Hang40, LLC

Presents

A Better Way to Search

Business Plan
September 6, 2000

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Executive Summary

Aside from email, users rank the ability to search Web pages as the single most important function on the Internet.[1] In fact, of the twenty most commonly visited sites on the World Wide Web, 80% are either dedicated Internet Search Engines or sites that rely heavily on web-search technology and search interfaces.[2] And in addition to these large search "portals," there are tens of thousands of corporate intranets and individual Web sites that rely on search engine technology to help their visitors and employees parse the massive amounts of data contained on these sites. In all, over 25 billion searches are performed on the Internet each year; and that number is continuing to grow.

There is little doubt that the evolution of search technology will continue to be a dominant driving force behind the success of many web portals, such as Yahoo!, America Online, and Excite@Home. This technology and these tools will also no doubt be considered the "bread-and-butter" for most – if not all – corporate, retail, and private Web sites and networks. Companies such as Amazon.com and eBay might cease to exist without the current set of Internet search tools. And even research-oriented publishing and archiving companies – like Lexis Publishing and Dow Jones & Company – whose stores of information often overshadow that of the Internet itself, rely on database searching as the primary interface for their customers.

Hang40's mission is to design, develop, market, and sell next-generation search technology that will make searching for information stored on local networks; commercial or institutional Web sites; research databases; and on the Internet, easier for the end-user. Our software products are not intended to replace existing search engine technology, but rather to be used to expand and enhance the functionality provided by many of today's most popular search tools. The company, through the use of patent-pending search techniques, expects to become a ubiquitous part of the searching experience and a required feature for search engines of all types.

Hang40 has conceived of multiple products, the flagship of which is a "sounds-like" search capability — the Fo-net'ik™ Search Tool. By combining existing search interfaces and backends with a patent-pending set of phonetic and lingual rules developed by the company, and by incorporating innovative front-end user-interfaces, the product aims to alleviate some of the most common problems with standard search engine technology. It is our goal to complete development of the product by the beginning of next year.

By supporting and enhancing established products from existing search-technology providers, Hang40 will enjoy the benefit of multiple revenue streams, each with significant income potential. The products will, therefore, not be unduly dependent on any single source of revenue, allowing for greater financial stability, as well as increased long-term revenue.

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[1] According to market surveys performed by Jupiter Communications.

[2] According to an article in the January 24, 2000 issue of Fortune magazine, sixteen of the twenty most visited Web sites are Internet search engines or portals offering search capabilities as their primary feature.

The revenue streams currently envisioned include:

- Licensing and sales of add-on search engine technology to search engine software developers (AltaVista, Infoseek, and Inktomi, for example);
- Licensing and sales of software to Internet search engines and portals (Yahoo!, America Online, and Microsoft MSN, for example);
- Licensing and sales of software to Internet E-Tailers (Amazon.com, eBay.com, and Buy.com, for example);
- Licensing and sales of software for use by specialized Internet search providers (RealNames.com, Four11.com, and BigYellow.com, for example);
- Licensing and sales of software for use in commercial databases and other enterprise applications (Lexis-Nexis, Dow Jones News, and Knight-Ridder, for example);
- Licensing and sales of software for use on corporate Intranets and individual computers (hundreds of thousands of people and businesses worldwide, for example).

Of course, it is also possible that the company will recognize other revenue opportunities in the future.

Hang40 is a Maryland-based Limited Liability Corporation formed in early 2000. Together, the founders of the company bring over 30 years of engineering development and management experience to the company. With areas of expertise ranging from consumer electronics development to voice-processing and automation technologies, our founders bring a diverse and well-complemented set of engineering skills and expertise to the table. In addition, the founders have worked closely in various capacities for most of the last decade.

The company is currently seeking a minimum of $500,000 in seed financing. This money will be used to hire staff, lease office space, purchase and/or lease equipment, complete development of our first commercial product, and pursue strategic partnerships. If deemed necessary or appropriate, additional funding will be sought during the first operational year.

Exit Strategy

The company would consider two possible exit strategies, an Initial Public Offering (IPO) or sale to a prominent player in the search engine market space. Because of the close alignment of our products with those of some highly valued and well-positioned Internet companies, the potential of being bought by, or merged with, an existing search technology provider is much greater than otherwise would be. Ideally, any exit strategy would be completed within the first four years of operation.

Technology Overview

Over the past few decades, the amount of information stored in and retrievable from computers has increased at an astronomical rate. The total number of individual pages on the World Wide Web has recently surpassed 1 billion and is increasing at a rate of 1.5 million pages a day.[3] At this rate, the number of Web pages will double approximately every two years. The best estimates available put the total amount of information accessible from the global Internet at a minimum of 6 terabytes. And there is surely far more information than that stored on local hard drives, corporate Intranets, databases, and enterprise applications.

It used to be that the Internet search engines, as well as corporate Intranet and other database search tools, offered technology sufficient for searching these vast information stores and retrieving documents of interest. However, search engine technology has not kept pace with the incredible increase in stored information. In fact, search engine technology has seen no significant technological breakthroughs since the launch of the World Wide Web. Yet Internet search engines and portals remain among the most visited Web sites.[4] The need to search all sorts of information stores and obtain the most relevant results is underscored by the rapid growth of those stores, which makes finding the data you want like finding a needle in a haystack. As a result, there is an incredible opportunity for companies that possess the knowledge and ability to improve the end user's searching experience and results through the introduction of new technologies and products.

