There is an included document entitled

QRT-3 Financial Matters Response Roadmap Document

which gives a guide to the various financial model workbooks included with Cogent's response.

The above document describes the variant bid financial model workbooks and includes an overview of the value added features and assumptions made.

The current financial model workbook contains specific assumtions within the individual worksheets to which they are relevant.

The overhead rates shown herein are a subset (specially lessened for this procurement) of the fringe benefit rate, G&A expense rate and OH rations calculated and certified by Cogent's external auditors and accountants

Calculations are based on FY2008 audited Financial Statements, See SEC Filing, Form 10K

Fringe (allocated to all Depts based on salary and headcount)

401(k) Contribution
Bonus
Dental
Life
Medical
Payroll Taxes
Vacation
Vision

COS

Employees working directly on customer projects
Bonus and Fringe for COS are charged directly to customer

G&A

Legal, Accounting, Human Resources and other administrative indirect costs

R&D

Research & Development Costs are allocated to Software License fees

S&M

Selling & Marketing indirect costs

OVERHEAD

Overhead is allocated to all Departments (COS, G&A, S&M) based on an allocation model which considers facility square footage, Salary and headcount
includes:
Advertising
Bank Charges
Books & Publications
Commission
Conferences & Seminars
Depreciation
Dues & Memberships
Employee Development
Employee Morale
Insurance
Intangibles
Labor
Non Cap Software
Office Maintenance
Postage & freight
Promotion
Property Tax
Public Relations
Recruiting
Rent
Reproduction & Printing
Services, Consultants, Temps
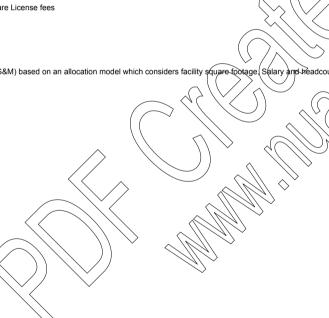Subscriptions
Supplies & Equip
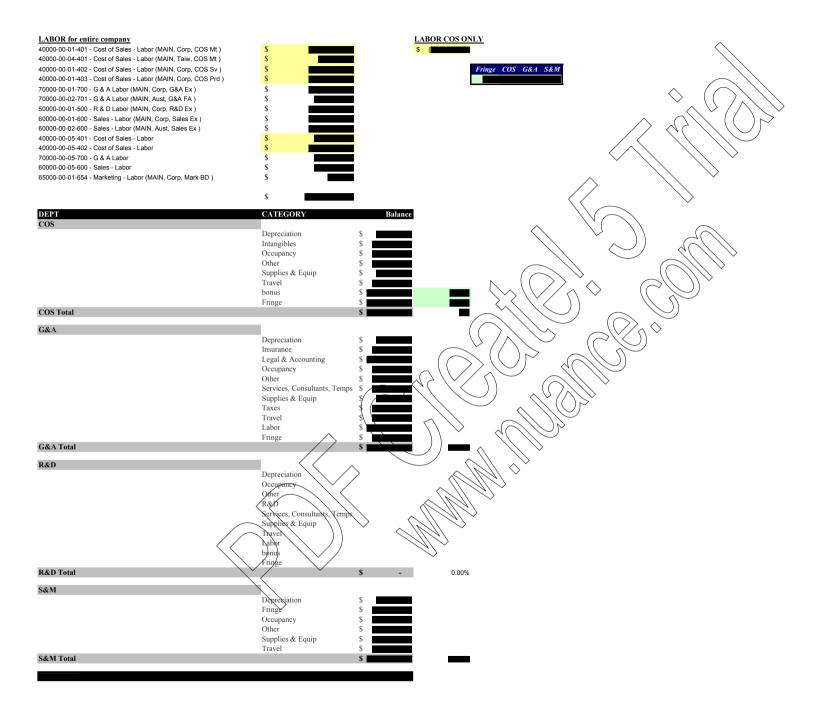Taxes
Telephone
Telephone - Cellular
Tradeshow
Travel
Utilities

