

The Mudoc Corporation's Compensation Plan for the Venture Capital Provider

The Mudoc Corporation is presently seeking \$1 million to complete development of the basic mudoc algorithms, to complete production of the interactive movie, *The Coming Revolution in Writing and Reading*, to improve on the design and operation of the company's website, and to carry out the other efforts outlined in "The Next Steps" plan (pages 117-119). If the tools of the mudoc technology come into worldwide use, the financial success of the company should be assured. The ways in which the mudoc tools will be developed, used, and popularized are described in the preceding sections of this plan, in the monographs and computer presentations available on mudoc.com, and in the manuscript of *The Mu Primer*, the first textbook that will be published with interactive movable type.

The Deal. The venture capital provider will be offered 100,000 shares of Mudoc Corp common stock for \$1,000,000. To date, 397,050 shares have been issued. The 100,000 shares will constitute slightly over 20% of Mudoc Corp's stock. Mudoc Corp's present management does not intend to make a public offering or to sell out in the foreseeable future, thus, to assure an adequate return on investment, the venture capital provider will be compensated with monies directly from Mudoc Corp's gross revenues (excluding revenues from any sales of stock). The compensation will be one per cent (1%) of Mudoc Corp's gross revenues, said monies to be channeled directly into a special bank account established for, and in the control of, the venture capital provider as the monies are received by and deposited in The Mudoc Corporation's bank account.

If and when Mudoc Corp's cumulative revenues have reached \$10 billion and the VC provider's compensation has reached an aggregate of \$100 million, The Mudoc Corporation will buy back the VC provider's 100,000 shares of stock for \$10 million, giving the VC provider a total return of \$110 million on its \$1 million investment. If, however, The Mudoc Corporation makes a public offering of stock before the repurchase of the venture capital provider's stock, the VC provider may elect to retain their Mudoc Corp stock or to sell their stock and/or their compensation contract to another party or parties. The VC provider will be offered one position on Mudoc Corp's Board of Directors and one on its Board of Advisors.

Subsequent stock issues. The Mudoc Corporation's website will expose the tools of the mudoc technology to a worldwide audience. There is a reasonable likelihood that the exposure will generate offers of support, collaboration, and/or strategic partnerships from a wide variety of organizations and individuals who would like to participate in the company's efforts to bring about full literacy and high educational levels in every nation. Mudoc Corp's management expects to gain the attention of, and to get offers of support from, some of the following:

- software companies
- computer and display manufacturers
- manufacturers of DVDs and DVD drives
- telecommunication companies
- print-on-paper and electronic publishers
- printers and book manufacturers
- educational institutions
- research organizations
- scientific societies
- foundations
- military organizations
- marketing and advertising firms
- national and local governments
- wealthy and influential individuals

Such support from organizations and individuals around the world could help The Mudoc Corporation achieve its goal of making the tools of the mudoc technology available to everyone. The documents and computer presentations offered through the company's website will establish The Mudoc Corporation as the inventor of interactive movable type and as the developer of the mudoc software. Mudoc Corp will be the first deliverer of mudoc publications, which will be distributed electronically from its website or will be delivered on DVDs and in response to orders taken through its website.

Broad support in the development and implementation of the tools of the mudoc technology, along with wide mudoc use, could enable the company to become a major corporation without public offerings of stock or other large stock sales. But, even if Mudoc Corp does make public stock offerings, large private sales, or other substantial stock issues, such issues will not affect the VC provider's return on investment because of the anti-dilution character of the compensation plan described above. The VC provider's earnings will be little affected by subsequent stock sales – or even by the level of company profits – but only by the company's revenue inflow. The VC provider's return on investment will be guaranteed as long as the company continues to bring in substantial receipts for its products and services.