Among the many problems of today's most common search engines:

- Keyword searches have a difficult time distinguishing between words that are spelled the same way, but mean something different (i.e., hard cider, hard stone, hard exam, hard drive);
- Searches for proper nouns whose spoken forms are ambiguous or difficult to spell often don't return the intended results (i.e., not knowing which to look for, "Hughes Electronics" or "Hugh's Electronics");
- Searches for specific words don't generate results for synonyms and other words with like meanings (i.e., searching for "heart disease" would not return results with the term "cardiac disease");
- Queries with spelling errors or web pages with inconsistencies in spellings will yield poor search results (i.e., "settop" vs. "set-top" vs. "set top")
- Search engines have difficulty manipulating words to generate other forms and tenses that might be more relevant to the search (i.e., adjective forms (big vs. bigger), singular vs. plural, verb tenses);
- Increased use of acronyms in so many fields exploits the difficulties of trying to find information about an acronym or term whose spelling is not obvious or that has several popular spellings or forms (i.e., searching for info on "MS-DOS", but not finding sites that refer to alternate spellings such as "M.S. Dos" and "MS DOS");

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[3] From a study completed in January 2000 by Inktomi and the NEC Research Institute.

[4] According to an article in the January 24, 2000 issue of Fortune magazine, sixteen of the twenty most visited Web sites are Internet search engines or portals offering search capabilities as their primary feature.

With its patent-pending phonetic and lingual rules, the company is well positioned to enter this new market with its initial product offering, the Fo-net'ik™ Search Tool. This enhancement to existing search engine software aims to alleviate some of the most common sources of frustration among today's search engine users: relevant hits that are missed simply because a word in a document is not spelled exactly the same way as it is in the search string. Our software will do this by allowing users to perform "sounds-like" searches.

The following examples illustrate the value of sounds-like searching:

1. Company Names
    - A user may search for "Ink2Me", "IncToMe", or "InkToMe" and still find hits related to search engine software developer "Inktomi"
    - A user may search for "Hugh's Electronix" or "Hues Electronics" and still find information about the satellite communications powerhouse "Hughes Electronics" and its subsidiaries
    - A user may search for "Schwin", "Shwin", or "Shwinn" and still find the bicycle maker "Schwinn"
    - A user may search for "odyssey" and still find information about the oddly-named "AudeSi Technologies, Inc."
2. Acronyms
    - A user may search for "embassy" and still find information about the "EEMBC" processor-benchmarks consortium
    - A user may search for "I hop" and still find information about the "International House of Pancakes"
3. Synonyms
    - A user may search for "Mike Barr" and still find hits that match the more commonly spelled name of our co-founder "Michael Barr"
    - A user may search for "Heart Disease" and still find information indexed as "Cardiac Disease"
4. Words with Multiple Accepted Spellings
    - A user may search for opinions from the "4th Circuit Court" or "Fourth Circuit Court" and retrieve the same, complete, set of hits
    - A user may search for any of "set-top box", "set top box", or "settop box" and retrieve the same, complete, set of hits
    - A user may search for any of "MS DOS", "MS-DOS", "M.S. DOS", or "emesdaws" and retrieve the same, complete set of hits
5. Difficult to Spell Words
    - A user who has difficulty spelling "liaison" will still be able to find relevant hits, by searching for "liason", "leeayzon", or something similar
    - A user who is seeking an "education" can still find a good school, simply by searching for "edukashun" or any similarly-pronounced word

6. Names of People
    - A user may search for "Stern and Kesler" and still find information about the intellectual property law firm of "Sterne, Kessler, Goldstein, and Fox, P.L.L.C."
    - A user may search for "Mark Cadsarus" or "Micheal Bar" and still find information about the company's Chief Technology Officer, "Mark Katsouros", and co-founder, "Michael Barr", respectively
7. Place Names
    - A user may search for "Kalifornia" or "CA" and still find information about the state of "California"
    - A user may search for "Cleavland" and still find information about the city of "Cleveland"

Few, if any, of these queries would succeed with the current generation of search engine technology.

Sounds-like searches allow users to search for words that are phonetically equivalent, similar, or related to the entered search string. Just like traditional search results, the results of sounds-like searches are sorted by degree of confidence. An exact spelling match is more likely to be what the user is looking for than a word that is only similarly spelled, so it will be placed higher in the list of results. Optionally, the user may elect to have the results of a sounds-like search sorted into groups, with each group containing results from one unique spelling that matched the user's query. In that way, the user can quickly focus directly on just those results of most interest to him.

It is important to understand that the Fo-net'ik™ Search Tool is just the first product in an eventual product line. Once the product has established a foothold in the market, the company envisions an immediate need for a similar product in each of the world's major languages. In addition, the company plans to develop a speech front-end for this product, so that users might simply speak the word or phrase they would like to search for into a microphone. Follow-on products will focus on other ways that the search engine experience may be improved, such as by enhancing "synonym" searches, so that users can gather information from all relevant documents, even if some of them only contain words with similar meanings rather than the actual search word.

Additionally, the company anticipates the patent, design, and development of other innovative search technologies not related to the Fo-net'ik™ Search Tool product line. To this end, the company is currently pursuing other search-related patents that we expect will lead to several additional product offerings and product-lines.

The current developers of search engine software, database technology, and Internet/Intranet Web sites will be our partners. It should be clear that as the amount of information stored in computers continues to increase, Internet search engines and portals require technological advancements to both assist their users in finding relevant information and to continue to differentiate themselves from their competition. The company believes that these types of search engine improvements will be so valuable to consumers that they will ultimately become an expected component of all search engines. We have used, and will continue to use, patents and other legal strategies to prevent the wholesale or partial theft of our key technologies by existing search engine developers or startups, so that we may retain and expand our technological niche for the foreseeable future.

