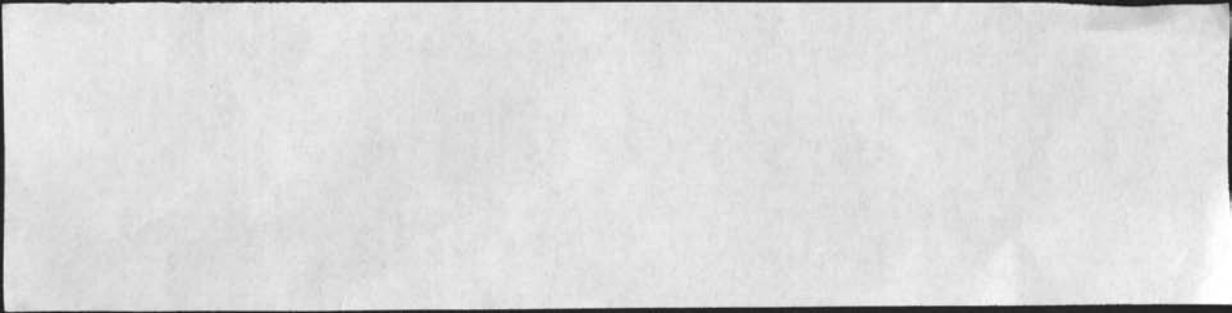
Advertising & Marketing	558.82
Bad Debt Expense	6,069.46
Building Occupancy	168,702.60
Communications	12,802.26
Depreciation	45,617.92
Dues & Fees	243.20
Dues & Subscriptions	1,302.00
Equipment Repair & Maintenance Contracts	5,475.99
Expense Allocation to Other Plants	
Leased Equipment	2,869.82
Office Supplies & Services	27,143.08
Outside Services	4,013.97
Professional Fees	5,712.72
Taxes	13,294.76
Other Operating Expenses	

TOTAL OTHER OPERATING EXPENSES	293,806.60
---------------------------------------	-------------------

TOTAL OPERATING EXPENSES	695,568.74
---------------------------------	-------------------

NET OPERATING INCOME (LOSS)	(698,431.47)
------------------------------------	---------------------

Amortization Expense - Acquisition Related:	
Amortization - Intangibles	102,654.00
	<hr/>
Total Amortization Expense	102,654.00
Interest:	
Interest Income	
Interest Expense	(1,433.11)
	<hr/>
Total Interest Income (Expense)	(1,433.11)
Currency Gain (Loss):	
Currency Gain	
Currency Loss	
	<hr/>
Total Currency Gain (Loss)	0.00
Other Non-operating Income (Expense):	
Intercompany Debt Forgiveness	
	<hr/>
Total Other Non-operating Income (Expense)	0.00
	<hr/>
PRE-TAX INCOME (LOSS)	(802,518.58)
Income Taxes:	
National	
State & Local	
	<hr/>
Total Income Taxes	0.00
	<hr/>
Net Income (Loss) from Continuing Operations	(802,518.58)
	<hr/>
Net Income (Loss)	(802,518.58)
	<hr/> <hr/>



Subj: **RE: Global 360 - Valuation**
Date: 7/21/2006 11:13:29 AM Eastern Standard Time
From: Marney.MacKenna@ey.com
To: Pam.Schneider@global360.com
CC: Burtgrad@aol.com, robert.bruns@ey.com

given different locations - let's do a call in number:

1:30 CST
866 241 3245
Chair Pin (MacKenna) 28996
Participant 59717

Marney MacKenna
Senior Manager
214 969 8571 (voice mail)
817 967 2148 (direct)
Elaine Peters 817 963 7408 (assistant)

"Schneider, Pam" <Pam.Schneider@global360.com>

07/20/2006 04:36 PM

To robert.bruns@ey.com, Burtgrad@aol.com
Cc Marney.MacKenna@ey.com
Subject RE: Global 360 - Valuation

Hello,

Would 1:30pm CST work for everyone? If so, please let Burt and me know the phone number to call. I will be out of the office tomorrow but will be available for the call. If this time is not convenient, please propose some alternatives.

Thank you,
Pam

From: robert.bruns@ey.com [mailto:robert.bruns@ey.com]
Sent: Thursday, July 20, 2006 1:47 PM
To: Schneider, Pam
Cc: Marney.MacKenna@ey.com
Subject: Re: Global 360 - Valuation

Global 360, Inc.
2911 Turtle Creek Blvd.
Suite 1100
Dallas, TX 75219
Phone: 214-445-4108
Fax: 1-800-615-3706

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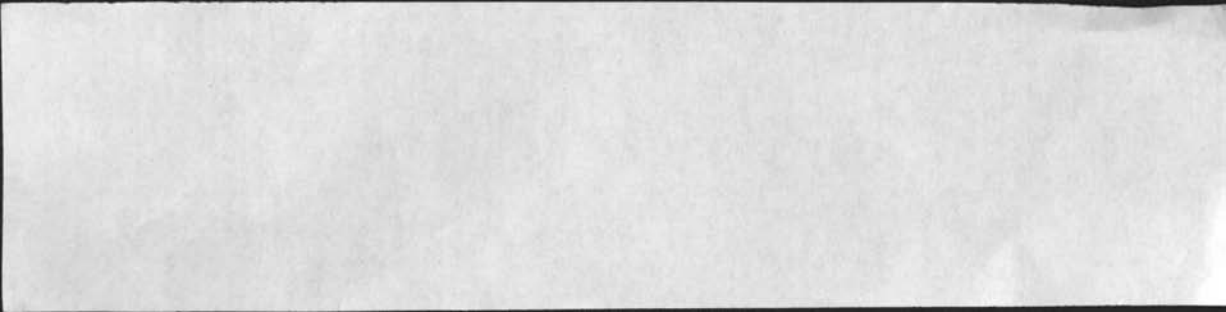
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U

Subj: RE: Please call
 Date: 7/5/2006 6:44:14 PM Eastern Standard Time
 From: Pam.Schneider@global360.com
 To: Burtgrad@aol.com

Hi Burt,

To follow up on your email, see my comments below.

Thank you and travel safe tomorrow,
 Pam

Section IV

From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Wednesday, July 05, 2006 6:34 AM
To: Pam.Schneider@global360.com
Subject: Please call

Pam--I hope that you had a happy fourth of July. I have a number of small questions to straighten out with you so that I can complete the report on schedule. Please call when you get a chance so that we can go over these items:

- ✓ 1. Unbilled Revenues[Pam] sent schedule in separate email
2. Royalty payments to 3rd party software providers[Pam] you have addressed this with Bob
3. Purchase Price details and update[Pam] no update on the purchase price details. See information in the Proforma balance sheet.
- ✓ 4. Transaction costs (incurred and expected)[Pam] sent schedule in separate email
5. Tangible Assets and Liabilities[Pam] no change to Proforma balance sheet yet. The working capital adjustments have not been finalized.
6. NOL Carryforward[Pam] Please discuss with Greg Apke.

Thanks

Burt

Pradny

Case Mgt Proj Services Rev Proj Ratio

2006

$$.25 \times .9 \times 2005 \text{ li} = 491$$

$$.75 \times .9 \times 2006 \text{ li} = 1658$$

$$\frac{2149}{1900} = 1.131$$

2007

$$.25 \times .9 \times 2006 \text{ li} = 553$$

$$.75 \times .9 \times 2007 \text{ li} = 2072$$

$$\frac{2625}{2149}$$

NK Professional Service Ratio:

2006 PS RW =

$$.25 * .78 * 2005 \text{ Lic rev} = .195 * 2181 = 425$$

$$.75 * .58 * 2006 \text{ Lic rev} = .435 * 1679 = 730$$

$$1155$$

$$1155 / 1709 = .676$$

.25 is portion of ^{contracted} 2005 Prof Services revenue left over for 2006

.75 is portion of Contracted 2006 PS revenue done in 2006

.78 is ratio of PS to Lic in 2005 (that adjusted for new customer's higher ^{PS} revenue)

.58 is expected, ratio, for existing customers

2006 Lic rev is .78 ^{times} of 2005 Lic revenue to recognize loss of new customers but is then increased by 10% to recognize growth for existing customers.

2007 - was a similar calculation

NPV of ^{after asset costs} tax benefit -

	2000	7	8	9	10	11-13	<u>total</u>
Asset Amt	2326	2093	1861	1628	1396	2094	
after tax value	1442	1298	1154	1010	866	1295	
NPV factor	.917	.764	.637	.530	.442	.307	
NPV	1322 1322	992	735	535	383	395	4265

back up calculation SP + Other off pay: Rev. Properties

Case Mgt.

$$\begin{array}{r} 2006 \text{ PS} - .9 \times .75 \times \overset{2006}{\text{lic rev}} = .675 \\ 2007 \quad .9 \times .35 \times 2006 \text{ lic rev} = .225 \times \overset{436}{274} = 98 \\ \quad + .9 \times .75 \times 2007 \text{ lic rev} = .675 \times 674 = 441 \\ \hline 539 / 294 = 1.834 \qquad \qquad \qquad 539 \end{array}$$

Outsourcing:

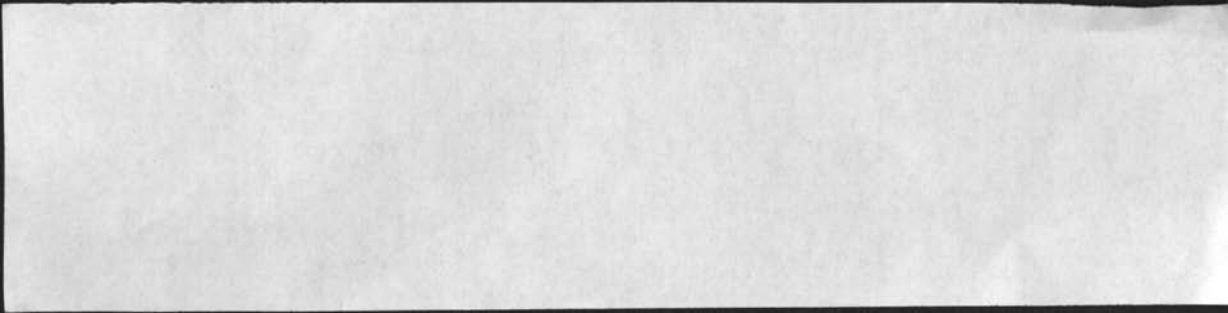
$$\begin{array}{r} 2006 - 1.5 \times 5781 = 8671 \\ \quad .7 \times 5781 = 578 \\ \hline 9249 \end{array}$$

$$\begin{array}{r} 2007 - 8671 \times .95 = 8238 \\ \hline 1936 / 578 = 3.349 \quad \frac{1936}{10174} \end{array}$$

$$\begin{array}{r} 2008 \quad 8238 \times .9 = 7414 \\ \hline 3777 / 1936 = 1.951 \quad \frac{3777}{11191} \end{array}$$

$$\begin{array}{r} 2009 \quad 7414 \times .85 = 6302 \\ \hline 6008 / 3777 = 1.591 \quad \frac{6008}{12310} \end{array}$$

$$\begin{array}{r} 2010 \quad 6302 \times .80 = 5042 \\ \hline 8499 / 6008 = 1.415 \quad \frac{8499}{13541} \end{array}$$



Booked

sect. IV

Effective Purchase Price (\$000)

From long term:	Revolver	4000
	Loan A	32000
#10	" B	21000
	Sub. Debt	32454
	Conv. Pref	114549
		<hr/>
		204,003

call Pam
 used (3), (10) → (17)

Transaction costs:

#10	Deloitte Fees	400
	Est legal fees	1500
Note from Pam	Merill Commis	39
	Mayport Fund	27
		<hr/>
		1966

Global 360

Proforma BS

#3	GAAP Adj - select	(21661)
	non GAAP Adj - select	24952
	Pro Janus, Net	3071

Q1 -

- Excess Cost 201781
- Def Rev 31295
- LT Debt 89509

Proforma BS

Assets

Cash	8626	
Net A/P	27130	
Ppts	4760	
Property, Plant, Equip net	3459	
Def tax	1002	?
other	430	?
	<hr/>	
	45407	

Liabilities

A/P + Accrued	13199	
Inc Tax Payable	(1364)	?
	<hr/>	
	11835	

Acquisition Costs for Longhorn Holdings

(4000)

See #10

Adjustments

Turtle Creek (605)
 Sed Rent (123)

Write offs

Leasehold ~~643~~ 643
 Fixed Asset ~~102~~ 102

Intangible Assets
 + Equity (6743)

Tab Depr (77)

Other pay 76
 50 Note 4215

Repay Debtors

Bank (2,524)
 Excess Wine 920
 Revolver 4000

Loan A 32000

Loan B 21000

Sub Debt 32454

Cont Pref 114549

total Adj (9105)

See #10

204003

#10

DeLaithe Fee 400

Est legal Fee 1500

total ~~202,303~~

total Transaction

Adjustments 209,903

Other transaction fees incurred by Longhorn post-acquisition

see #3

→ were these costs incurred by Global pre-acq?
 If so, they are ~~not~~ part of purchase price

Project Longhorn
Professional Fees
2005

Vendor Name	Amount
Merrill Communications	38,731.85
Margaret Bond	27,089.33
	<u>65,821.18</u>

*Net of
all these
components of
global
pre and post*

Allocation Structure

Purchase Price

204 003

less Tangible Assets
(Professors)

43 975 .

plus Tangible Liabilities

101 344

? (not
left!)

(Professors will
plus Cash Rev (not at end of prof)

31 395

Effective Purchase Price

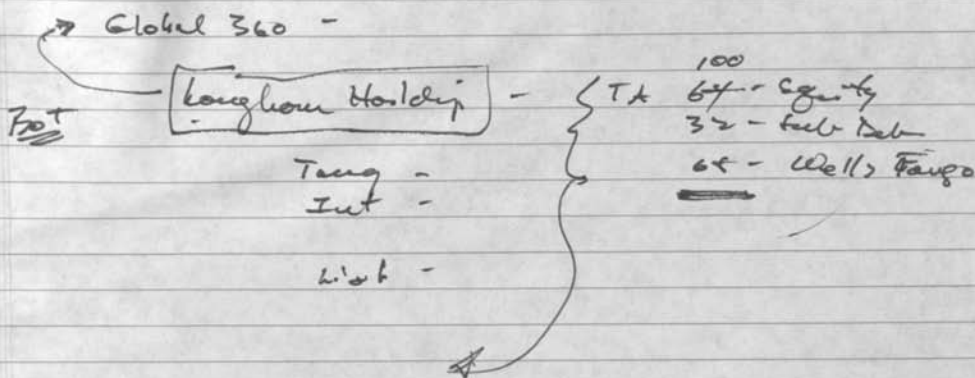
~~292 767~~

Assume That This represents fair market value

since it was an arm's length
open market transaction
with a fully informed buyer
and a seller not under duress.