LABOR for entire company

40000-00-01-401 - Cost of Sales - Labor (MAIN, Corp, COS Mt)	$
40000-00-04-401 - Cost of Sales - Labor (MAIN, Taiw, COS Mt)	$
40000-00-01-402 - Cost of Sales - Labor (MAIN, Corp, COS Sv)	$
40000-00-01-403 - Cost of Sales - Labor (MAIN, Corp, COS Prd)	$
70000-00-01-700 - G & A Labor (MAIN, Corp, G&A Ex)	$
70000-00-02-701 - G & A Labor (MAIN, Aust, G&A FA)	$
50000-00-01-500 - R & D Labor (MAIN, Corp, R&D Ex)	$
60000-00-01-600 - Sales - Labor (MAIN, Corp, Sales Ex)	$
60000-00-02-600 - Sales - Labor (MAIN, Aust, Sales Ex)	$
40000-00-05-401 - Cost of Sales - Labor	$
40000-00-05-402 - Cost of Sales - Labor	$
70000-00-05-700 - G & A Labor	$
60000-00-05-600 - Sales - Labor	$
65000-00-01-654 - Marketing - Labor (MAIN, Corp, Mark BD)	$
	$

LABOR COS ONLY

$ (

Fringe	COS	G&A	S&M

DEPT	CATEGORY	Balance
COS		
	Depreciation	$
	Intangibles	$
	Occupancy	$
	Other	$
	Supplies & Equip	$
	Travel	$
	bonus	$
	Fringe	$
COS Total		$
G&A		
	Depreciation	$
	Insurance	$
	Legal & Accounting	$
	Occupancy	$
	Other	$
	Services, Consultants, Temps	$
	Supplies & Equip	$
	Taxes	$
	Travel	$
	Labor	$
	Fringe	$
G&A Total		$
R&D		
	Depreciation	
	Occupancy	
	Other	
	R&D	
	Services, Consultants, Temps	
	Supplies & Equip	
	Travel	
	Labor	
	bonus	
	Fringe	
R&D Total		$ - 0.00%
S&M		
	Depreciation	$
	Fringe	$
	Occupancy	$
	Other	$
	Supplies & Equip	$
	Travel	$
S&M Total		$

Cogent Systems, Inc
Software Licensing Costs
Through 2008

COST OF REVENUE	2008	2007	2006	2005	2004	2003	2002	2001		Average
Product	▬	▬	▬	▬	▬	▬	▬	▬		
Maint/Svc	▬	▬	▬	▬	▬	▬	▬	▬		
Total Cost of Revenue	▬	▬	▬	▬	▬	▬	▬	▬		▬
R&D	▬	▬	▬	▬	▬	▬	▬	▬		▬
R&D as a % of COS	▬	▬	▬	▬	▬	▬	▬	▬		▬

Total Cost	2009/20010				20010/2011				20011/2012				2012/2013				2013/2014				2014/2015				2015/2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16						Two Year Extension Period			

Third Party Contract set up
Third Party Contract run out
Capital item Charge
Spares Holdings Charge

Total Termination For Convenience Charge

Notes & Assumptions

1 Cogent will only seek to recover "real and actual" costs associated with Termination for Convenience from the Authority
2 Cogent will not seek to recover any "lost profit" or to levy any penalty associated with Terminatinon for Convenience
3 For capital items which have not been purchased or leased by the Authority or Beneficiaries then a charge based on 50% of the outstanding net asset value of the
   item will be charged, this being an estimate of the Salvage value - capital items are amortised over three years.
4 Cogent will not seek to charge for its own legal, administrative and personnel charges associated with the Termination for Convenience
5 Termination Charges in the Service Period Extension will only be incurred if such an extension occurs
6 The values above have been shown by quarter but will be calculated on a day-by-day basis using the agreed Termination Date (Date of Notification plus 30 days Notice Period)

Cost and Income Model - Design Assurance (SD6)