Marketing Strategy

There is significant growth-potential in the market for add-on search technologies. Our marketing strategy will seek to maximize our market share quickly, through a combination of strategic partnerships and direct sales. The growth of the search engine technology market depends upon three factors:

- continued growth in the amount of data stored on private networks and the Internet
- the increasing popularity of Internet search engines and portals as the "gateways" to information on the World Wide Web
- the increase in the number of individual commercial and institutional Web sites and Intranets that provide search capabilities to their users

If recent trends continue, we can expect each of these factors to grow at a staggering rate. As this occurs, it is reasonable to assume that users will become increasingly frustrated with existing search techniques; in response, the value of search engines and related technologies will increase at an even faster rate. Over the next few years, companies that are focused on providing new and improved search technologies will have a unique opportunity to generate significant market-share and large revenues for their products.

Strategic Partnerships

The Fo-net'ik™ Search Tool and its related technology will prove indispensable across a great number of research databases and Internet/Intranet sites. But, because the product will best be utilized as an add-on technology, meant to enhance the functionality of traditional search engine products, we expect to form strategic partnerships with well-positioned software developers. In particular, we will seek partnerships with the developers of search engine products and technologies and specialized search providers.

Partnerships with top-tier search engine developers, such as AltaVista (Compaq), Google, DirectHit, and Inktomi, will allow the company to achieve the optimal level of technological integration with the offerings of these companies. Additionally, we will benefit when these companies resell our technology as add-ons to their products for use on individual Web sites and Intranets. Users of such products include thousands of corporate/retail Intranets and Web sites, as well as some of the most popular Internet business Web sites, like Amazon.com and eBay.

Partnerships with specialized search providers will allow our products to strongly position themselves in places where existing complementary search technology add-ons already have found customer niches. One example is RealNames.com, a search database provider specializing in company-name searches. By providing pre-generated databases of company name keywords, RealNames.com embeds their add-on search technology in many of the larger Internet portals and search engines, including search technology providers AltaVista and Inktomi. Not only is RealNames.com a likely target for strategic partnership – as our Fo-net'ik™ Search Tool technology has the potential to greatly enhance their keyword technology – it is also strong proof of our planned marketing, sales, and positioning strategies.

Licensing Agreements

Many of the potential users of our products implement either a licensing, per-search-royalty, or combination revenue model for their business. This means that the search provider pays licensing fees for the use of another company's search engine technology and/or pays very small royalties for each search or query performed on their Web site or database using the technology. Typical licensing fees recur annually and range anywhere from a few thousand dollars to millions of dollars per year. And, per-search royalties, often in the fractions of a penny per query, add up to large revenue due to the sheer quantities of searches performed on these sites. Internet portals such as Yahoo! spend millions of dollars per year paying both licensing and per-search royalties to use the more advanced search technology on their site. We plan to utilize the same revenue model when offering our add-on products to many of our users.

We will seek licensing agreements with the most popular Internet search engines and portals. Potential partners in this area include America Online (NetFind and NetCenter), AskJeeves, Excite, Google, InfoSeek, Lycos, Microsoft (MSN), WebCrawler, and Yahoo!

Additionally, we will seek licensing arrangements with some of the most popular research-oriented database companies. These companies include Lexis Publishing (owners of Lexis-Nexis), West Group (owners of Westlaw), and Dow Jones & Company (owners of Dow Jones Interactive). While these companies often provide both Internet-based interfaces and proprietary front-ends, their databases contain many times as much information as the Internet itself, making this a highly strategic market for add-on search technologies.

It is important to note that partnerships and other business relationships developed through the licensing of our flagship product, the Fo-net'ik™ Search Tool, will provide a pre-established marketing and sales channel for future product offerings. The true value of these partnerships can only be understood in a long-term context. It is quite likely that one or more of our partner companies would provide some of the working capital we might need in the coming years of the company's development.

Direct Sales

In addition to forming strategic partnerships and large-scale licensing agreements, we will also look to sell of our software products directly to end-users. While our per-query royalty agreements will be focused primarily on the Internet search portal business, where there are billions of potential searches to enhance, our direct sales strategy will be focused on the search needs of individual businesses and consumers. Toward that end, we will create versions of our products that address the specific needs of corporate Intranet administrators, commercial and institutional Web site developers and administrators, database administrators, and individual computer users. In this space, we may look to distinguish ourselves as providers of both basic search capabilities and our add-ons.

By integrating our search capabilities with some of the most popular commercial search engine products, and either selling our add-on products as stand-alone, encapsulated products, or by reselling the resulting integrated search product, we feel that we can generate substantial revenue in addition to that derived through our strategic partnerships. Working with such search engine companies as Alta Vista, we are generating value-added versions of their off-the-shelf search tools that contain the full-functional elements of our patent-pending search algorithms. Selling directly to the end-user – whether business or individual – offers a number of extended opportunities as well, including building relationships that will serve to sell future products, familiarizing ourselves with current market conditions for search tools and technology, and generating a feedback mechanism that will provide further insight into the search needs of the user community as a whole.