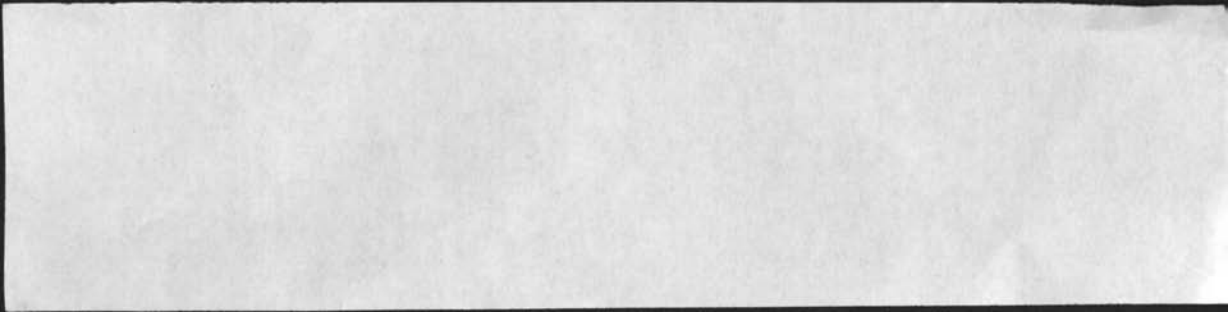
Stock purchase from previous owners?

George Ellis!



Def New - Cost of Perf.

^{new}
is Def New < old def new
based in diff handled



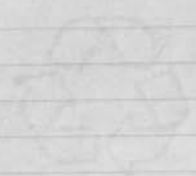
See # 14 + 17

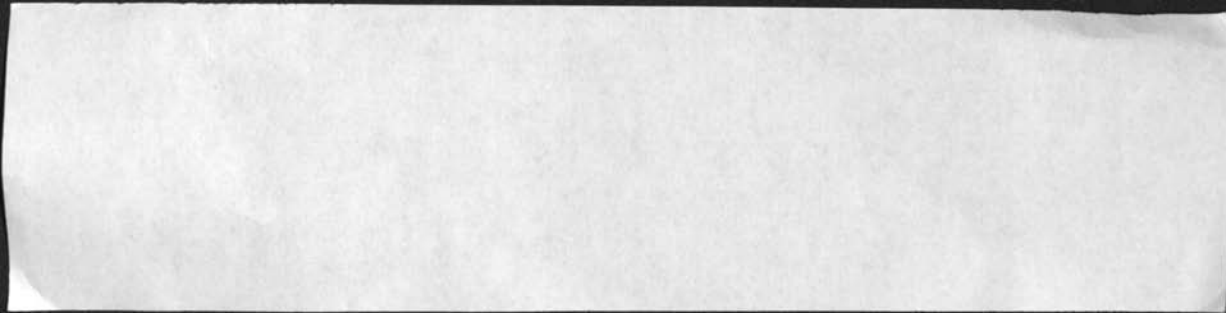
Balance Sheet - Assets				Proforma
(\$000)	12/31/05		3/31/06	3/31/06
Cash + Equiv	2038		6605	8626
AR (net)	36395		27129	27130
Paid + other (Def Tax = 2201)	3683		10760	4760
			Dytax = 1902 Emphree = 6189 Paid Amount = 1129	
- Current Assets	42115		44494	40516
Fixed Assets (net)	10072		4201	3459 ← (Amount gone)
	<u>52187</u>		<u>48695</u>	<u>43975</u>
Goodwill (net)	15095		15095	
Software	4579		4579	
Cost list	1687		1687	
less Amount	(4438)		(4745)	
total net	<u>1828</u>		<u>1520</u>	
Other Assets				
Deposits	418		421	
Def Tax Ass	998		1002	1002
Other	10		10	430
	<u>1426</u>		<u>1432</u>	<u>1432</u>
total Assets	<u>70535</u>		<u>66743</u>	<u>45087</u>
Excess Cost of Acq.				201781
				<u>247188</u>

Balance Sheet - Liabilities

	<u>12/31/05</u>	<u>3/31/06</u>	Reforma <u>3/31/06</u>
A/P	2109	1908	1908
Accrued Liab	6993	8173	incl 6747 (restatement) = 2703)
Accr Payroll related	6352	5080	4544
Current LT Debt	8121	10010	6665
Def Rev	32323	31261	31295
Ine Tax Pay	0	(616)	(616)
LT Debt	9140	4934	(net pay = (4934) 82544
Def Tax Liab	148	(748)	(748)
	<hr/>	<hr/>	<hr/>
total liab	65186	60000 60000	132639
Equity	5349	6743	114549

Gold Fibers





Patents & Tech.

Dana Khayit

Dave H. Lakness
reviewed all patents
12001

4932026 message hand workflow - 1990

5113393 " " " 1992

5060135 Manipulation of Documents 1991

5537486 Barcode - Batch Documents 1996

5745901 Graphical workflow Editor 1998 no alt use

5970170 Handwriting Recognition 1999

Section
VIII

- Rules Based Security
- Dynamic load balancing

~~Kodak~~

~~- Kodak~~

~~Fujitsu~~

~~- ?~~

~~Kofax~~

~~- Kofax (Input Excel)~~

~~ReadSoft~~

~~- ReadSoft~~

~~Esker~~

~~- Esker~~

~~AnyDoc~~

~~- AnyDoc~~

- no alternative ~~to~~ licensing opportunities

- provide defense against ~~the~~ suits

- cost of development -

-

Title

Document Scanner With Positioning Device
Composite Document Accessing And Processing Terminal With Graphic And Text Data Buffers
Apparatus For Data Compression Of Binary Bits Representing The Pixels Of A Dithered Image In A Digital Imaging Process
Method Of Coupling Identification Tabs To Microfiche For Use In Microfiche Storage And Retrieval Devices
Resolution Conversion Of Bitmap Images Using Error Term Averaging
Digital Imaging File Processing System
A Pixel Signal Processing Method
Thresholding Algorithm Selection Apparatus
Office Automation System With Integrated Image Management
Apparatus For Distributing Data Processing Across A Plurality Of Loci Of Control
Method And Apparatus For Converting Documents Into Electronic Data For Transaction Processing
Apparatus For Manipulating Documents In A Data Processing System
Cascadable, High-Bandwidth, Multi-Channel Image Transfer Controller
Apparatus For Distributing Data Processing
Document Manipulation In A Data Processing System
Apparatus For Document Annotation And Manipulation Using Images From A Window Source
Document Annotation And Manipulation In A Data Processing System
A System And Method For Viewing Icon Contents On A Video Display
Document Folder Icon For Display In A Data Processing System
Method And Apparatus For Automatically Specifying A Portion Of Text From A Bitmap Image Of The Text
High Speed Document Verification System
Automatic Determination Of Blank Pages And Binary Images Bounding Boxes
Document Annotation And Manipulation In A data Processing Systems
Document Annotation And Manipulation In Data Processing System
Workflow Initiated By Graphical Symbols
Image Undithering Apparatus And Method
Lossy Compression And Expansion Algorithm For Image Representative Data
Character Recognition System Identification Of Scanned And Real Time Handwritten Characters
Data Processing System With Folder Means For Associating A Plurality Of Reduced Size Images In A Stacked Arrangement
Reduced Image Generation
Data Retrieval, Manipulation And Transmission With Facsimile Images
Method Of Resolving Data Conflicts In A Shared Data Environment

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Gilbert W. Agudelo; Shu-Kuang Ho

3HF

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Kadashevick, A. Julie; Jourjine, Alexander N.; Knowlton, Kenneth C.; Harvey, Mary F.
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Silver, Bruce R.; Edward Lesnick
Silver, Bruce R.; Edward Lesnick
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Hager, Geoffrey; Chang, Robert; Tjia, Robert
Hager, Geoffrey; Chang, Robert; Tjia, Robert
Hager, Geoffrey; Chang, Robert; Tjia, Robert
Hager, Geoffrey; Chang, Robert; Tjia, Robert
Hager, Geoffrey; Chang, Robert; Tjia, Robert
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Black&White thubmnaill generation	5,161,213	Filed	MLW
Black&White thubmnaill generation	5,161,213	Filed	MLW
Black&White thubmnaill generation	5,161,213	Filed	MLW
Black&White thubmnaill generation	5,161,213	Filed	MLW
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Black&White thubmnaill generation	5,161,213	Filed	MLW
Black&White thubmnaill generation	5,161,213	Filed	MLW
Black&White thubmnaill generation	5,161,213	Filed	MLW
Black&White thubmnaill generation	5,161,213	Filed	MLW
FreeStyle - manipulating documents via thumbnails	6,115,043	Filed	MLW
Might apply, need to review patent	6,167,439	Filed	MLW
Basic Imaging system with focus on highlight detection (using	4,760,606 (75221)	Filed	MLW
Basic Imaging system with focus on highlight detection (using	4,760,606 (75221)	Filed	MLW
Basic Imaging system with focus on highlight detection (using	4,760,606 (75221)	Filed	MLW
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Basic Imaging system with focus on highlight detection (using	4,760,606 (75221)	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
213 is B&W thubmnaill generation 447 is color thubmnaill gene	5,161,213; 5,355,447	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
	Filed		MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW

883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833; 5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833/5,680,636	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,625,833	Filed	MLW
883 is the FreeStyle type synchronized record/playback, 636 g	5,680,636	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795	Closed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,798/6,115,043	Filed	MLW
FreeStyle - manipulating documents via folder thumbnail	5,442,795; 6,115,043	Filed	MLW
	Filed		MLW
	Filed		MLW
FreeStyle - faxing annotated images of documents	6,167,439	Filed	MLW
Scaling algorithms - 213 is bitonal, 447 is color	5,161,213; 5,355,447	Filed	MLW
	Filed		MLW
X obsolete hardware device	4,514,063 (75213)	Filed	MLW
X obsolete hardware device	4,514,063 (75213)	Filed	MLW
X obsolete hardware device	4,514,063 (75213)	Filed	MLW
X obsolete hardware device	4,514,063 (75213)	Filed	MLW
X obsolete hardware device	4,514,063 (75213)	Filed	MLW
X obsolete hardware device	4,514,063 (75213)	Filed	MLW
X FreeStyle - capture contents of a window	5,231,578	Filed	MLW
X FreeStyle - capture contents of a window	5,231,578	Filed	MLW

X	FreeStyle - capture contents of a window	5,231,578	Filed	MLW
X	FreeStyle - capture contents of a window	5,231,578	Filed	MLW
X	FreeStyle - capture contents of a window	5,231,578	Filed	MLW
		Filed		MLW
	"Bounce-back" documents with preprinted bar code or other c	5,537,486 (75687)	Filed	MLW
	"Bounce-back" documents with preprinted bar code or other c	5,537,486 (75687)	Filed	MLW
	"Bounce-back" documents with preprinted bar code or other c	5,537,486 (75687)	Filed	MLW
	"Bounce-back" documents with preprinted bar code or other c	5,537,486 (75687)	Filed	MLW
	"Bounce-back" documents with preprinted bar code or other c	5,537,486 (75687)	Filed	MLW
	"Bounce-back" documents with preprinted bar code or other c	5,537,486 (75687)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,754,707 (75667)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,605 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,005 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,005 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,605 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,005 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,005 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,005 (75670)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	5,936,005 (75670)	Filed	MLW
X	Obsolete hardware device ("executive" workstation in a desk)	4,587,633 (75206)	Filed	MLW
X	Obsolete hardware device ("executive" workstation in a desk)	4,587,633 (75206)	Filed	MLW
X	Obsolete hardware device ("executive" workstation in a desk)	4,587,633 (75206)	Filed	MLW
X	Obsolete hardware device ("executive" workstation in a desk)	4,587,633 (75206)	Filed	MLW
	Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW

Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Covers "polygon" text selection in I4W	5,517,586 (75228)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
Basically the whole EX system is disclosed	5,054,096 (75688)	Filed	MLW
<i>Might apply to I4W, not very useful</i>	4,631,521 (75216)	Filed	MLW
<i>Might apply to I4W, not very useful</i>	4,631,521 (75216)	Filed	MLW
<i>Might apply to I4W, not very useful</i>	4,631,521 (75216)	Filed	MLW
	09/228,352 (79124)	Filed	MLW
	09/228,352 (79124)	Filed	MLW
<i>Might apply to I4W, not very useful</i>	5,161,213	Filed	MLW
<i>Might apply to I4W, not very useful</i>	5,355,447	Filed	MLW
<i>Might apply to I4W, not very useful</i>	6,157,389 (75673)	Filed	MLW
<i>Might apply to I4W, not very useful</i>	6,157,389 (75673)	Filed	MLW
<i>Might apply to I4W, not very useful</i>	6,157,389 (75673)	Filed	MLW
X Old hardware specific patent	4,677,475 (75217)	Filed	MLW
Originated in WorkFolder for Exchange - applies well to CM n	6,240,414 (76179)	Filed	MLW
Originated in WorkFolder for Exchange - applies well to CM n	6,240,414 (76179)	Filed	MLW
Originated in WorkFolder for Exchange - applies well to CM n	6,240,414 (76179)	Filed	MLW
Basic image storage/retrieval	4,918,588 (75223)	Filed	MLW

Might apply to I4W, not very useful

4,879,753 (75219)

Filed

MLW

X	FreeStyle capture/annotate	5,231,578	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	Filed		MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	Filed		MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	FreeStyle - manipulating documents via thumbnails	5,060,135	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	4,631,521 (75216)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	4,631,521 (75216)	Filed	MLW
	<i>Might apply to I4W, not very useful</i>	4,631,521 (75216)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Closed	MLW
	<i>Might apply to I4W and/or Scan Manager, not very useful</i>	5,548,664 (75227)	Filed	MLW
X	Obsolete hardware device	4,677,475 (75218)	Filed	MLW
X	Obsolete hardware device	4,677,475 (75218)	Filed	MLW
X	Obsolete hardware device	5,062,076 (75218)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	None of our products do this, but it reads on Palm, Windows T	5,970,170 (75675)	Filed	MLW
X	Obsolete hardware device	4,587,633 (75206)	Filed	MLW