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Ext. Year1	Ext. Year2
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total					
Number of Active Devices													
Direct Costs													
Revenue Costs													
Staff costs			-										
Staff Fringe Benefits			-										
Subcontractor costs													
Software Licences			0					0					
Hardware maintenance			0					0					
Programme management			-										
PM Fringe			-										
Other direct revenue costs (Labour OH))			-										
Total Revenue costs	9												
Indirect Costs													
Overheads			0					0					
Financing Costs			0					0					
Other indirect costs RISK			0					0					
Total Indirect Costs	0	0	0	0	0	0	0	0	0	0	0		
Capital Costs													
Hardware (servers etc)			0					0					
Comms equipment			0					0					
Server room costs			0					0					
Software Licences			0					0					
R&D			0					0					
Software development			0					0					
Other direct capital costs			0					0					
Total Capital Costs	0	0	0	0	0	0	0	0	0	0	0		
Total Costs													
Charges													
Revenue Charges			0					0					
Milestone payments													
Milestone 1 (Core Capability)													
Milestone 2 (IOC)			-					-					
Milestone 3 (Post-IOC)			-										
Milestone 4 (EOC)								-					
Milestone 5 (FOC)								-					
Total milestone charges	-			-		-							
Total Charges	-	166.78	166.78	-	880.11	-	107.19	987.30	675.36	53.60	1,250.37	572.93	572.93
Profit Margin													
Profit Margin %													

Assumptions

Per Schedule 2.1 14.5.5 SD6 has all Service Desk Functionality
No further growth in numbers of devices

SD6 Design Assurance	Core Capability Programme Management	Core Capability Staff	IOC Programme Management	IOC Staff Labour	Post - IOC Programme Management	Post -IOC Staff Labour	Management Extension Days per year	Staff Extension Days per year	Total SD2	Basic daily Rate for grade	Core Capability sub total	IOC Sub total	Post-IOC sub total	Extension Years	Total basic cost by grade
Job Descr	Days	Days	Days	Days	Days	Days	Days	Days	Total Days						
									0						
Project Manager									0	■	0				£0
Service Delivery Manager								80	80	■	0	0	0		■
Security Manager									0	■	0	0	0	0	£0
Tester									0	■	0	0	0	0	£0
Documentation									0	■	0	0	0	0	£0
Test Manager									0	■	0	0	0	0	£0
System Analyst (Requirements Analysis)									0	■	0	0	0	0	£0
Service Delivery Project Analyst								80	80	■	0	0	0		■
Development Engineer Sr.									0	■	0	0	0	0	£0
QA Manager (Design Assurance)									0	■	0	0	0	0	£0
PMO Admin								80	80	■	0	0	0		
IT Security Officer								80	80	■	0	0	0		■
Service Delivery Analyst								48	48	■	0	0	0	■	■
Service Delivery Tech Support								240	240	■	0	0	0		■
Service Delivery Tech Support Lead								240	240	■	0	0	0		■
Total Days	0	0	0	0	0	0	0	768	768						■
Costs															
Total Direc		£0	£0	£0	£0	£0	£0	■	■	■					
Fringe Cos	£0	£0	£0	£0	£0	£0	■	■	■						
Overheads	£0	£0	£0	£0	£0	£0	■	■	■						
									£0						
Total Labo	£0	£0	£0	£0	£0	£0	£0	■	■						

Assumptions

Labour rates have increased by 10% over the three years
During the extension period all staff are one third time except the Service Delivery Analyst who is one fifth time

Cashflow
DCF Charging Model

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Total
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total				
Design Assurance	-	■	■	-	■	-	■	■	■	■	■	■
Total Charges	-	■	■	-	■	-	■	■	■	■	■	■
Discounted Total charges			■					■	■		■	■	■

NPV ■

Discount rate ■

Assumptions
Number of active devices   -   ■   -   ■   ■   ■   -   ■   ■
Number of Forces requiring comms
Size of authentication DB

Cost and Income Model - Design Assurance (SD6)

£'000	2009/10			2010/11					2011/12	2012/13	2013/14	Total
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total				
Number of Active Devices												
Direct Costs												
Revenue Costs												
Staff costs			-									
Staff Fringe Benefits			0									
Subcontractor costs												
Software Licences			0					0				0
Hardware maintenance			0					0				0
Programme management			0									
PM Fringe			0									
Other direct revenue costs (Labour OH))			-									
Total Revenue costs												
Indirect Costs												
Overheads			0					0				0
Financing Costs			0					0				0
Other indirect costs RISK			0					0				0
Total Indirect Costs	0	0	0	0	0	0	0	0	0	0	0	0
Capital Costs												
Hardware (servers etc)			0					0				0
Comms equipment			0					0				0
Server room costs			0					0				0
Software Licences			0					0				0
R&D			0					0				0
Software development			0					0				0
Other direct capital costs			0					0				0
Total Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Costs												
Charges												
Revenue Charges			0					0				0
Milestone payments												
Milestone 1 (Core Capability)												
Milestone 2 (IOC)			-									
Milestone 3 (Post-IOC)			-					-				-
Milestone 4 (EOC)								-				-
Milestone 5 (FOC)								-				-
Total milestone charges	-			-								
Total Charges	-	166.78	166.78	-	880.11	-	107.19	987.30	675.36	53.60	1,250.37	3,133.40
Profit Margin												
Profit Margin %												