Our Customers

We consider our potential customers and partners to fall into the following categories:

1. **Search Technology Developers** – Companies such as Google, Inktomi, Infoseek and AltaVista that develop search engine technology used around the Internet and on private Intranets
2. **Internet Search Portals** – Web sites such as Yahoo!, MSN, AOL, and Excite that specialize in providing a full-service gateway to the Internet and its offerings, and base their core technology around Internet search capabilities
3. **Web Search Engines** – Companies such as YellowPages.com and Four11.com that provide dedicated search capabilities, ranging from generic Internet searches to specialized database searches, to Internet users
4. **E-Tailers** – Web entities like Amazon.com and eBay that provide retail services over the Internet, yet use search technology as a core feature of their Web site
5. **Specialized Search Providers** – Specialty search providers such as RealNames.com that provide add-on or enhanced search capabilities to existing search technology
6. **Commercial Databases** – Information retrieval systems such as Lexis-Nexis, Westlaw, and DJNR that provide specialized database searching to Internet and/or commercial customers, often using proprietary search interfaces and front-ends
7. **Corporate Intranets and Web sites** – Hundreds of thousands of potential corporate customers worldwide

Revenue Model

The success of the Internet has led to a dramatic increase in the visibility and profitability of search engine technology providers. Traditional business and revenue models have been complemented with modern strategies, which – in addition to traditional partnership and direct-licensing arrangements – often employ microroyalty-based fee structures for software services provided to millions, or even tens-of-millions, of "customers" on a daily basis. These fees are generated by high-traffic Web sites that provide software technology and tools to each of their users, like Yahoo!, AOL NetFind, MSN, and others.

Initially, we will break our product offerings into three distinct Product Lines, each with their own customer focus and revenue model. These Product Lines include: Intranet, Internet, and Commercial Database.

Intranet Line of Products

The Intranet product line will be focused on providing superior search capabilities to small-scale Internet, and corporate Intranet Web sites and databases. These include corporate Web sites used internally by employees, Internet-based corporate Web sites receiving a relatively small number of search queries per month, and relatively small Internet Web sites. Our primary customers in this space would be businesses with large amounts of information on their internal networks or externally-visible Web sites. There are tens of thousands of such businesses already in existence today, and the number is increasing rapidly worldwide.

Intranet customers will count as the greatest percentage of our customers, in terms of number of licensees. Because the bulk of our Intranet customers will not rely on search technology to drive their business, and therefore will put lower premium on search technology than will our larger-scale customers, the Intranet product line will be provided at the lowest pricing tier. Our Intranet product line will be distributed through two means: direct sales and reseller partnerships.

Direct Sales

By integrating our add-on search tools with existing Intranet search engines, we can begin to sell a software product directly to end-users – for use on corporate Intranets and individual Web sites – within six months. For example, a user of the AltaVista Search Intranet product[5], could purchase and install our add-on search tools to add sounds-like and other new search capabilities to their existing Intranet or Web site search engine.

It would be easy to target potential customers in this space, because the developers of Intranet search engines have lists of customers that we could rent for a direct mailing campaign. Once developed, the cost to manufacture and distribute such software would be limited to the cost of CD-ROM media or the maintenance of an e-commerce-enabled Web site.

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[5] Another popular product in this category is UltraSeek Server, which is developed and sold by InfoSeek.

Reseller Partnerships

While direct selling would mitigate the need for reselling partnerships, the company sees the obvious distribution advantages to reselling through strategic partners that already maintain large sales forces and marketing resources, and therefore direct sales will be used to complement, as opposed to replace, reselling partnerships.

By integrating our add-on search technology with some of the most popular Intranet search engines on the market, we plan to entice the developers of that search technology to partner with us and to provide a turn-key search solution consisting of their standard search engine product and our add-on technology. This reselling partnership model is not uncommon in the search engine industry, as evidences by such companies as RealNames.com.

Internet Lines of Products

Licensing Fees

All licensed Internet products will incur an annual licensing fee, plus recurring maintenance fees that will entitle our users to software upgrades, technical support, and product integration. While many existing search technology developers charge yearly licensing fees, we feel that a one-time licensing fee, plus the typical micro-royalty fee structure will prove more lucrative for the company.

Micro-Royalties

In addition to licensing and maintenance fees, Internet customers would pay a tiny per-search royalty, often referred to as a "micro-royalty." Micro-royalties generally amount to fractions of a penny per query, but these revenues can add up quickly at sites that receive search-traffic averaging in the tens-of-millions of searches per day. Inktomi, the company that provides the technology behind more than 60% of today's searches—recently stated that the total number of searches performed by their software each month exceeds 1.1 billion. That puts the total number of World Wide Web searches at around 25 billion a year and growing. A company earning just $1/10^{th}$ of a penny per search query performed could earn $25,000,000 per year in micro-royalties alone.

While we do not expect this revenue stream to bear much fruit during the first year of the company's operation, this revenue model provides the company a unique opportunity to generate a large steady stream of profit and gain extensive visibility and market-share for our add-on search products in the future. We expect that micro-royalty payments will generate at least $500,000 of revenue for the company in Year 2 and greater than $1,000,000 of revenue per year beyond that.

Commercial Database Line of Products

We expect that our commercial database product will command the greatest licensing fees among our products. There are multiple reasons for this. First, most commercial database companies are relatively large, and have the ability (and expect) to pay large licensing fees for complementary technologies. Second, commercial databases tend to have very large indexes – Lexis-Nexis maintains more data than does the entire Internet – and are, therefore, more inline with the Internet licensing terms than with the Intranet licensing terms. Third, because commercial databases often generate all revenue through providing search capabilities (as opposed to Internet companies that often have other common revenue streams such as advertising), our products will be most useful to this class of customer.

While it is currently our intention to charge relatively large annual licensing fees for commercial database customers, and not charge per search royalties, this decision will be evaluated more thoroughly before we implement the final pricing strategy for this product line. These database companies often charge large per-search fees, sometimes on the order of hundreds of dollars per search. Therefore, charging per-search royalties may actually prove more lucrative than the annual licensing fees.