Country	Case Type	Status	Application Nu	Filing Date	Patent Numt
Japan	ORD	Pending	20003043	11-Jan-00	
Germany	ORD	Abandoned	199639817	31-Dec-99	
Canada	ORD	Expired	8400447936	21-Feb-84	1207909
United States of America	CON	Granted	07/616,812	19-Nov-90	5,442,795
Germany	EPC	Lapsed	861094472	10-Jul-86	3650566.8
France	EPC	Lapsed	861094472	10-Jul-86	208319
United States of America	ORD	Inactive			
Australia	ORD	Lapsed	830019959	7-Oct-83	565874
United States of America	ORD	Granted	06/754,685	15-Jul-85	4,850,029
Japan	ORD	Lapsed	23493683	13-Dec-83	2597350
Spain	ORD	Abandoned	8901779	26-May-89	2015392
Japan	ORD	Granted	21777185	30-Sep-85	1910118
United States of America	CON	Granted	07/504,145	3-Apr-90	5,113,393
United States of America	ORD	Granted	06/944,500	19-Dec-86	4,932,026
Belgium	ORD	Granted	871184107	11-Dec-87	272561
Germany	ORD	To be Abnd.	87118410.7	11-Dec-87	3752196.9-08
France	ORD	Granted	871184107	11-Dec-87	272561
United Kingdom	ORD	Granted	87118410.7	11-Dec-87	272561
Japan	ORD	Granted	31729887	15-Dec-87	2721672
Canada	ORD	Granted	8700547487	22-Sep-87	1286414
Australia	ORD	Granted	870078322	11-Sep-87	600755
United States of America	CIP	Abandoned	07/360,656	2-Jun-89	
United States of America	CON	Granted	07/611,433	13-Nov-90	5,231,578
Japan	PCT	Abandoned	50043090	14-Nov-89	
Australia	PCT	Granted	4627689	14-Nov-89	652120
United Kingdom	EPC	Granted	89912972	14-Nov-89	477173
France	EPC	Granted	89912972	14-Nov-89	477173
Germany	ORD	Granted	89912972	14-Nov-89	68927327.4-08
Canada	ORD	Granted	2003231	17-Nov-89	2003231
European Patent Convention	PCT	Inactive	89912972	14-Nov-89	477173
Japan	PCT	Granted	50008190	26-Oct-89	2993732

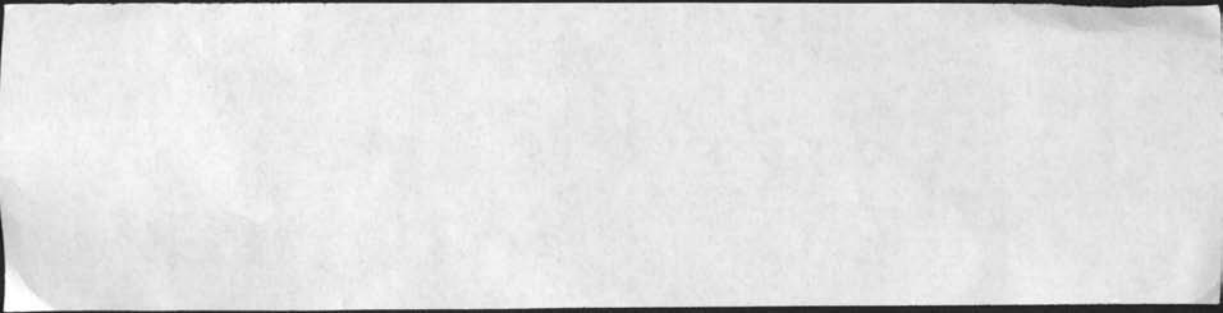
Canada	ORD	Granted	2001895	31-Oct-89	2001895
Spain	ORD	Abandoned	8901781	26-May-89	2011749
Canada	ORD	Granted	890060063.4	25-May-89	1322610
United Kingdom	EPC	Granted	89906617.9	18-May-89	370101
Australia	PCT	Granted	3745989	18-May-89	624835
Mexico	ORD	Lapsed	16211	26-May-89	171581
Germany	EPC	Lapsed	89906617.9	18-May-89	68928737.2-08
France	EPC	Granted	89906617.9	18-May-89	370101
European Patent Convention	PCT	Inactive	89906617.9	18-May-89	370101
United States of America	CIP	Granted	07/265,685	1-Nov-88	5,060,135
United Kingdom	EPC	Lapsed	851164616	23-Dec-85	188800
France	EPC	Lapsed	851164616	23-Dec-85	188800
Germany	ORD	Lapsed	85116461.6	23-Dec-85	3583021.2-08
United States of America	ORD	Granted	08/268,219	29-Jun-94	5,548,664
Japan	ORD	Abandoned	50310296	11-Jan-95	
Canada	PCT	Abandoned	2189434	11-Jan-95	
Australia	PCT	Granted	950015268	11-Jan-95	688453
United Kingdom	EPC	Granted	95906815.6	11-Jan-95	768000
France	EPC	Granted	95906815.6	11-Jan-95	768000
Germany	EPC	Lapsed	95906815.6	11-Jan-95	69508941.2-08
European Patent Convention	ORD	Inactive	95906815.6	11-Jan-95	768000
Canada	ORD	Lapsed	8600513557	11-Jul-86	1264092
Australia	ORD	Lapsed	960058568	11-Jun-86	590280
United States of America	ORD	Lapsed	06/754,116	12-Jul-85	5,062,076
United States of America	ORD	Granted	08/484,630	7-Jun-95	5,970,170
Japan	PCT	Pending	50045097	27-Mar-96	
Canada	ORD	Pending	2194491	27-Mar-96	
Australia	PCT	Granted	960053740	27-Mar-96	706080
United Kingdom	EPC	Granted	96910585.7	27-Mar-96	774142
European Patent Convention	ORD	Inactive	96910585.7	27-Mar-96	774142
Germany	EPC	To be Abnd.	96910585.7	27-Mar-96	69610478.4-08
France	EPC	Granted	96910585.7	27-Mar-96	774142
United States of America	CON	Granted	07/659,461	25-Feb-91	5,129,061

European Patent Convention	DIV	Inactive	93202331	9-Aug-93	579337
United Kingdom	EDV	Granted	932023310	9-Aug-93	579337
Austria	EDV	Lapsed	932023310	9-Aug-93	579337
Netherlands	EDV	Granted	932023310	9-Aug-93	579337
Sweden	EDV	Granted	932023310	9-Aug-93	579337
Germany	EDV	Lapsed	93202331	18-May-89	68929163.9-08
France	EDV	Granted	932023310	9-Aug-93	579337
Italy	EDV	Abandoned	932023310	18-May-89	579337
Switzerland	EDV	Abandoned	932023310	18-May-89	579337
Belgium	EDV	Granted	932023310	9-Aug-93	579337
United States of America	CON	Granted	08/483,772	7-Jun-95	6,115,043
United States of America	FWC	Granted	08/150,744	12-Nov-93	6,167,439
United States of America	ORD	Granted	07/880,409	30-Jun-86	4,760,606
Canada	ORD	Granted	8700536253	4-May-87	1274315
Canada	DIV	Granted	9000615692	4-Apr-90	1296429
Australia	ORD	To be Abnd.	870071863	22-Apr-87	596655
Australia	DIV	To be Abnd.	900051385	15-Mar-90	612927
Australia	DIV	To be Abnd.	900051387	15-Mar-90	614223
United Kingdom	EPC	Granted	87109198.9	26-Jun-87	251237
Germany	EPC	Granted	87109198.9	26-Jun-87	3787054.8-08
France	EPC	Granted	87109198.9	26-Jun-87	251237
Belgium	EPC	Granted	87109198.9	26-Jun-87	251237
Japan	ORD	Granted	16383787	30-Jun-87	2924904
Canada	ORD	Granted	890060062.4	25-May-89	1326560
Cañada	ORD	Granted	890060064.3	25-May-89	1334874
United Kingdom	EPC	Granted	89907433	18-May-89	374241
Australia	PCT	Granted	3777689	18-May-89	624838
Japan	PCT	Granted	50681689	18-May-89	2945692
Mexico	ORD	Lapsed	16209	26-May-89	171579
Austria	EPC	Lapsed	89907433	18-May-89	374241
Netherlands	EPC	Granted	89907433	18-May-89	374241
Sweden	EPC	Granted	89907433	18-May-89	374241
Germany	EPC	Lapsed	89907433	18-May-89	68928276.1-08

France	EPC	Granted	89913139.5	26-Oct-89	404893
Germany	EPC	Lapsed	89913139.5	26-Oct-89	68921336.0-08
European Patent Convention	PCT	Inactive	89913139.5	26-Oct-89	404893
Spain	ORD	Abandoned	8901780	26-May-89	2015393
United States of America	ORD	Granted	07/612,557	13-Nov-90	5,537,486
France	EPC	Abandoned	91113069.8	2-Aug-91	485694
Germany	EPC	Abandoned	91113069.8	2-Aug-91	69128457.1-08
United Kingdom	EPC	Abandoned	91113069.8	2-Aug-91	485694
Japan	ORD	Granted	3325160	13-Nov-91	3590812
European Patent Convention	ORD	Abandoned	91113069.8	2-Aug-91	485694
Australia	ORD	Granted	910086792	28-Oct-91	650063
United States of America	ORD	Abandoned	07/639,465	10-Jan-91	
United States of America	FWC	Abandoned	07/849,637	5-Mar-92	
United States of America	FWC	Granted	08/123,578	17-Sep-93	5,754,707
Japan	PCT	Abandoned	3518535	1-Oct-91	
Canada	PCT	Lapsed	2100064	1-Oct-91	2100064
Australia	PCT	Lapsed	910089470	1-Oct-91	655613
United Kingdom	EPC	Lapsed	91920386.9	1-Oct-91	566581
France	EPC	Lapsed	91920386.9	1-Oct-91	566581
Germany	EPC	Lapsed	91920386.9	1-Oct-91	691245290
United States of America	FWC	Granted	08/959,734	28-Oct-97	5,936,605
United Kingdom	EPC	Lapsed	95913615.1	8-Mar-95	768002
France	EPC	Lapsed	95913615.1	8-Mar-95	768002
Japan	PCT	Granted	50310996	8-Mar-95	3496220
Canada	PCT	Abandoned	2186491	8-Mar-95	
Australia	PCT	Lapsed	2099295	8-Mar-95	686356
Germany	EPC	Lapsed	95913615.1	8-Mar-95	69504982.8-08
European Patent Convention	PCT	Inactive	95913615.1	8-Mar-95	768002
United States of America	ORD	Expired	06/440,668	10-Nov-82	4,587,633
Australia	ORD	Expired	830017582	4-Aug-83	562961
Canada	ORD	Granted	8300440241	2-Nov-83	1252559
Canada	DIV	Granted	8800583680	22-Nov-88	1266922
Australia	PCT	Granted	950028705	7-Jun-95	690298

France	EPC	Granted	89907433	18-May-89	374241
Italy	EPC	Abandoned	89907433	18-May-89	374241
Switzerland	EPC	Abandoned	89907433	18-May-89	374241
Belgium	EPC	Granted	89907433	18-May-89	374241
European Patent Convention	PCT	Inactive	899074330	18-May-89	374241
United States of America	FWC	Granted	08/406,818	20-Mar-95	5,625,833
United States of America	DIV	Granted	08/486,429	7-Jun-95	5,680,636
Japan	PCT	Lapsed	50634989	18-May-89	2870911
United Kingdom	EPC	Granted	89906957.9	18-May-89	394379
Australia	PCT	Granted	3757889	19-May-89	624837
Austria	EPC	Lapsed	89906957.9	18-May-89	394379
Netherlands	EPC	Granted	89906957.9	18-May-89	394379
Sweden	EPC	Granted	89906957.9	18-May-89	394379
Germany	EPC	Lapsed	89906957.9	18-May-89	68928531.0-08
France	EPC	Granted	89906957.9	18-May-89	394379
Italy	EPC	Abandoned	89906957.9	18-May-89	394379
Switzerland	EPC	Abandoned	89906957.9	18-May-89	394379
Belgium	EPC	Granted	89906957.9	18-May-89	394379
European Patent Convention	PCT	Inactive	89906957.9	18-May-89	394379
Canada	ORD	Granted	890060064.6	25-May-89	1327082
Spain	ORD	Abandoned	8901788	26-May-89	2012006
Mexico	ORD	Lapsed	16212	26-May-89	171582
Australia	PCT	Granted	3691689	18-May-89	623149
Japan	PCT	Abandoned	50604889	18-May-89	2975621
Mexico	ORD	Lapsed	16210	26-May-89	171580
United Kingdom	EPC	Abandoned	841047277	26-Apr-84	124098
France	EPC	Abandoned	841047277	26-Apr-84	124098
United States of America	ORD	Expired	06/489,642	28-Apr-83	4,514,063
Canada	ORD	Expired	8300440240	2-Nov-83	1208363
Germany	EPC	Lapsed	841047277	26-Apr-84	34702687
Australia	ORD	Lapsed	830017581	4-Aug-83	561837
Australia	PCT	Granted	890046294	26-Oct-89	625684
United Kingdom	EPC	Granted	89913139.5	26-Oct-89	404893

ed States of America	ORD	Granted	08/291,262	16-Aug-94	5,517,586
in	PCT	Abandoned	50729596	7-Jun-95	
ada	PCT	Abandoned	2197687	7-Jun-95	
ed Kingdom	EPC	Granted	95924042.5	7-Jun-95	776512
many	EPC	Granted	95924042.5	7-Jun-95	69512074.3-08
ice	EPC	Granted	95924042.5	7-Jun-95	776512
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ada	ORD	Lapsed	2001106	20-Oct-89	2001106
ed Kingdom	EPC	Granted	89812169.3	24-Oct-89	400113
n	EPC	Lapsed	89812169.3	24-Oct-89	2107051
mbourg	EPC	Lapsed	89812169.3	24-Oct-89	400113
erlands	EPC	Lapsed	89812169.3	24-Oct-89	400113
	EPC	Lapsed	89812169.3	24-Oct-89	400113
many	EPC	Lapsed	89812169.3	24-Oct-89	68928166.8-08
ice	EPC	Granted	89812169.3	24-Oct-89	400113
ium	EPC	Lapsed	89812169.3	24-Oct-89	400113
den	EPC	Lapsed	89812169.3	24-Oct-89	400113
ed States of America	ORD	Granted	07/261,515	24-Oct-88	5,054,096
ed States of America	ORD	Expired	06/687,629	31-Dec-84	4,631,521
ada	ORD	Granted	8500498739	30-Dec-85	1250955
ralia	ORD	Granted	5009285	20-Nov-85	584944
ed States of America	ORD	Inactive	09/228,352	11-Jan-99	
ed States of America	CPA	Abandoned	09/228,352	19-Jul-01	
ed States of America	FWC	Granted	07/671,639	18-Mar-91	5,161,213
ed States of America	DIV	Granted	07/922,403	31-Jul-92	5,355,447
ed States of America	ORD	Granted	08/340,003	15-Nov-94	6,157,389
ada	ORD	Abandoned	2175825	18-Oct-95	
pean Patent Convention	PCT	Abandoned	95938172.4	18-Oct-95	
ed States of America	ORD	Granted	06/719,832	3-Apr-85	4,677,475
in	ORD	Pending	2738361998	28-Sep-98	
many	ORD	Abandoned	198440715	25-Sep-98	
ed States of America	ORD	Granted	09/136,231	19-Aug-98	6,240,414
ed States of America	ORD	Granted	06/948,375	31-Dec-86	4,918,588



