

## N. Pro Forma Projections

*NeuStar's financial plan for the usTLD reflects the variability of the domain name management of an Internet registry and a pricing option that will pass on economies of scale to registrars and registrants, but that also provides a reasonable profit.*

NeuStar recognizes the need of the DOC to determine the fairness and reasonableness of registry prices and assess that the users, citizens of the United States, are receiving the best value. To assist in that assessment, we submit revenue and operating expenses associated with the coordination and management of the usTLD for each of the years in the base term of the DOC's purchase order.

As a part of our proposal for the coordination and management of the usTLD, NeuStar has developed a comprehensive business plan around the anticipated demand for its next-generation, thick Internet registry. Additionally, we have introduced creative pricing structures to pass back economies of scale that we realize. The projections presented below are consistent with the demand enumerated in Section C of NeuStar's response, as well as the technical, operating, and policy functions outlined in Section M.

The expense, both capital and operational, is variable in nature; therefore, the financials presented are a snapshot for a volume range (domain names under management). The incremental expenses increase as volume increases in the registry; thus, if the volume exceeds that presented in this analysis, the expense will also increase.

The financial statements are prepared in accordance with US GAAP. Revenue is calculated on a straight-line basis over the duration of the registration term. Likewise, depreciation and amortization are calculated on a straight-line basis, whereby hardware is depreciated over three (3) years and software amortized over five (5) years. All other expenses are wholly recognized in the period in which they occur. All figures are presented in thousands.

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