Strategic Partnerships

While it is our goal to provide a product that reaches across platforms and remains portable across underlying search engine technology, we understand the value of pursuing strategic licensing agreements with one or more existing search providers. We will therefore continually pursue and be receptive to strategic licensing agreements with many of the industry's largest players.

By licensing the use of our technology and products to one or more strategic partners, we will be able to leverage the customer-bases of existing search technology providers, generate substantial product revenue, add product credibility through co-branding, and continue to maintain multiple other revenue streams. As mentioned earlier, the three technology sectors that would provide the most advantageous and lucrative partnership opportunities include search engine product and technology developers, Internet search portals, and popular research-oriented database companies.

In addition, strategic licensing agreements provide the potential for future exclusive license of our product or product-line, and ultimately may lead an exit via buy-out or merger.

Pricing Strategy

Intranet Product Line

Because many of our Intranet customers will be using our software piggy-backed on top of other search engine software, our pricing structure for this product line must be relative to the pricing structures of the search engines we will be porting to. Our first customer-base will presumably include current and new AltaVista search engine users. AltaVista, like other search engine software, has a licensing fee structure that is based on the number of documents indexed into the search engine; the more documents the engine is able to index, the higher the fee. Table 1 indicates the current pricing structure for the AltaVista search engine (AVSI). Pricing structures for similar Intranet search engine products are comparable to the AVSI product, and are therefore comparable to those fees listed in Table 2.

Document Count	AVSI License Fee
Up to 3,000	$2,000
3,001-10,000	$3,300
10,001-20,000	$12,000
20,001-50,000	$26,000
50,001-100,000	$40,000
100,001-250,000	$66,000
250,001-500,000	$120,000
500-001-1,000,000	$200,000
1,000,001-5,000,000	$540,000
Each additional 1,000,000 pages	$66,000

Table 1. Pricing Tiers for AVSI customer licenses

We estimate that the licensing fees for our first product to be 10% of the licensing price for the engine with which we are integrating. Table 2 indicates the anticipated fee structure for our first product to AVSI customers.

Document Count	Fo-net'ik™ License Fee
Up to 3,000	$200
3,001-10,000	$330
10,001-20,000	$1,200
20,001-50,000	$2,600
50,001-100,000	$4,000
100,001-250,000	$6,600
250,001-500,000	$12,000
500-001-1,000,000	$20,000
1,000,001-5,000,000	$54,000
Each additional 1,000,000 pages	$6,600

Table 2. Pricing Tiers for the Intranet version of the Fo-net'ik™ Search Tool

In addition to the licensing fees generated by selling our Intranet products to existing AltaVista customers, we also have the opportunity to generate up to 40% of the total search engine licensing fees for new customers. By joining AltaVista as a reselling partner, we can integrate their product with ours, and resell the integrated package for a substantial cut of the total licensing cost. In all, we estimate the average profit from each sale of our Intranet product to be $1250, though we feel that this average may prove to be much higher if we are able to license our product to one of AltaVista's larger search engine customers.

We also expect recurring annual revenue for each sale of our Intranet product. In addition to a one-time licensing fee, typical search engine licensing arrangements include an additional 20-35% of the licensing price annually for varying levels of technical support and access to software upgrades. We anticipate that customers will also pay 20-35% of our product license cost annually for technical support and product upgrades.

It is also our intention that we will form strategic partnerships with those companies licensing Intranet search engine technology directly to business and commercial customers. Such relationships will allow us to generate licensing revenue on each sale or license of our product to new commercial customers. We have estimated our licensing revenue as 10% of the total revenue generated by the bundled sale or license of our product by our strategic partners. For lack of specific information regarding the customer base of our potential partners, we have estimated the per-license value of each new customer to be $250.

As before, one or two larger customers could skew this revenue to the more positive side. And, because each new customers are being generated by our strategic partners, we incur no sales or marketing costs, but maintain the annual support revenue stream. This co-branding relationship adds credibility to our product, and our strategic relationships form the basis for future revenue streams, potential investment, exclusive license, or future buy-out by one of our partners.

Internet Product Line

Licensing Fees

Typical licensing fees for Internet search engine tools – such as those developed and licensed by Inktomi, Google, and AltaVista – range from the tens-of-thousands of dollars per year upwards of one million dollars per year. While it is difficult to determine the exact average yearly licensing fee paid by Internet customers to search engine technology developers, our estimates put the number at about $50,000. Assuming that we can command 10% of that figure for the license of our Internet search add-on products, our average yearly license fee would amount to $5,000 for each Internet customer. While we anticipate the total number of Internet customers to be small compared to our number of Intranet customers, Internet customers are accustomed to paying recurring yearly licensing fees (as opposed to just maintenance), adding to our recurring annual revenue.

Per-Search Royalties

A significant revenue model for our Internet add-on search product anticipates a per-search, or micro-royalty-based, fee structure. Typical per-search royalties for large-scale Internet search engines are about one-half penny per search. Assuming that we could generate an average of about 1 million Fo-net'ik queries per month per customer – an average of about 1-3% of the total searches for a reasonably large Internet portal or search engine – at an average royalty of about one-tenth of a penny per search, we anticipate a monthly revenue of about $5,000 per customer.

Depending on how our software is integrated into each Internet site, this micro-royalty would either be charged directly to the site or to the search engine technology developer whose search engine we are integrated upon. As the popularity of our technology grows, the number of uses per month would increase, thereby increasing our total monthly revenue per customer.