Subjects for Exam

✓ Deferred Rev Analysis

License
amount
Prog serv
outstanding

Horizontal
3rd party SW?
Sum for 2006
2007
2008

- 3rd Party SW - COS / for standalone

ident of royalties for specific other
products

What is definition of G360 vs BGS

- How are reimbursed expenses handled? -

COS + Operating Expenses -

Global 360 COS -
Production
Product Mgt
Product Fulfillment
Professional Services
Support

BGS 360 COS -
Production
Prod. Facility
Product Mgt
Prof. Services
Support

Global 360 Op Exp
Mktg → Sales + Mktg
Sales → "
Eng + Dev → R&D
IT → G+A
Admin/Acty → G+A

BGS 360 Op Exp
Sales → Sales + Mktg
Eng/Dev → R&D
IT → G+A
Admin/Acty → G+A

Team -

- Employees as of 3/30/06
by functional area:
include Outrigger

- Revenue ~~See #13~~ 2005

~~CW - other software
3rd party Prod~~

~~Maint - 3rd party~~

~~Service - other~~

~~Holiday -~~

~~Other - Freight~~

~~other functions~~

COS
or Exp
Allocation

- Produce Cost

SW - other SW

Maint - 3rd party

SW contract

Service

Personnel - ~~Outrigger~~ Rental House

Camp Equip/Supplies

Fuel

Prod Parts

Supplies

3rd party file conversion

Shipping Supplies

3rd Party SW

Aircraft - eliminate (228K)

other - Fuel

- Amount

- Personnel - salaries

- other

- Other Op Exp - elim Depreciate

Follow up with Pam, Bob

Order Backlog -

Royalty Payments to 3rd party, See providers

Purchase Price Details

Transaction Costs (including future)

Tangible Assets

Tangible Liabilities

Handling of Deferred Revenue (Book value vs
Cost of Performance difference)

Profit Margin

Investment Returns

NOL Carryforward

6/26

Plan to Land -

1) ^{Exp} new of Exp by category ^{outsourcing} for Global 360 - ~~all~~ / all legal entities
replace previous spreadsheets

2) Deferred Rev -
by Products - want by month - includes 3rd party sev
for Prof services - by month }
none for outsourcing? }
" " license }
" " licenses }
Ch of Rev -
Other
Chart

Kauba to Land -

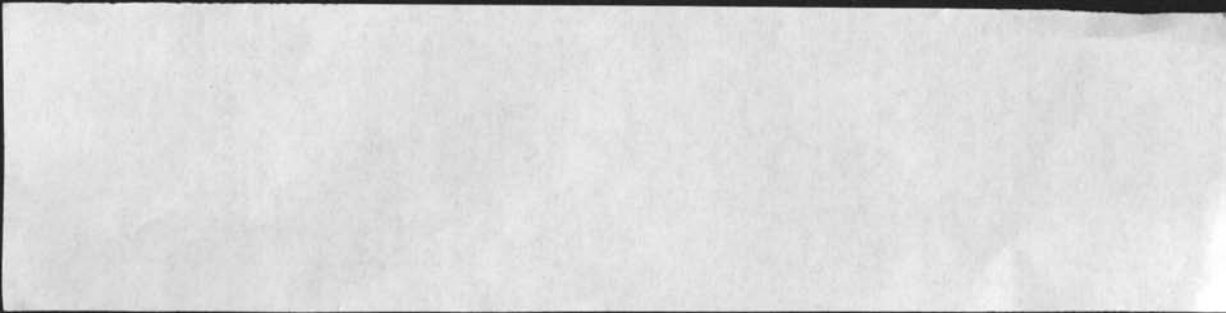
1) ^{3rd party sev} CO2 analysis - no breakdown
on license, want on other exp.

2) Royalty agreement info.

Sent payments info -

but not any breakdown between
embedded, 3rd party sev or internal
use (admin)

3) ~~3rd~~ 3rd party sev revenue analysis



Subj: **Global 360 - FedEx Package**
Date: 5/26/2006 5:14:24 PM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com

Hi Burt,

The FedEx tracking number for the package is: 792110328760

I have proforma balance sheets and income statements as of 3/30/06 if you need them. Let me know and I will send them next week.

Thank you,
Pam Schneider

Global 360, Inc.
2911 Turtle Creek Blvd.
Suite 1100
Dallas, TX 75219
Phone: 214-445-4108
Fax: 214-219-7218

- To get
- ✓ 1. Proforma Balance Sheet 3/30/06
 - 2. Swicked Tax rate
 - 3. NOL carryforward
 - ✓ 4. Acquisition Document (w/o exhibits)

Operations

Discontinued Operations

2005 -

Texas Land Services	(1433)	(22) (E)	not in 2005 financials
South Tech Towers	(14622)	115 (586)	
Income Taxes (Mabl)	4221	(E3)	} very high rate!
(local)	361	115	

Personnel - Any Breakdown by -
* Mktg + Sales
 * Dev + Maint - Prod. Family
 * Bus + Admin
Any breakdown by -
Product Lines

Yes

Primary Product Analysis -

EX: $5776 + 24272 + 4802 = 34850$ *
BPM Solution: $2161 + 12549 + 1709 = 16419$ * (NK)

Product Families - History of org/development - list from Cody.

new Dev - Boss + enhancements

Trends - 2004 - 2005

see
see forward

1006 - Incentive Comp 20,327? for acquisition -
one time cost -

✓ Purchase Price - 3/21/06

→ Tax Rate - ?

→ Acq. doc. -

9. Budget - for 2006 / future.

how is depreciation handled? - see request above]
any non-intang. assets amortization? (no)

Subj: **RE: Global 360**
Date: 6/2/2006 9:52:57 AM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com

Burt,

Please see my comments inserted below.

Thank you,
Pam

From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Thursday, June 01, 2006 4:02 PM
To: Pam.Schneider@global360.com
Subject: Re: Global 360

Pam--Thanks for the material. I have printed it and will review it later.

Based on our conversation this afternoon, the following items should be added to your to do list:

1. Organization "charts" for end of 2005 and for end of 1Q06. A current list of key executives and managers with their areas of responsibility and number of people reporting to them would be very helpful. [Pam] see attachment
2. Contact information for John Oldham and when would be a good time for me to talk with him. [Pam] I will send him an email and copy you
3. 1Q06 P&L with transaction costs eliminated [Pam] see attachment (Q1 2006 Proforma Income Statement.pdf)
4. Any analyses which have been done on professional services revenues versus personnel costs and other operating expenses. [Pam] We do not have this. Perhaps John Oldham will have some information when you talk to him.
5. Any analyses which have been done on the Outsourcing operations which shows the revenues versus the costs. [Pam] same as #4.

Thanks for all of your help.

Burt

Subj: **Global 360**
Date: 6/1/2006 3:24:53 PM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com

Hi Burt,

Yesterday you asked for the following information:

- ✓ Elements of Purchase Price - see attached Purchase Price Allocation.xls file for the details
- ✓ Are Discontinued Operations pulled out of revenue & expense? Yes
- ✓ History of acquisitions and related product families - see PDF file attached
- ✓ Any significant bonuses, other than stock grants, in Q1 2006? - less than \$100k

These are the pending items I have:

- What will the tax rate be going forward? - I need to discuss with George
- Draft of Forecast - I need to discuss with George
- Draft of Acquisition Document - this is very large. It is possible we could send it without all of the exhibits. Is this acceptable for you? Let me know and I will discuss with George and get back to you.

Please let me know if I missed any of your requests in the above lists.

Bob and I will give you a call shortly to discuss the question from this morning.

Please note my new confidential fax number in my signature below. These faxes will come directly to my computer.

Thank you,
Pam
Pam Schneider

Global 360, Inc.
2911 Turtle Creek Blvd.
Suite 1100
Dallas, TX 75219
Phone: 214-445-4108
Fax: 1-800-615-3706

Subj: **Re: Global 360**
Date: 6/1/2006 5:01:52 PM Eastern Standard Time
From: Burtgrad
To: Pam.Schneider@global360.com

Pam—Thanks for the material. I have printed it and will review it later.

Based on our conversation this afternoon, the following items should be added to your to do list:

1. Organization "charts" for end of 2005 and for end of 1Q06. A current list of key executives and managers with their areas of responsibility and number of people reporting to them would be very helpful.
2. Contact information for John Oldham and when would be a good time for me to talk with him.
3. 1Q06 P&L with transaction costs eliminated
4. Any analyses which have been done on professional services revenues versus personnel costs and other operating expenses.
5. Any analyses which have been done on the Outsourcing operations which shows the revenues versus the costs.

Thanks for all of your help.

Burt

Case / Interview | audit - scheduled 6/15 financial data
EY: August

Revenue - key product family -
SW licenses & families - SW revenue 12.8
- EX 2.8
- Core acct
Consumer
Components
Identified
Kovis
B4) Solution
Key file

Maint - + 3 Other 13.1

Services - EX - 4.3
Ident -
→ BBS Solution (outsourced) ^{Ident.} _{Scam}
BPM -

Hardware - X .30

CY 2005 - 85M
1Q 2006 - 21M
21M

Forecast - 2006 + food...

Key costs
COGS - Maint
- Prod + Sales
- Mktg + Sales
GTA -

Amount Depreciate

list of intangibles -
Revenue Proposal

Financials - Rev	CY 2005
Costs	1Q 2006
Product Descriptions -	Base Costy - Tuesday
Offering Mgt for Juniors?	

Subj: Global 360 Product information
Date: 5/30/2006 9:33:09 AM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com

Burt,

Below please find more information on our products. Ben Cody has provided links to the areas on the website that contain more details. Please let us know if you need further details.

Thank you,
Pam

From: Cody, Ben
Sent: Tuesday, May 30, 2006 7:38 AM
To: Schneider, Pam
Subject: RE: Product Meeting Next Week

Pam,

There is quite a bit on the web in the resource library.
http://www.global360.com/company/resource_library/default.asp?campaign_id=

- 2 flash demos
- 9 web cast recordings (that include demos, customers speaking, etc.)
- 7 data sheets for the various products
- 6 white papers
- 5 solution briefs
- 25 customer success stories

Additionally, there is a 3rd flash demo (probably our best) on the front page
<http://www.global360.com/download/bpmtour.htm>.

Beyond this, we are starting to get into product documentation. We can definitely provide that if need be, but I think the above should give him a pretty good feel for the products.

Ben Cody
Global 360, Inc.
214.445.4182
ben.cody@global360.com
<http://www.global360.com/>

Subj: **RE: Allocation Study**
Date: 5/25/2006 4:24:55 PM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com

Hi Burt,

I'm sorry I missed you today. How about tomorrow morning? I know you are in California so let me know if anytime tomorrow morning is good for you.

Also, I did not find the NDA agreement on the fax machine or in my mailbox. Would you please resend it with a cover sheet to my attention? It is our main office fax number and it might be easily misplaced.

Thank you,
Pam Schneider

Global 360, Inc.
2911 Turtle Creek Blvd.
Suite 1100
Dallas, TX 75219
Phone: 214-445-4108
Fax: 214-219-7218

From: Burtgrad@aol.com [<mailto:Burtgrad@aol.com>]
Sent: Thursday, May 25, 2006 9:30 AM
To: Pam.Schneider@global360.com
Subject: Re: Allocation Study

Pam-3 PM will be tough for me since I will be in meetings from 1 PM to 4 PM PT. I'll check with you later today if I can get some open time. Please let me know if you are back in your office any earlier than 3 PM.

Burt

Subj: **RE: FW: Allocation Study**
Date: 5/23/2006 9:02:45 AM Eastern Standard Time
From: Pam.Schneider@global360.com
To: Burtgrad@aol.com

To: PAM SCHNEIDER
(fax) 214-219-7218
(3 PAGES)

Hello Burt,

My fax number is in the signature information below.

Thank you,
Pam
Pam Schneider

Global 360, Inc.
2911 Turtle Creek Blvd.
Suite 1100
Dallas, TX 75219
Phone: 214-445-4108
Fax: 214-219-7218

From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Monday, May 22, 2006 5:35 PM
To: Pam.Schneider@global360.com
Subject: Re: FW: Allocation Study

That's great. I have signed it and will fax it back to you if you send me your fax number. Thanks.

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880

Subj: **Allocation of purchase price**
Date: 5/12/2006
To: pam.schneider@global360.com
CC: george.ellis@global360.com

To: Pam Schneider

cc: George Ellis

George's email to me of 5/3/06 suggested that I contact you and I can go through the paperwork needed to get ready to do the allocation. Normally, I would start with an NDA. I have one that I have used which I can send to you if you wish or you can send one of your own, if you prefer. We can then start to talk about what information I will need and who will be able to assist me at the company. I can then begin to judge how much time the project will take, what it will cost and the schedule on which I would need the materials and when I could deliver the report.

If you would like to call me, I will be in the office today (Friday) and most of next week. Afterward, I will be away for the next two weeks, so it would probably be best if we could get things organized before 5/19.

I look forward to talking with you.

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880

Global 360

214-445-4108

Subj: RE: Global 360, Inc
Date: 5/3/2006 4:15:03 PM Eastern Standard Time
From: George.Ellis@global360.com
To: Burtgrad@aol.com
CC: Pam.Schneider@global360.com, George.Ellis@global360.com

Burt,

We are absolutely planning for this.