Assumptions

Per Schedule 2.1 14.5.5 SD6 has all Service Desk Functionality

MIDAS Rate   26-Oct-09

Fringe   ▮
Overhead   ▮
G&A   ▮

	Yearly rate	Daily Rate without markup
Job Descriptions		
Project Manager	▮	▮
Service Delivery Manager	▮	▮
Deputy Service Delivery Mgr	▮	▮
System Architect	▮	▮
Senior Scientist	▮	▮
PMO Admin.	▮	▮
System Analyst	▮	▮
Security Manager	▮	▮
Security Design Authority	▮	▮
IT Security Officer	▮	▮
Security Controller	▮	▮
QA Manager	▮	▮
Test Manager	▮	▮
Documentation	▮	▮
Database Administrator	▮	▮
System Administrators	▮	▮
Training Manager	▮	▮
Development Engineer Sr.	▮	▮
Development Enginer	▮	▮
Tester	▮	▮
		£0
		£0
Service Delivery Project Analyst	▮	▮
Service Delivery Tech Support Lead	▮	▮
Service Delivery Tech Support	▮	▮
Service Delivery Analyst	▮	▮
Subcontractor		
CLAS Consultant		▮

Assumption
The standard Cogent list of job descriptions and daily rates apply to this SD.

SD6 Design Assurance / Job Description	Core Capability Programme Management (Days)	Core Capability S (Days)	IOC Programme Management (Days)	IOC Staff Labour (Days)	Post-IOC Programme Management (Days)	Post-IOC Staff Labour (Days)	Days	Total Days	Basic daily Rate for grade	Core Capability sub total	IOC Sub total	Post-IOC sub total	Total basic cost by grade
								0					
Project Manager	145							145	[redacted]	[redacted]			[redacted]
Service Delivery Manager	145		130		204			479	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Security Manager		10						10	[redacted]	[redacted]		0	[redacted]
Tester		145		20				165	[redacted]	[redacted]	[redacted]	0	[redacted]
Documentation		145		60				205	[redacted]	[redacted]	[redacted]	0	[redacted]
Test Manager		145		113				258	[redacted]	[redacted]	[redacted]	0	[redacted]
System Analyst (Requirements Analysis)		80		40				120	[redacted]	[redacted]	[redacted]	0	[redacted]
Service Delivery Project Analyst		80		130		204		414	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Development Engineer Sr.		40						40	[redacted]	[redacted]		0	[redacted]
QA Manager (Design Assurance)		80		40				120	[redacted]	[redacted]	[redacted]	0	[redacted]
PMO Admin		145		130		204		479	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IT Security Officer		145		130		204		479	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Service Delivery Analyst				35		123		158	[redacted]		0	[redacted]	[redacted]
Service Delivery Tech Support				130		617		747	[redacted]		0	[redacted]	[redacted]
Service Delivery Tech Support Lead				130		617		747	[redacted]		0	[redacted]	[redacted]
Total Days	0	145	1015	130	958	204	1969	0	4421				[redacted]
Costs													
Total Direct Labour Cost	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]					
Fringe Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]					
Overheads	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]					
								£0					
Total Labour	£0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]					

Assumptions

The Post IOC time period is through the end of the second quarter of 2013/2014.

Service Delivery Project Analyst supports IAM migration on a full time basis during IOC.
Service Delivery Analyst supports auditing at one-fifth time during the Post-IOC period.
Service Delivery Tech Support

The Deputy Service Delivery Manager, the Service Delivery Project Analyst, the PMO Admin, and the IT Security Officer are at one-third time for the Post-IOC period of 552 days.