Commercial Database Product Line

We expect the commercial database market to provide the largest customers for our product. Because of the sheer size of many of our customers in this space, and their lack of competition for the most part, we expect this product market to generate the fewest customers among our product lines. But, because of the reliance that many of these customers will have upon search for their revenue model – many charge upwards of $100 per search – we anticipate a great need for our product within this sector.

The combination of the great need and the sheer size of many of these customers equates to large licensing royalties per customer. We estimate that this revenue stream – while the highest in variance – will product the greatest profit per customer over time. While more market research must be performed, we currently are assuming a $25,000 fee for each database product licensed. Further investigation may indicate that a per-search royalty will be more lucrative a revenue model, or perhaps a combination of license-fee and per-search royalty. In either case, we expect recurring fees, either monthly in the case of royalty-based licensing, or annually, or both.

Sales Forecast

We expect that the sales forecast per product line for the first year of operation to be disproportionate to subsequent operational years. The main reason for this disparity is the fact that it will take at least one year to ramp up both the Internet and the Commercial Database product lines. So, while we expect that the Intranet product line will account for the bulk of the sales revenue in Year 1, the other product lines will account for the bulk of revenue in subsequent years. The Year 1 breakdown of product line revenue is indicated in Figure 1 below.

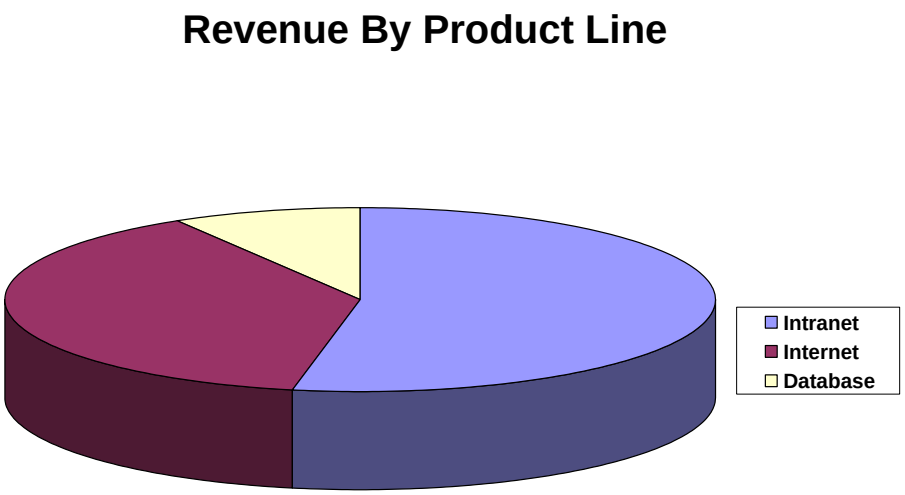

Figure 1

Revenue from the Intranet product line can be further broken down into three main categories:

1. Direct sale of product to new or existing AltaVista customers;
2. License of product through AltaVista to new and existing customers;
3. Direct sale of product to users of other Intranet search engines.

The reason for the distinction between AltaVista and non-AltaVista customers is that the first version of the product will be released with support for the AltaVista search engine. It is our intention that upon completion of the first version of the product in 1Q01, a license agreement will subsequently be arranged between our company and AltaVista to co-market and sell our complementary technologies. Once this licensing agreement is in place, or as soon as the AltaVista version of the product goes to market, the company will immediately begin the porting of the product to multiple other platforms, accounting for the increase in non-AltaVista customer sales into 2Q01.

The monthly sales forecast for the first 12 months of operation is included as Appendix B. A summary of the data is provided in Figure 2 below.