I don't think we will want to start any serious work until June, with the deliverables planned for August.

We have too much other stuff going on in the month of May to deal with this and, as a private company, we are not under too tight of a bind.

I have copied Pam Schneider, the Corporate Controller, who will be the major liaison in the effort.] ←

Pam, meet Burt Grad, arguably the most experienced valuation expert for software businesses that I know.

Perhaps the two of you can advance the ball on the documentation it would take to get going on this.

Best regards,

George

signed 5/16
S/ir sent → NDA
- public info
+ private info
Proposal

From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Wednesday, May 03, 2006 7:29 AM
To: george.ellis@global360.com
Subject: Global 360

George--I'm starting to make plans for my work schedule during May and June. Do you still plan to use my services to do the allocation of the purchase price for Global 360? When would you expect the project to start? I will need to send you an NDA and a specific proposal to get this started. And to do the proposal, I would need to talk to a primary contact at Global 360. Please let me know the plans at your convenience. Thanks.

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880

2911 Turtle Creek Blvd
Suite 1100
Dallas, TX 75219

Subj: (no subject)
Date: 4/18/2006 9:32:31 PM Eastern Standard Time
From: george.ellis@softbrands.com
To: Burtgrad@aol.com
CC: ghellis@ghellis.com, george.ellis@global360.com

Dear Burt,

It was nice talking to you.

Here is the contact info.

Best regards,

George

George Ellis

.....
8401 N. Central Expressway
Suite 840
Dallas, Texas 75225
214-363-1351

NOTICE

NO RELIANCE: This e-mail will be of no force or effect and will not be binding unless a hard copy of this e-mail, signed by an authorized official of the company, has been sent to the recipient of this message.

CONFIDENTIAL AND PRIVILEGED: Information contained in this transmission is intended for the use of the individual or entity named above and may contain legally privileged or confidential information. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please permanently delete this message and immediately notify us by telephone.

Global 360

George Ellis —

4/18

Global 360 —

wants allocation of purchase price
by investor as of 3/31/06 —

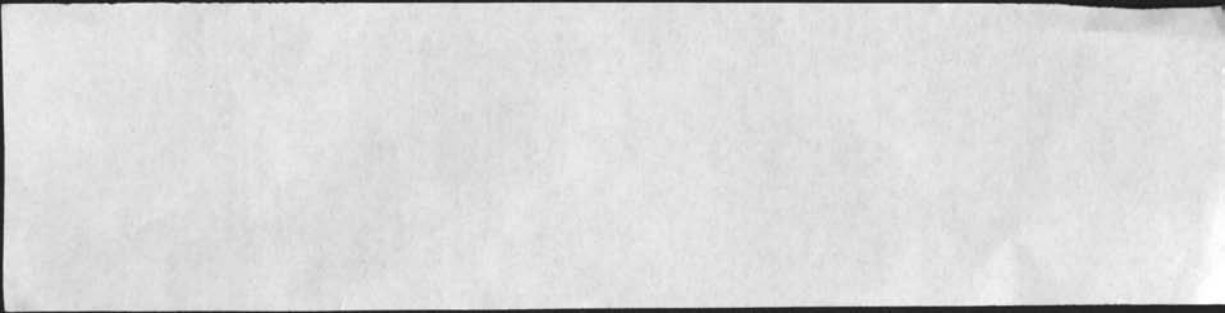
Business Process ^{Management} Optimization

TA Assoc, Technology Crossover Ventures
JMI Equity

for note 5/3/06

NDA

Proposal.



Press Release

[x Close Window](#)

TA Associates Announces \$200 Million Buyout of Global 360, Inc. LEADS INVESTMENT WITH TECHNOLOGY CROSSOVER VENTURES AND JMI EQUITY

BOSTON (April 3, 2006)—TA Associates, a leading private equity and buyout firm, today announced the completion of a \$200 million buyout of Global 360, Inc., a global software and services company providing business process management and optimization solutions. TA led the investment along with Technology Crossover Ventures (TCV), a leading provider of growth capital to technology companies, and JMI Equity, a private equity firm exclusively focused on investments in the software and business services industries.

Global 360 delivers a comprehensive Business Process Management Suite (BPMS) that helps many of the largest organizations around the world manage and optimize their critical business processes. Global 360's product represents a strong market offering that helps organizations automate, measure and improve business processes, while enabling them to monitor and enhance process performance. The company's core technologies are content management, process management, goal management, process modeling, forecasting, simulation, analysis, reporting and optimization. Global 360 was recently listed by a leading industry analyst firm as the only top-five vendor to achieve double-digit growth. The company boasts one of the most impressive customer lists in the industry with over 5,000 customer sites, deployed across multiple industries. Global 360 clients include seven of the world's top ten insurance companies, 16 of the world's top 20 banks, and numerous U.S. government agencies.

"Global 360 is a very good example of the type of profitable, growing company in which TA seeks to invest," said Kurt Jagers, a managing director at TA Associates who will join the company's board of directors. "The company has become a recognized leader in business process management and optimization solutions, as evidenced by its truly impressive roster of blue-chip clients. As with all of our investments, we will work closely with Global 360's management team to further build value in the company."

"We are pleased to welcome our new investors as shareholders," said Michael Crosno, CEO of Global 360, Inc. "We are extremely excited about this strategic union because it will give us access to the capital for growth and acquisitions and the industry expertise needed as we elevate Global 360 to the top-tier leader in this market. We are confident this will prove to be a very successful partnership."

Industry analysts estimate worldwide license revenues for the business process management market at \$700 million in 2005, up from \$600 million in 2004. Fourteen percent annual growth is expected over the next five years.

"We are backing a great management team who has deep industry expertise and commitment to Global 360's success," said Vivian Wu, a vice president at TA Associates who will also join the company's board of directors. "Working together, we intend to build upon the company's momentum in one of the most rapidly growing segments within enterprise software so that Global 360 can expand its leadership position."

"Global 360 has always had an unparalleled commitment to delivering outstanding customer service," said Jake Reynolds, a general partner at TCV who will also join the company's board of directors. "By building on its solid customer relationships and its strengths in new product development, Global 360 is uniquely positioned for accelerated growth."

TA Associates has 38 years of investing experience, focusing on profitable growth companies. TA's prior investments in the software sector include such companies as BMC Software, Cadence Design Systems, Hyperion Solutions, JDA Software, Kintana, McAfee Associates, Numara Software and Monotype Imaging.

Goodwin Procter LLP served as legal counsel for TA Associates. Latham & Watkins LLP served as legal counsel for TCV and JMI. Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP served as legal counsel for Global 360 and Deutsche Bank Securities advised Global 360.

TA Associates

Founded in 1968, TA Associates is one of the largest and most experienced private equity firms. With offices in Boston, Menlo Park

FOR IMMEDIATE RELEASE

Media Inquiries

Nicole Barnhart
Global 360, Inc.
Nicole.Barnhart@global360.com
916-834-8221

and London, the firm manages \$10 billion in capital and has invested in more than 360 companies. TA Associates provides growth equity capital, leveraged recapitalization and management buyout financing primarily for technology, financial services, business services, consumer and healthcare businesses. More information about TA Associates can be found at www.ta.com.

About TCV

Technology Crossover Ventures (TCV), founded in 1995, is a leading provider of growth capital to technology companies, providing funds to later-stage private and public companies. With \$4.7 billion in capital under management, TCV has made growth equity and recapitalization investments in over 150 companies leading to 37 initial public offerings and 29 strategic sales or mergers. TCV employs a crossover investment model, which combines venture capital with public market investing and enables TCV to continue to invest in its portfolio companies at the IPO and beyond. Representative investments include Alteon Websystems, Altiris, CNET, eHarmony, Expedia, InPhonic, Liquidnet, Netflix, RealNetworks, Redback Networks, Solect Technology, Webroot and Xylan. TCV has ten partners and is headquartered in Palo Alto, California. For more information about TCV, visit www.tcv.com.

About JMI Equity

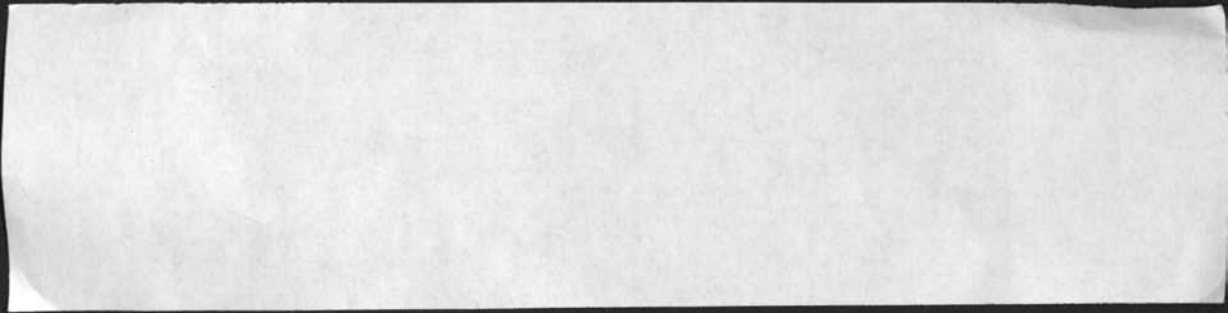
JMI Equity, based in Baltimore and San Diego, is a private equity firm exclusively focused on investments in the software and business services industries. Founded in 1992, JMI has invested in over 60 companies throughout North America and has approximately \$700 million of capital under management. JMI invests in growing businesses. The firm's focus is on providing the first institutional capital to self-funded companies. JMI also invests in select recapitalization and management buyout financings. Representative investments include Blackbaud, Inc., DoubleClick, Inc., Jackson Hewitt, Inc., NEON Systems, Inc., Transaction Systems Architects, Inc. and Unica Corporation. For more information on JMI Equity, visit www.jmiequity.com.

About Global 360

Global 360, Inc. is a leading provider of Business Process Management and Optimization solutions for Global 2000 organizations. With over two decades of experience, Global 360 provides organizations with a competitive edge by automating, measuring and improving resource-intensive business processes across different communities, including customers, employees and partners. Building on its strength in financial services, government and insurance, Global 360 empowers sites for more than 2,000 customers in 134 countries. Global 360, Inc. is headquartered in Texas with operations in North America, Europe, and the Pacific Rim. For more information about Global 360's BPM solutions, please call 1-214-520-1660 or visit the company web site at www.global360.com.

Safe harbor statement under the U.S. Private Securities Litigation Reform Act of 1995: Statements made in connection with this release which are not historical fact, such as forward-looking statements concerning future financial performance and growth, involve risk and uncertainties. Such statements are subject to various factors that could cause actual results to differ materially from those set forth in the forward-looking statements. Any forward-looking statements represent the best judgment of TA Associates, Technology Crossover Ventures, JMI Equity and Global 360, Inc. as of the date of this release. TA Associates, Technology Crossover Ventures, JMI Equity and Global 360, Inc., disclaim any intent or obligation to update any forward-looking statements. This document is approved for distribution in the UK by TA Associates Ltd., which is regulated by the Financial Services Authority.

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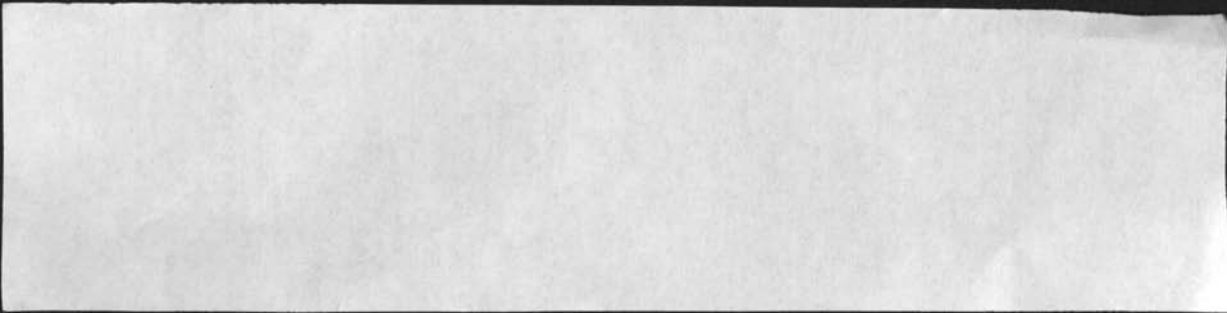


Global 360, Inc.
 Departmental Structure
 2005

	Dept #	COS	Sales & Marketing	General & Admin	R&D
MARKETING	22500		x		
SALES					
Salesops	12410		x		
North America Sales (NAS)	12510		x		
Client Services Group (CSG)	12520		x		
Federal (FED)	12530		x		
Small/Medium Business (SMB)	12540		x		
ENGINEERING/DEVELOPMENT					
WMS	32100				x
Case Management	32200				x
Small/Medium Business	32300				x
Components	32400				x
BPM Solutions	32500				x
PCL	32800				x
PRODUCT MANAGEMENT	63000	x			
PRODUCT FULFILLMENT/DISTRIBUTION CENTER	64000	x			
PROFESSIONAL SERVICES	61000	x			
SUPPORT					
WMS	62100	x			
Case Management	62200	x			
Small/Medium Business	62300	x			
Components	62400	x			
BPM Solutions	62500	x			
IT	51100			x	
ADMIN/ACCOUNTING					
Corporate	51000			x	
Executive	51050			x	
Aircraft Expenses	51900			x	
Alameda	51210			x	
Nashua	51220			x	
Rochester	51230			x	
EMEA	51300			x	
ASPAC	51310			x	

Global 360 BGS, Inc.
 Departmental Structure
 2005

	Dept. #	COS	Sales & Marketing	General & Admin	R&D
SALES					
BGS Sales	12600		x		
Sales - Nevada	12640		x		
Sales - Identitech	12650		x		
Sales - SouthTech	12660		x		
Sales - San Antonio	12670		x		
ENGINEERING/DEVELOPMENT					
Identitech	32650				x
SouthTech	32660				x
Dallas	32680				x
PRODUCTION FACILITY					
Nevada	65640	x			
LA County	65660	x			
San Antonio	65670	x			
Dallas	65680	x			
Rochester	65690	x			
PRODUCT MANAGEMENT					
	63000	x			
PROFESSIONAL SERVICES					
Identitech	61650	x			
SouthTech	61660	x			
BGS Outsourcing	61670	x			
SUPPORT					
Identitech	62650	x			
SouthTech	62660	x			
IT					
	51100			x	
ADMIN/ACCOUNTING					
Dallas-BGS	51000			x	
Nevada	51640			x	
Melbourne	51650			x	
SouthTech	51660			x	
LA County	51665			x	
San Antonio	51670			x	



Subj: **Potential Intangibles**
Date: 6/6/2006 12:11:47 PM Eastern Standard Time
From: Burtgrad
To: Pam.Schneider@global360.com
CC: george.ellis@global360.com

Pam--The following is a list of the potential intangibles which may have to be valued in the Allocation process (per SFAS 141):

- Order Backlog
- ✓ Customer Contracts and Relationships
- ✓ Software Products and Related Services
- Patented Technologies
- Trade Secrets and Other Unpatented Technologies
- Noncompete Agreements
- Work-in-Process Projects (may be in goodwill)
- Workforce (may be in goodwill)
- Trademarks and Logos
- Others such as Internet Domain names
- Customer Lists (not likely)
- Non-contractual Customer Relationships (unlikely)
- Licensing and Royalty Agreements

We will be using an expected cash flow methodology to evaluate most of the intangible assets, probably with the "Traditional" approach which adjusts the Discount Rate to reflect the risk and uncertainty of the forecasts of revenues and costs. The alternate is to make multiple projections for each revenue stream with associated probabilities of their occurrence and then use a risk-free cost of money as the discount rate. There are a few of the intangible assets which will require a market-value based approach.