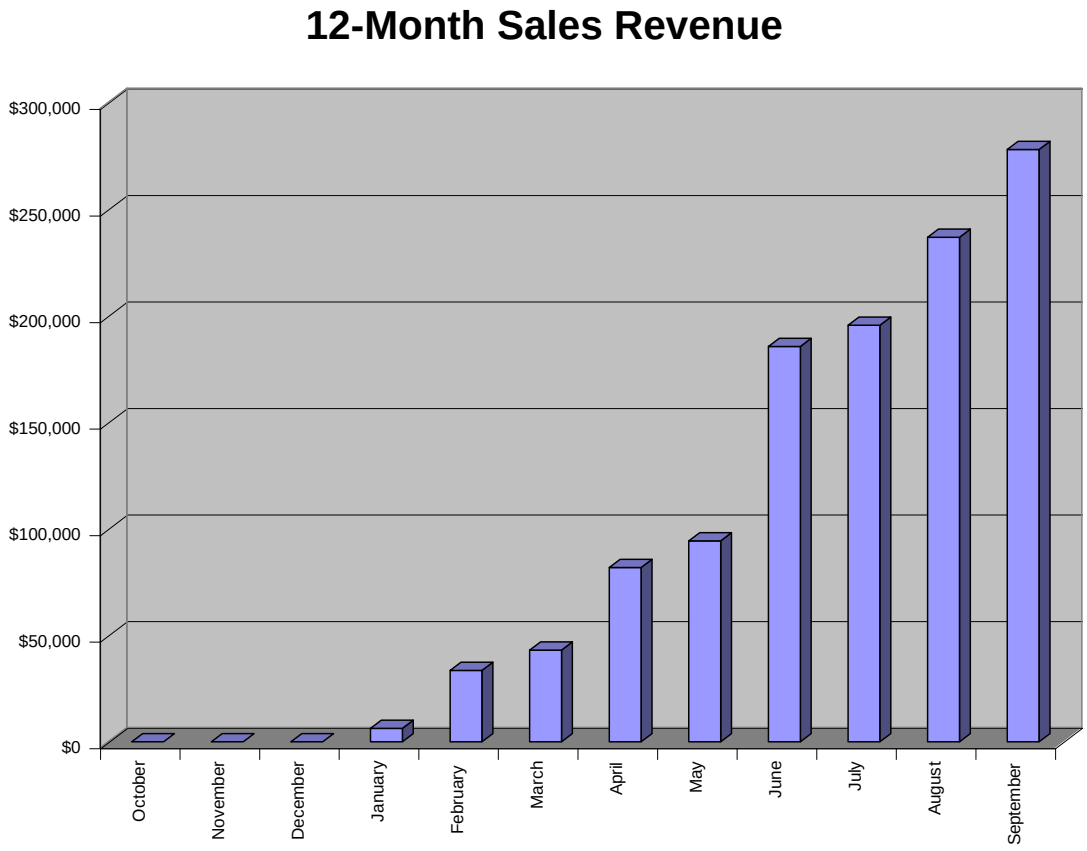

Figure 2

As the graph indicates, we expect that our first sale of product will occur in the beginning of 2001, with sales increasing steadily through the first quarter of sales. The third quarter of 2001 should see us beginning to sell our commercial database product, accounting for a spike in sales for 3Q01 and beyond.

We expect sales revenue to grow quickly into Year 2, due to the following factors:

- Annual license and maintenance fees for product sold in previous year(s)
- Increased micro-royalties from license of our Internet product
- Increased sales of our commercial database product

Competition

While there were once just a handful of players in the world of search engine technology, the lucrative revenue models being developed, and the increased necessity of enhanced technical solutions to this wide-scale problem have catapulted the market segment into the forefront of web business and revenue. With this influx of money and customers have come a number of eager competitors in the field. These include traditional search engine technology developers, specialized web-page search providers, and a few companies providing enhanced add-on functionality for existing products and technologies.

But, the filling landscape of competitors merely underscores the necessity for innovative solutions to the fast-growing problems of exponentially increasing Internet content. The technology is still rudimentary, and the field is growing at a rate that is hard-pressed to be matched by the number of companies that are tackling the problem. There is still plenty of room for companies that have solutions to such wide-ranging consumer needs, and plenty of money to be made for those that do it in an innovative and sound fashion.

Below, we outline the major competitors in the field, and our assessment of their ability to infringe upon market share for our products. We also discuss our ability to differentiate our products from the competition and ways in which we feel we can mitigate the possible negative circumstances generated by the competition.

Existing Search Engine Developers

The most obvious competition for our company lies in those companies that are currently developing and marketing Internet and corporate-wide web-based search engines. It is possible that these companies have recognized the same problems faced by existing search engine technology that we have identified; it is even possible that some of these companies have attempted to develop similar technology to overcome these search challenges.

It is our belief that, armed with our proprietary Intellectual Property and our patent-pending technology, we can produce a more efficient and technically robust solution to these search obstacles than can competing search engine companies, even those companies that currently develop traditional search technology.

Potential competitors in this category include traditional search engine developers AltaVista (Compaq), Google, InfoSeek, and Inktomi. With the exception of Inktomi, each of these companies maintains a popular Internet search engine or portal of its own, as well as developing and licensing search engine software for use on individual Web sites and corporate Intranets. Inktomi does not maintain an Internet search engine and instead focuses exclusively on providing search engine technology for other Internet search engines and portals.

We feel that the best way to mitigate competition from such existing search engine developers and providers is to allow these companies to license our tools as value-added add-on products that will enhance the functionality and feature-set of their existing search engines. This will increase their competitive advantage and stimulate sales for their products.

Specialized Web-Based Search Providers

With the growing popularity of web-based search tools, a number of specialized web-based search providers have begun developing independent solutions to many of the problems faced by typical web searchers. In some cases, these specialized tools are licensed to existing search developers and providers as add-on products. In many cases, these tools have become the basis of a single search engine, used to provide niche search capabilities either across the Internet or for some specialized information domain.

Of particular note is the RealNames Corporation, which was founded in November 1997 with the vision of making navigation on the Internet easier. RealNames aims to alleviate some, but not all, of the search problems that the Fo-net'ik™ Search Tool addresses, through the use of so-called "Internet Keywords". To quote from the RealNames Web site:

> "[Internet Keywords] allow Internet users to more quickly and easily find brands, companies and products on the Web using familiar names instead of complicated web addresses."

In effect, Internet Keywords solve the problem that the URL of an individual commercial or institutional Web site is not very often intuitive. However, users of Internet Keywords must still know how to spell the names of the companies or products about which they seek information. From a user perspective, this technology is very similar to AOL Keywords.

Because these specialized tool developers do not directly compete with our company for market-share, we do not find these companies to be an immediate competitive threat. We have listed these companies under competition due to the nature of their business – add-on search tools. Should any of these companies attempt to imitate or independently develop the specific technology that we are developing, their competitive status may change. Even in that case, we feel that our advanced proprietary technology and patent-pending methodologies will ensure our prominent status in the marketplace. In the meantime, these companies simply reinforce the value of such specialized software as the Fo-net'ik™ Search Tool, as well as of our proposed business and revenue model

Less Effective "Similarity Engines"

A third type of competitive threat is posed by less effective "similarity engines". A few sites on the Web have already begun using some rudimentary form of sounds-like searching. Sometimes associated with the term "Like This," such searches are not truly phonetic. Rather, they work by making very simple statistical comparisons of the character makeup of words, or use standard matching techniques such as "truncation," "Spell Checking," or "SoundEx." These sites, which most prominently include Songfile.com and IMDB.com (The Internet Movie Database), generally contain large collections of data sorted by proper-nouns.