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880

hint of potential Intangibles - not in Goodwill

Order Backlog = work performed, not billed

Customer Contracts + relationships = assets, prof serv, proc services

Software Products + related services - ~~values~~ NPV
(copyright protected)

Patented Technologies - any? alternate values

Trade Secrets + other, ^{unpatented} technologies - any? alt. values

Non-compete agreements - any? whom? values?

Work-in-process (?) - any projects? Goodwill?

Work force (?) - mix of people, recruiting/training/prod.
Employment contracts goodwill?

Trade marks + logos - any?

Other? Internet Domain Names

x Customer Lists

x non-contractual customer lists

Licensing, "royalty" agreements

Expected Cash Flow

use multiple projections with probabilities -

use cost of money (risk free)

v. Traditional cash flow - recognize risk + uncertainty in discount rate

Soft Products Valuation - 5 year

- ① For each product set up spreadsheet for revenue calculation — establish license history erosion " prof services history

9 products: License	}	CK for timing of billing and handling of deferred revenue on maint
Maint (20%)		
Prof services		
1 Proc service		
- ② Summarize revenues by:
license, Maint, Prof serv + Proc services
- ③ Cost of sales - establish historic ratios 2005
License - production + personal + other op exp
Maint - " " "
Prof serv - " " "
Proc serv - " " "

use ratios to project COS for each revenue stream
- ④ R+D, Sales + MKtg + G+A

establish historic ratios to total revenue
make sure there is no capitalization or deferred commission

use ratios to project expenses
- ⑤ Determine Opav Inc (EBITDA)
establish consolidated tax rate
calculate after tax income
establish NPV rate (for products)
calculate NPV for products

Various Objectionable Factors

Contribution of Assets - why capital, ^{cost base} facilities, Equip + Tech, assembled work force

Terminal value - ^{Patrollog} cost constraint
- soft assets
- In process R&D

Tax Benefit from amortization.

Patricia McCubbe

6/2/06

- Profile - annual lease - -

all licenses are perpetual -

< list of top 10 >

Mgt by Buyout

Dates - ~~only~~ ^{only} stockholders
+ minority stockholders

- Patented Technologies -

< 40 US Patents > Portfolios -

- Trade Secrets + Unpatented Tech.

[Emp. w/ confid + non-compete]

[Contractual restrictions]

- Non-compete agreements -

* Follow stockholder list - signed 14yr non-compete

copy - non-compete agreements:

3 executives

- Trademarks + logos - - no value

- Internet domain name - -

< Franchising for Windows >

- Contractual list (product)

- Non-Contract (NO)

- Royalties - suppliers - software products

< Identitech > - < Russell >

~~contract~~

reseller (Digital Edge) Franchising for Windows

< Brian Cady >

distributor/reseller - Pam Schneider -

Europe - Sell

Asia -

US

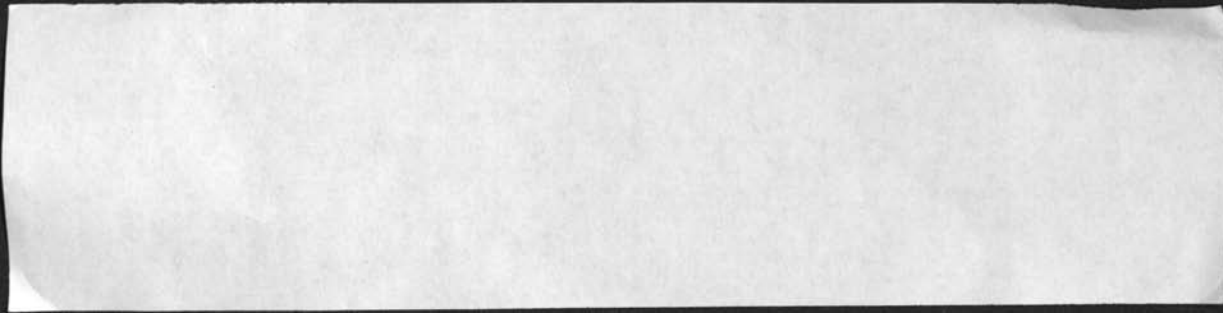
↓
Bob Kouba -

Patricia Mc Ardle

- Trademarks, trade names
- Service Marks
- Internet Domain names
- Non competition agreements - Crossco, Oldham, Russell
- Customer Lists
- Online Backlogs
- Customer Contracts + Relies
- Non Contractual asset relies
- Licensing, royalties + standards
- Supply Contracts
- Lease Agreements
- Constructions
- Franchise
- Employment Contracts
- Patented Technology
- Unpatented Tech
- Trade Secrets

Transactions —

- sth purchase by VC's —
- all prior sth sold to new comp.
- VC's hold all sth —
- should see cap table



Subj: **Allocation of purchase price**
 Date: 6/10/2006 1:54:30 PM Eastern Standard Time
 From: Burtgrad
 To: Pam.Schneider@global360.com
 CC: george.ellis@global360.com

Pam—I was able to talk with John Oldham, Ben Cody, Steve Russell, Don Woolf, Chuck Barnett and Lucy Norris on Friday for 30 minutes to an hour each and I spoke with Patricia McArdle and Chuck Barnett on Thursday. The calls were very useful in terms of my getting a better understanding of the revenue opportunities and the associated costs of Global 360 as well as an excellent review of the various miscellaneous intangible assets during my discussion with Patricia. Also, I have received a substantial portion of the financial and organizational materials that I will need, thanks to your help and that of Ben Cody and others.

Therefore, I am now ready to proceed with the valuation of the intangible assets and the determination of the residual goodwill value. For our mutual understanding I am going to list below the principal steps that I will go through along with notes on items that may require discussion with George Ellis or with the EY auditor to insure that we don't have to redo any part of the valuation and allocation process:

Balance Sheet

Tangible Assets and Liabilities—To be determined as of 3/31/06 by Accounting

Deferred Revenues—Use the value as acquired or revalue on a cost of performance basis?

Long-term Debt—This money shows up as Excess Cost on the Balance Sheet. Why?

Intangible Assets

Customer Contracts—for products and outsourcing for current customers

Software Products—for products and outsourcing for new customers

Other Intangible Assets—Patented and unpatented technologies, Noncompete Agreements and Licensing and Royalty Agreements

The Customer Contracts and Software Products will be valued using the net present value of the "earned" cash flow. This will avoid having to make any adjustments for the deferred revenue. The revenue projections will be time adjusted to recognize that maintenance is earned in the year after the license is signed and that professional services is earned over six months after the license is signed. Individual revenue forecasts will be made for each product for the license revenue, the maintenance revenue and the professional services revenue. Outsourcing will be forecast separately. Costs will be constructed for the products as a whole with cost of sales separately determined for licenses, maintenance and professional services and for outsourcing services.

All of the EBITDA operating income will be valued for the two principal intangible Assets and then appropriate tax rates and discount rates applied to determine the NPV (Outsourcing will be handled separately from products in both Customer Contracts and Software Products). These figures will be appropriately adjusted to recognize terminal value, contributions from other assets and tax benefit of amortization of the intangible assets.

The other intangible technical assets will require a market-based valuation approach; this will be discussed with the proper technical and business executives along with Patricia McArdle to establish a way to determine what they would be worth if sold on a non-exclusive basis to noncompeting companies or investors. The noncompete agreements apparently have a specific value associated with them and that is the figure that will be used (we will only consider those that have a life greater than one year). The Licensing and Royalty Agreements will probably not have any value beyond their recognition in revenues and cost of sales, but I will discuss that further after reviewing the agreements.

Let's talk on Monday to go over these items. I will be leaving the office at around 10:30 AM et so please call me as early as you can if you have any questions. I will be back around 5 PM. I will not be available on Tuesday and Wednesday is a bit uncertain at this time.

I will send you a list this weekend as to the items I'm still expecting to get from the people I interviewed or from Financial.

Thanks again for all of your help and that of all of the people I interviewed. Uniformly, they were cooperative and eager to help in any way that they could.

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880

To Provide: new headcount chart
tax rate
new debt explanation
cap sheet
tax revenue guidance
other EY guidelines

Items to be resolved

Balance Sheet —

Tangible Assets

Tangible Liabilities

Deferred Revenues

Intang. Assets

Goodwill

Purchase Price

Co. Debt

Intangible Assets

Cont. Contracts - Products
- outsourcing

Sec. Products + Services - Products
- outsourcing

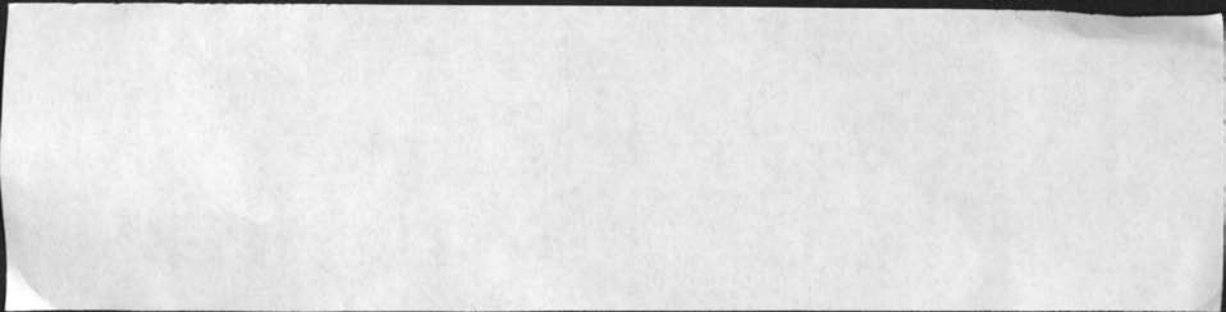
Other Assets: Patents, Technology

Use Earned Cash flow approach —

< no need to adjust for deferred rev >

< time adjust for maint + prof serv >

individual facts for each product for license, maint, PS



Patricia McCandle

6/19/06

Patents -

ca Steve Russell -

applied for -

suit lit of all patents ←

Up patent trad -

Steve Russell -

alternate use ←

noncompete -

read me docs -

3

3yr agree-

→ Doesn't appear to be any value: Chel PR note to McCandle 6/29/06

Cromo, Russell,

Royalties + licenses -

ca financial -

suppliers -

distributors. -

only to be valued if out of line with normal margins - or if

agreements would have independent value.

6/22/06

Intang. to be used

reasonable margin of rev

Issues from discussions with Traversy —
BY Auditor

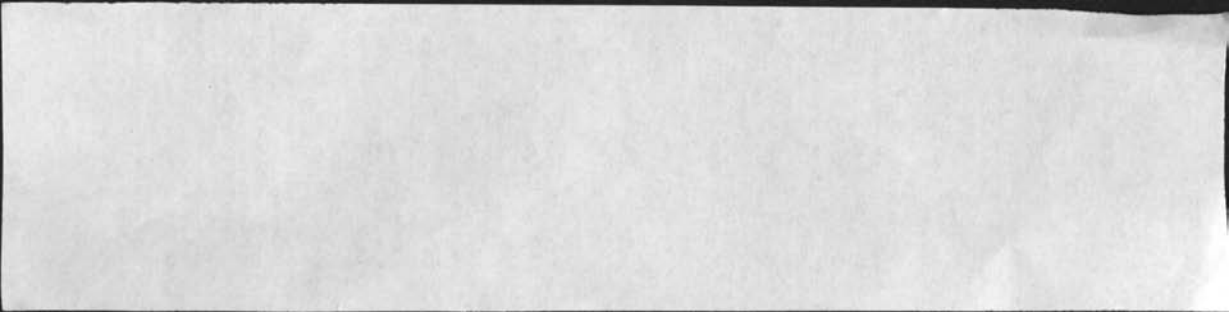
Prof Revenue - cost to perform +
"reasonable" margin
mix of contracts -
want, def license,
deferred prof services,
deferred outsourcing
need to calculate different
cost to perform

Tax Rate - EBITDA-based
US + intl
will use 40%

Discount Rate - ^{for} individual products?
(~20%) for license, want +
prof services?
for best contracts or IWP
for outsourcing, others, 3rd party SW

no W-J-P D+D
no other backlog

Patents } alternate use
Tech + Trade Secret } marketable value



12/10/06

Peter Schneider
Gunnar Allen

Valuation
~~Reviewed~~ Process

Rev - cost - Lic, maint, PS
Prod " " "
outsourc
Hdware + other

COS - for Lic : cost, prod
↓
Maint " "
PS " "
outsourc
Hdware + other

Production
Personnel + related
other exp

Oper Exp - for Lic : cost, prod
↓
M+S
R+B
G+A
Maint : " "
PS : " "
outsourc
Hdware + other

Terminal value
Asset contrib
tax benefit
→ ?

EBITDA for cost
prod
outsourc
Hdware + other

- Taxes for each
- Disc Rate for each
- NPV for each
- Total NPV

Cont'd Val process

Deferred Revenues

Analysis of contracts - $\left[\begin{array}{l} \text{Fixed} \\ \text{amount} \\ \text{Prog. conv} \end{array} \right]$

Determine Cost of Sales

Determine of Exp allocation

Calculate Cost of Perf Value.

Est Effective Purchase Price

Cash Pd $\left[\begin{array}{l} \text{How to handle post-acc debt} \\ \text{(for cth)} \end{array} \right]$

+ Tangible Assets (adjust for def rev - cost of perf)

+ Tangible Liabilities

+ Def. Revenue (Cost of Perf)

Goodwill

Effective Purchase Price

less Tangible Assets:

Ident, Prod, Outsourcing, Hardware & other

less other intangible Assets:

Patents, Tech, non compete, royalties

Customer Contracts + Relationships

Existing product licenses (limited term?)

Existing maint agreements

Existing prof. services contracts

Existing outsource services contracts

use 2005 actuals as base for each

for license revenues:

extensions (add-on)

add'l products -?

~~price increases?~~

for maint revenues

renewals

erosion

extensions

add'l products -?

for prof services

reln to extensions or renewals

reln to add'l products -?

for outsource services

renewals

extensions

+ licenses, maint, + professional
from add'l products purchased
by existing customers

Software products + related services

Global 30
New customers - product licenses

" " - maint agreement

" " - prof services

License Revenue -

initial license value
extension or add-on license value
add'l product license - ?

Maint Revenue -

product
initial maint agreement

renewals

add-ons or extensions

add'l prod maint, renewals + add-ons/extensions - ?

Prof Services Rev -

initial P.S. agreement

follow-on P.S. agreements (initial, add-on, ext)

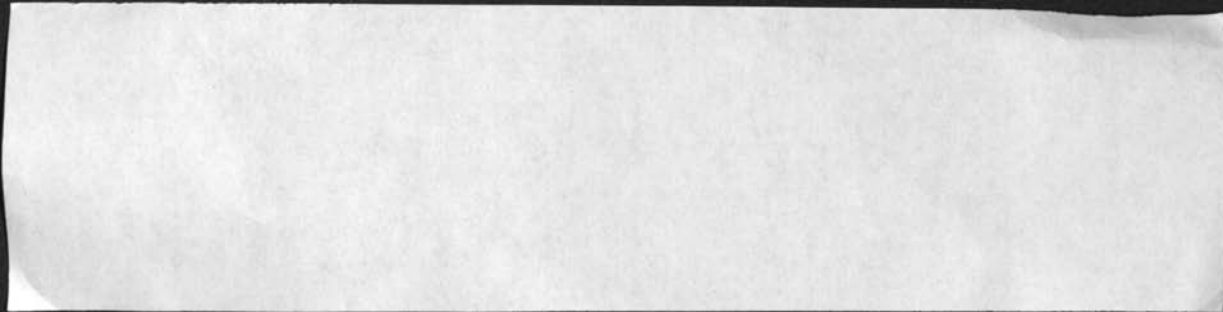
add'l prod P.S. agreement + follow-on - ?

Outsourcing Services

New customers -

renewals

extensions

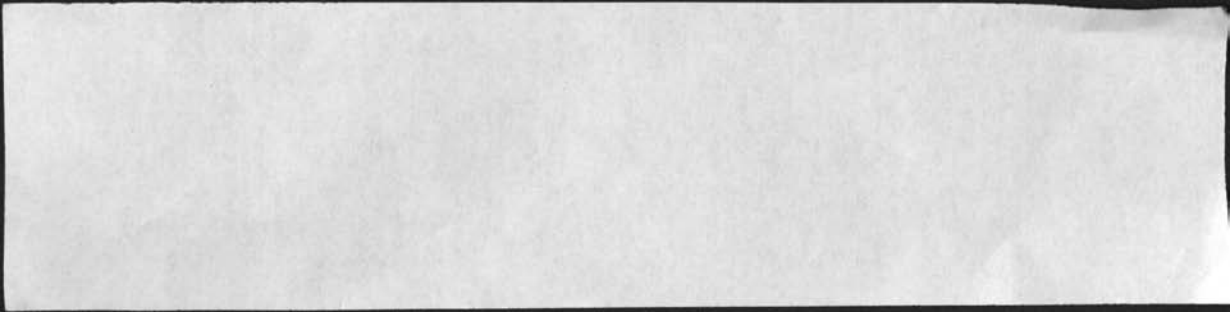


Subj: **Tangible Assets and Liabilities**
Date: 6/8/2006 11:15:22 AM Eastern Standard Time
From: Burtgrad
To: Pam.Schneider@global360.com
CC: george.ellis@global360.com

Pam--We should start to work on certain other aspects of the Allocation process.

1. You sent me the proforma balance sheet as of 3/31/06. Will there be any changes to the Tangible Assets as far as you know? This amount is deducted from the purchase price before calculating the effective purchase price to be allocated. I know it won't be audited until the August time period, but I will need an "approved" balance sheet for me to use.
2. Similarly, I will need to have an "approved" list of the Tangible Liabilities as of the acquisition date. There are two questions here as of now: how to handle the deferred revenue and the size of the new debt on the proforma books. The issue with deferred revenue is whether it should be valued on the actual revenue received and not yet performed or whether it needs to be valued in terms of the expected cost of performance. The latter is far more work to do, but usually results in a substantially lower deferred revenue figure, particularly when the deferred revenue is primarily for maintenance. In one case that I did, the auditors required a redo of the purchase price valuation in order to adjust for the cost of performance instead of the actual revenue received. As to the new debt, the question arises as to whether the company borrowed that money for its own purposes or whether it represents money borrowed on behalf of the new owners to close the deal. The issue is should the effective purchase price include this debt since all liabilities are added to the purchase price to determine the effective purchase price to be allocated.
3. Has the company received any guideline material from EY relating to their auditing of the allocation of the purchase price on mergers? While I have a copy of SFAS 141 and some of the later interpretation letters which were issued, I am not current on any guidelines which EY may have issued in the last year or so on this subject. You (or George) could ask EY for an up-to-date set of their guidelines for your use in this process.
4. Could I see a copy of the Cap Table for the acquisition? It may be of help in establishing the purchase price.
5. Who will be the best person to talk to about the balance sheet issues which I have raised?

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880



Non-Disclosure Agreement

signed NDA

Global 360, Inc. (a Texas corporation) ("Company") and Burton G ("Recipient") agree to Company disclosing to Recipient certain information in accordance with the terms of this Non-Disclosure Agreement (the "Agreement") to be used solely by Recipient for the purpose of performing a valuation study for Company.

1. Company Information means all information furnished by the Company in oral, visual, written or machine-readable form, including, but not limited to, designs, inventions, ideas, Know-how, product plans, specifications and information, training and consulting materials, software, documentation, company plans and financial information, employee information, marketing information and other information which (a) has value because it is not generally known, and (b) Company uses reasonable efforts to protect. Company Information does not include any information that is (i) available to the general public, (ii) properly in Recipient's possession prior to any Company disclosure of the information, or (iii) disclosed to Recipient by a third party who is under no obligation to hold that information in confidence.
2. The Company Information shall be used only by Recipient in the course of its business relationship with Company and solely for the Disclosure Purpose and for no other purpose. Recipient agrees (a) to hold the Company Information in confidence, and (b) to protect and store it consistently with its own most highly confidential information, but in no event to use less than a reasonable standard of care, and (c) not to copy or duplicate or design around or make derivatives of or enhancements to the Company Information. Recipient may share the Company Information only with its employees and consultants with a specific need to review the Company Information but only if they have personally agreed in writing to be bound by this Agreement. Recipient shall not disclose or deliver any or all of the Company Information to any third parties, or permit others to do so, or to copy or otherwise use the Company Information except upon Company's express written consent and its receipt of an acceptable non-disclosure agreement from that party.
3. These obligations shall continue from the date of disclosure to Recipient until the first anniversary of the disclosure; provided, however, that, to the extent Company has disclosed information to Recipient that constitutes a trade secret under law, Recipient agrees to protect such trade secret(s) for so long as the information qualifies as a trade secret under applicable law. Neither party will disclose to the other any information which is confidential or proprietary to any third party, and Recipient will not disclose to Company any information confidential or proprietary to Recipient.

4. Recipient agrees not to remove any copyright, confidentiality, or proprietary notice from the Company Information. Recipient shall promptly return all Company Information (and any copies thereof) to Company when Recipient has completed its study or upon request of Company.

5. This Agreement shall be binding upon the Recipient and any other party which may have access to the Company Information as provided herein, and to their heirs, successors, assigns, and legal representatives. No rights or duties under this Agreement may be assigned by Recipient. This Agreement constitutes the full and entire understanding between Recipient and Company with regard to the subject matter of this Agreement, and supersedes all other discussions and agreements relating to its subject. This Agreement may be amended only in writing signed by both Company and Recipient. The provisions of this Agreement shall be considered severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions, which shall continue in full force and effect. This Agreement shall be governed by the laws of the state in which Company is headquartered (Texas).

6. Company disclosure of product plans or future product directions implies no commitment on the part of Company to make such products commercially available in any form.

Global 360, Inc.

By: Patricia McArdle

Name: Patricia McArdle

Title: Vice President and General Counsel

Date: 16 May, 2006

Burton Grad Associates, Inc.

By: Burton Grad

Name: BURTON GRAD

Title: President

Date: 5/22/2006

Non-Disclosure Agreement

Global 360, Inc. ("Company") and Burton Grad Associates, Inc. ("Recipient") agree to Company disclosing to Recipient certain information under the terms of this Non-Disclosure Agreement (the "Agreement") to be used solely by Recipient for the purpose of performing a valuation study for Company.

1. "Company Information" means all information furnished by the Company in oral, visual, written or machine-readable form, including, but not limited to, designs, inventions, ideas, "know-how," product plans, specifications and information, training and consulting materials, software, documentation, company plans and financial information, employee information, marketing information and other information which (a) has value because it is not generally known, and (b) Company uses reasonable efforts to protect. Company Information does not include any information that is (i) available to the general public, (ii) properly in Recipient's possession prior to any Company disclosure of the information, or (iii) disclosed to Recipient by a third party who is under no obligation to hold that information in confidence.
2. The Company Information shall be used only by Recipient in the course of its business relationship with Company and solely for the Disclosure Purpose and for no other purpose. Recipient agrees (a) to hold the Company Information in confidence, and (b) to protect and store it consistently with its own most highly confidential information, but in no event to use less than a reasonable standard of care, and (c) not to copy or duplicate or design around or make derivatives of or enhancements to the Company Information. Recipient may share the Company Information only with its employees and consultants with a specific need to review the Company Information but only if they have personally agreed in writing to be bound by this Agreement. Recipient shall not disclose or deliver any or all of the Company Information to any third parties, or permit others to do so, or to copy or otherwise use the Company Information except upon Company's express written consent and its receipt of an acceptable non-disclosure agreement from that party.
3. These obligations shall continue from the date of disclosure to Recipient until the first anniversary of the disclosure; provided, however, that, to the extent Company has disclosed information to Recipient that constitutes a trade secret under law, Recipient agrees to protect such trade secret(s) for so long as the information qualifies as a trade secret under applicable law. Neither party will disclose to the other any information which is confidential or proprietary to any third party, and Recipient will not disclose to Company any information confidential or proprietary to Recipient.

4. Recipient agrees not to remove any copyright, confidentiality, or proprietary notice from the Company Information. Recipient shall promptly return all Company Information (and any copies thereof) to Company when Recipient has completed its study or upon request of Company.

5. This Agreement shall be binding upon the Recipient and any other party which may have access to the Company Information as provided herein, and to their heirs, successors, assigns, and legal representatives. No rights or duties under this Agreement may be assigned by Recipient. This Agreement constitutes the full and entire understanding between Recipient and Company with regard to the subject matter of this Agreement, and supersedes all other discussions and agreements relating to its subject. This Agreement may be amended only in writing signed by both Company and Recipient. The provisions of this Agreement shall be considered severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions, which shall continue in full force and effect. This Agreement shall be governed by the laws of the state in which Company is headquartered.

6. Company disclosure of product plans or future product directions implies no commitment on the part of Company to make such products commercially available in any form.

Global 360, Inc.

Burton Grad Associates, Inc.

By: _____

By: _____

Name: _____

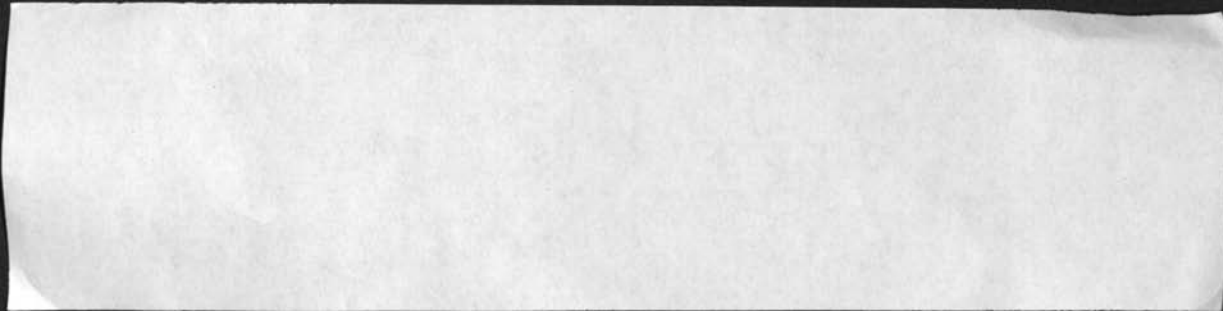
Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



BURTON GRAD ASSOCIATES, INC.
5 SAINT JOHN PLACE
WESTPORT, CT 06880
(203) 222-8821
(203) 222-8821 FAX
BURTGRAD@AOL.COM

*Proposal
re-integrated*

June 1, 2006

Ms. Pam Schneider
Global 360, Inc.
2911 Turtle Creek Blvd.
Suite 1100
Dallas, TX 75219

Dear Pam:

This is a proposal for Burton Grad Associates, Inc. (BGAI) to perform a full goodwill purchase price allocation study of Global 360 as described in this agreement.

Objectives

Global 360 wishes to have an independent purchase price allocation assessment performed as of the purchase date of March 31, 2006, in accordance with the guidelines of SFAS 141. As part of this study, Global 360 wishes to have each of the various intangible assets assessed and a determination made of their value and a recommendation on the amortization schedule to be used for each of these intangibles. The goodwill will be calculated as the residual value after deducting the net of the tangible assets less the tangible liabilities and the value of the intangible assets.

BGAI proposes to perform this independent study for Global 360 using commonly accepted valuation techniques based on its extensive experience in valuing computer software and services companies. Burton Grad's professional profile is attached as Appendix A.

Work Plan

BGAI will carry out the intangible assets allocation study following these steps:

1. Request and collect materials and information which will provide the basis for the intangible assets valuation study. A list of the initial information requested is shown in Appendix B. BGAI will also conduct phone interviews with selected Global 360 executives and managers to obtain additional information so as to better understand the Global 360 business and its various products and services.

2. BGAI will select appropriate valuation methodologies (revenue, cost and profit projections, etc.) and analyze the materials and interview notes so as to construct the individual valuation models needed. Key valuation factors will be determined including NPV factors, projected tax rates, etc.
3. Using these valuation models BGAI will project the revenues and costs as needed for the intangible assets. Using these models, the individual values will be determined and an amortization schedule recommended for each.
4. A report will first be delivered in draft form to ensure that all information is accurate and complete and that the logic and calculations are clear. The final report will then be prepared and submitted, including appropriate appendices.

Staffing

The project will be conducted by Burton Grad, president of BGAI. Global 360 will designate a principal liaison to work with BGAI and provide access to selected Global 360 personnel for telephone interviews.

Schedule

The key requested materials should be provided by Global 360 by June 15, 2006.

The BGAI allocation report will be completed by July 15, 2006 if all materials can be obtained and interviews conducted in a timely fashion.

Confidentiality

All information received and work performed will be treated as fully confidential and not disclosed to any third party without prior written consent from Global 360. BGAI and its employees and consultants will also be bound by the special non-disclosure agreement between BGAI and Global 360.

Costs and Payments

The allocation assessment work will be performed on a time and expense basis. The consultant fees for Burton Grad will be \$3,000/day. Based on the information about Global 360 available to BGAI at this time and the objectives set for the study, we estimate that the project will require a total of 8 to 10 days to complete. Therefore, the total consulting fees for BGAI should be in the

\$24,000 to \$30,000 range unless Global 360 requests significant additional analyses or reports or requires extensive discussions with its auditors or advisors.

In addition, BGAI will be reimbursed for any authorized out of pocket expenses, including travel, accommodations, express delivery, etc. Since there are no present BGAI plans to visit any Global 360 sites, we estimate that the total expenses will be minimal. Global 360 may terminate the study at any point, reimbursing BGAI for all work performed through the termination date.

Payments are due as follows:

On signing this agreement:	\$9,000 (invoice is attached to this proposal)
Each month	Fees and expenses for the month
On completion of the project:	Remaining fees and expenses less \$9,000

BGAI will invoice monthly for its services and at the completion of the project. Payment is due within 15 days of Global 360 receiving each invoice except for the advance payment which is due on receipt.

If the above project description is satisfactory, please sign below to authorize BGAI to initiate the work.

Sincerely,

Accepted for Global 360, Inc.

Burton Grad
President

by _____
Signature Date

Enclosures

Name

Title

Professional Summary of Burton Grad

Burton Grad, President of Burton Grad Associates, Inc. (BGAI), has a long record of significant contributions to the computer software and services industry. He has experience both as a user and developer of application and systems products and as consultant, innovator, businessman and leader in the computer software and services industry.

Since 1978 he has been a consultant to companies providing software products, software professional services, processing services and other computer software and services offerings:

- Strategic planning, management and organizational consulting, and product analysis, evaluation and review
- Company and product acquisition studies including due diligence and business valuations
- Planning, assessment and analysis of business operations including quality and productivity measurements

Work is performed personally or with the assistance of experienced specialists in market analysis, customer services, systems programs and industry applications on mainframe and departmental computers as well as on client/server and Internet/based systems.

This is a partial list from the more than 200 BGAI clients:

Artesyn Technologies
Broadview Associates
CIBER, Inc.
DA Consulting Group
Decision Consultants, Inc.
Elron Software, Inc.
Discount Investment Corporation
First Dallas, Ltd.
Geocapital Partners
Grace Consulting and Technologies

i2 Technologies, Inc
Keane, Inc.
Mediware, Inc.
Motive Communications, Inc.
SoftBrands, Inc.
Sterling Commerce, Inc.
Sterling Software, Inc.
Summit Partners
Synhrgy HR Technologies
TSI International

Work Achievements

Burton Grad Associates, Inc. (1978 - Present)

- * Strategic planning, management and organizational consulting, and product analysis, assessment and review
- * Company, product and technology valuation studies for financial, tax, capitalization and acquisition purposes
- * Due diligence studies on acquisitions of computer software/services companies
- * Business assessment studies and implementation projects for product strategy, development, quality management and customer service
- * Expert witness on industry practices and damages

Customer Care, Inc. (1992 - 1996)

- * Published *CustomerCare Newsletter* and *CustomerCare Survey* directed at software companies' customer services activities: support, documentation, training and product-related consulting
- * Provided consulting on customer service processes and training for customer service personnel

Heights Information Technology Service (1979 - 1983)

- * Performed professional services for applications and systems development
- * Used professionals on a remote, work at home basis with effective project management

International Business Machines Corporation (1960 - 1978)

- * Definition, design and implementation of application development systems strategy resulting in release of IBM's development management systems
- * Development of application programs for every major industry
- * Establishment of joint planning and programming development with European operations
- * Announcement, development and initial support of CICS
- * Management of application development for small business and process control systems
- * Responsibility for the production, release and maintenance of almost 200 programs
- * Conception of approach to and programs for text processing and office automation systems
- * Development and expansion of computer based training systems

- * Development of management science and scientific programs
- * Participation in the structuring and unbundling of IBM program products
- * Creation of the Study Organization Plan for specifying and designing application systems

General Electric Company (1949 - 1960)

- * Programming of the first commercial computer (Univac I in Louisville)
- * Development of discrete simulation techniques for manufacturing planning and control
- * Invention of decision tables

- * Study of automated factory design and implementation
- * Initiation and use of advanced techniques for production, inventory and quality control

Other Professional Activities

1972-1996

ITAA

- * Computer Software and Services Trade Association
- * President, Treasurer and Board member of American Software Association Division of ITAA; Member of ITAA Board
- * Chair and member of various committees (Industry Relations, Software Capitalization, Software Openness, Technology Information Services, Quality Management); Executive Committee of Information Technology Foundation (Project Office)

1968 and 1979

Principal author of *Management Systems*, published by Holt, Rinehart and Winston. Used for colleges and businesses for computer application system methodology and design.

1950-Present

Speaker and chair at conferences and workshops and contributor to professional journals on various information technology subjects including decision tables, quality control, systems engineering and software capitalization and software history

1997-Present

Chair of Software Business History Committee of the Computer History Museum which is the successor to the Software History Center, a non-profit organization aimed at preserving and communicating the legacy of the software industry; co-editor of special issue of IEEE Annals of Computing History on software history; organized and edited oral history interview projects with Smithsonian NMAH, the Charles Babbage Institute and the Computer History Museum..

List of Materials Requested

1. Business description and strategic plans, including types of products, services, pricing, projects, etc. as of the valuation date
2. Financial statements for the identified Global 360 services and markets for the preceding two years, with income, balance sheets and cash flows; revenues and costs should be broken down by types of products/services and expense categories.
3. Expected effective Global 360 tax rate (federal, state and international) for budget purposes as of the valuation date
4. Organization Chart and number of employees by organizational component as of the valuation date
5. Descriptions of products and services
6. Financial projections for revenues and operating costs broken down by products and services
7. Public market comparables for Global 360 as of the valuation date
8. Availability and use of any net operating loss carry forwards for the company
9. Market opportunities and competitive analysis for the company
10. Customer Base Analysis by product/service including information on contract renewals, add-on sales and new accounts
11. Detailed information on all potential intangible assets

Burton Grad Associates, Inc.

5 Saint John Place

Westport, Connecticut 06880

(203) 222-8821

(203) 222-8821 (Fax)

Burtgrad@aol.com

Global 360, Inc.
2911 Turtle Creek Blvd. Suite 1100
Dallas, TX 75219

Invoice #3121

June 1, 2006

Project: 309-1

Attention: Pam Schneider

INVOICE

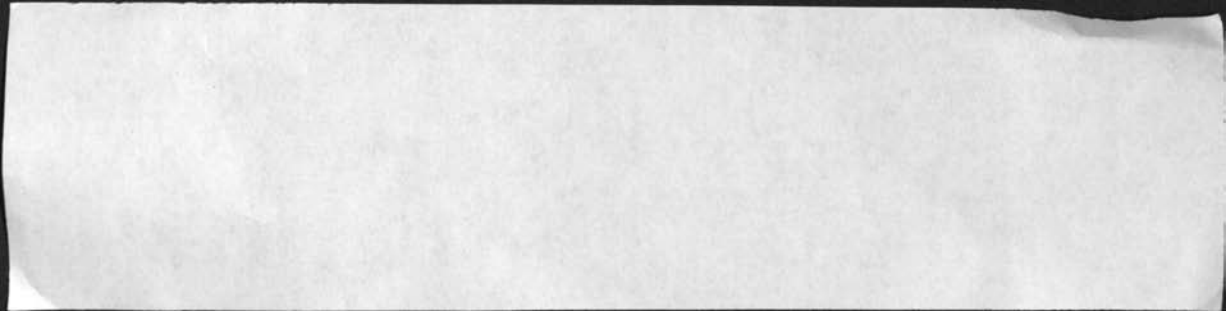
Project: Purchase Price Allocation Study as of 3/31/06

Consulting Services:

Advance Payment per 6/1/06 Agreement: \$9,000.00

Total Due \$9,000.00

Payment is due upon receipt of this invoice



Subj: **Re: Proposal for Allocation Study**
Date: 6/2/2006 1:28:16 PM Eastern Standard Time
From: Burtgrad
To: George.Ellis@global360.com

The few people I have talked to all seem very cooperative. While the accounting records are incredibly detailed, but there is no way to determine the profitability of the products or the professional services or the maintenance either as a whole or individually. I really can't tell much about the products except that there seem to be an awful lot of them for a company of that size. I will have to project 10 separate product families which makes me think that there is no unifying theme in terms of product or market strategy yet. The company appears to be almost entirely maintenance revenue driven and I wonder if any significant new products will be driving the new license revenue (maybe BOSS). There seem to be an awful lot of legal entities, but I assume that this is principally because of the geographic distribution. I will be talking with some of the executives in the next week and will then have a better feel on the ongoing value of the current and planned product line and of the related professional and processing services.

George, do you have any specific objectives or guidelines for the allocation study? From first glance it appears that the goodwill may be a very large percentage of the \$200 M purchase price. Will that cause any problems?

Should you and I have a conversation next week to discuss the company so that I better understand it from your view. That may help me in my interviews with the other executives. And who are the key people for me to talk to in terms of my understanding the company?

If you want to talk to me today I will be reachable on my cell phone 203-216-2344. We're going back to Westport on Saturday and after that please use my regular phone number.

Thanks for the chance to do this project.

Burt Grad
203-222-8821
(fax) 203-222-8821
5 St. John Place
Westport, CT 06880

Subj: **Maintenance Contract Value**
Date: 6/7/2006 9:05:11 AM Eastern Standard Time
From: Burtgrad
To: george.ellis@global360.com

George--If you need a valuation of the Maintenance Contracts for the Bank, here is how I would approach it:

1. Revenue--Current Contracts projected for 5 years with erosion balancing add-on increments. I would not include new sales either to existing or new customers. Revenue would be essentially flat at \$55M.
2. Costs would be based on Cost of Sales (around 25%), Marketing and Sales (5%), R&D (5%) and G&A (10%, using a ratio to the other costs not to the revenue).
3. With a tax rate of 35% and a discount rate of 15%, the Net Present Value would be around \$75M.

If the bank has to use a "licensed" appraiser, I could provide them with input information to assist them. My concern would be that most appraisers would not be able to make the correct assumptions on the relatively low overhead costs for maintenance contracts for Marketing and Sales, R&D and G&A or the low risk discount rate that should be used.

Value Maintenance Contracts

Rev: Current Contracts -

erosion / yr

~~with~~
extension -

usage increments (mow cuts) / yr

net new sales to existing cont

net sales to new cont.

Costs: Cost of Sales

Cont service - personnel +

Truck Maint - personnel + (budgeting)

"Productivity"

Other op exp

M+S + sales - renewal, "audits"

R+D - currency, net upgrades or enhancements

G+A (based on personnel or costs

net on revenue)

Risk

Tax Rate - 35%? Can we value this pre tax

Discount Rate - low risk ~15%

Rev \$55M in 2005

assume that erosion = increments

5 yrs at \$55M = \$275M

Cost	COS = 25%
	M+S = 5%
	R+D = 5%
	G+A = 10% (20% ^{20%} of ^{other} costs)
	<hr/> 45%

Op Cash Flow	\$1,50M
Taxes	-50M
	<hr/> \$1,00M

NPV = 75% over 5 yrs
for 15% Disc Rate

Value = \$75M

Burton Grad Associates, Inc.

5 Saint John Place, Westport, Connecticut 06880
(203) 222-8821 Fax: (203) 222-8821
e-mail: burtgrad@aol.com

(fax) 1-800-615-3706

FAX TRANSMISSION

Date: 6/8/06
To: Pam Schneider
From: Burton Grad B.

No. Pages including cover page:
1 + 1

Thanks - Here is my signature on the
signature page for your file.

Burton Grad 6/8/06

\$24,000 to \$30,000 range unless Global 360 requests significant additional analyses or reports or requires extensive discussions with its auditors or advisors.

In addition, BGAI will be reimbursed for any authorized out of pocket expenses, including travel, accommodations, express delivery, etc. Since there are no present BGAI plans to visit any Global 360 sites, we estimate that the total expenses will be minimal. Global 360 may terminate the study at any point, reimbursing BGAI for all work performed through the termination date.

Payments are due as follows:

On signing this agreement:	\$9,000 (invoice is attached to this proposal)
Each month	Fees and expenses for the month
On completion of the project:	Remaining fees and expenses less \$9,000

BGAI will invoice monthly for its services and at the completion of the project. Payment is due within 15 days of Global 360 receiving each invoice except for the advance payment which is due on receipt.

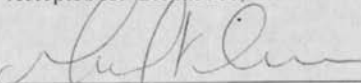
If the above project description is satisfactory, please sign below to authorize BGAI to initiate the work.

Sincerely,



Burton Grad
President

Accepted for Global 360, Inc.

by  6-8-06
Signature Date

Enclosures

Michael Crosno
Name

President & CEO
Title