While these sites, and their existing technology, pose short-term threats to our claim of a truly unique technology, we feel that our more sophisticated "sounds-like" search capability will eventually allow us to add these sites to our customer base.

Management Team

Hang40 is a Maryland-based Limited Liability Corporation formed in early 2000. Together, the founders of the company bring over 30 years of engineering development and management experience to the company. With areas of expertise ranging from consumer electronics development to voice-processing and automation technologies, our founders bring a diverse and well-complemented set of engineering skills and expertise to the table. In addition, the founders have worked closely in various capacities for most of the last decade.

Short Biographies

Mark Katsouros

Mr. Katsouros is one of the founders of the company and serves as its Chief Technology Officer. He is also acting as Chief Executive Officer until that position is filled. Mr. Katsouros holds a B.S. degree in Computer Science from the University of Maryland. His extremely diverse background includes database systems, large-scale software design and development, telecommunications, computer-telephony integration, interactive voice response, and voice over IP. In addition to winning the University's prestigious Graduate Studies and Research "Inventor of the Year" Award in 1992, he has also licensed various software applications, which he designed, developed, and patented, to both Lucent Technologies and Cabletron Systems. Additionally, he is a regular speaker at various information technology conferences, and is the founder and owner of Visionary Automation Logic, a Maryland firm specializing in database application design, technology training, and Web development.

Michael Barr

Mr. Barr is one of the founders of the company and serves as its Director of Product Development. In his six years as a developer of embedded software and device drivers, Mr. Barr quickly rose to the top of his profession. In addition to developing software that controls more than 5 million products around the world, he authored the best-selling book “Programming Embedded Systems in C and C++” (O’Reilly & Associates). Mr. Barr serves as Editor-In-Chief for a monthly engineering journal read by more than 60,000 software developers and is a regular speaker at the annual Embedded Systems Conferences. Through Netrino, a company that he founded in 1996, Mr. Barr has worked as a consultant, helping small companies write better software faster. Mr. Barr holds B.S. and M.S. degrees in Electrical Engineering from the University of Maryland and is a lecturer there today.

Jason Steinhorn

Mr. Steinhorn is one of the founders of the company and serves as its Vice President of Engineering. He holds a B.S. degree in Electrical Engineering from the University of Maryland. Prior to forming the company, Mr. Steinhorn was a Manager and Senior Engineer overseeing software development and Quality Assurance of consumer electronics for Hughes Network Systems in Gaithersburg, MD. He spent the prior year architecting and coordinating software development of the AOLTV / DIRECTV Multimedia Settop Box, a joint venture between Hughes Networks Systems, America Online, and DIRECTV to develop and market a DIRECTV satellite receiver capable of accessing the Internet and the America Online network from any ordinary television set.

Brian Silverman

Mr. Silverman is one of the founders of the company and serves as its Director of Product Integration. Mr. Silverman graduated from the University of Maryland with a B.S. degree in Electrical Engineering. He previously worked as a Senior Engineer and Software Technical Lead on multi-million dollar U.S. Navy contracts to design sonar telemetry test equipment. He has a deep understanding of Internet protocols and standards, and has designed and integrated telecommunications industry standard hardware and software into previous products. He is experienced in both software and digital hardware design and development, and has created software interfaces from high-level Windows GUIs to low-level embedded interfaces.

Management Team Gaps

Our management team currently consists of primarily technical and technical management focused individuals. Over the next six months, it is our goal to appoint both a full-time CEO and full-time Director of Sales to further our business strategies and goals. Working both with our technology partners from the University of Maryland and our other investor contacts, we hope to fill both of these positions in the near-term, as well as to fill other key management positions in the necessary time frames.

Personnel Plan

Our employees will be compensated in line with current market conditions. Compensation will include a full benefits package (HMO Health Care, Dental Plan, 401K) plus stock options for most, if not all, of our employees. Monthly personnel details for the first year of operation can be found in Appendix A.

Intellectual Property

Because the company believes that many of its innovative search technologies and methodologies are valuable to its long-term success, it has retained the services of District of Columbia-based intellectual property law firm Sterne, Kessler, Goldstein, & Fox, P.L.L.C. U.S. and international patent applications have already been filed to protect what the company believes to be the most valuable of its current technologies and additional patent applications are being considered at this time.

The company will adopt business, employment, and engineering practices that will protect its intellectual property to the greatest extent permissible by law.

Hang40, Fonetik, and Fo-net'ik are trademarks of the company.

The Internet domain names HANG40.COM, HANGFORTY.COM, and FONETIK.COM have already been registered by the company for its use in marketing our company and its flagship product, the Fo-net'ik™ Search Tool.

Financial Plan

Appendix D is a monthly income statement for the first year of operation. Revenue data for the statement was derived from: Appendix A, the 12-Month Personnel Plan; Appendex B, the 12-Month Sales Forecast for each of our product lines; and Append C, our 12-Month Expense Statement.

The following chart, Figure 3, is most important for illustrating our cash projections for the next 12 months. Because of our inability to generate revenue in the first quarter of operation, and the dependence on strategic partnerships being in place to generate automatic revenue streams later in the year, there are wide variations that must be supported through an up-front infusion of capital. Therefore, these numbers assume an immediate infusion of capital totaling $500,000.

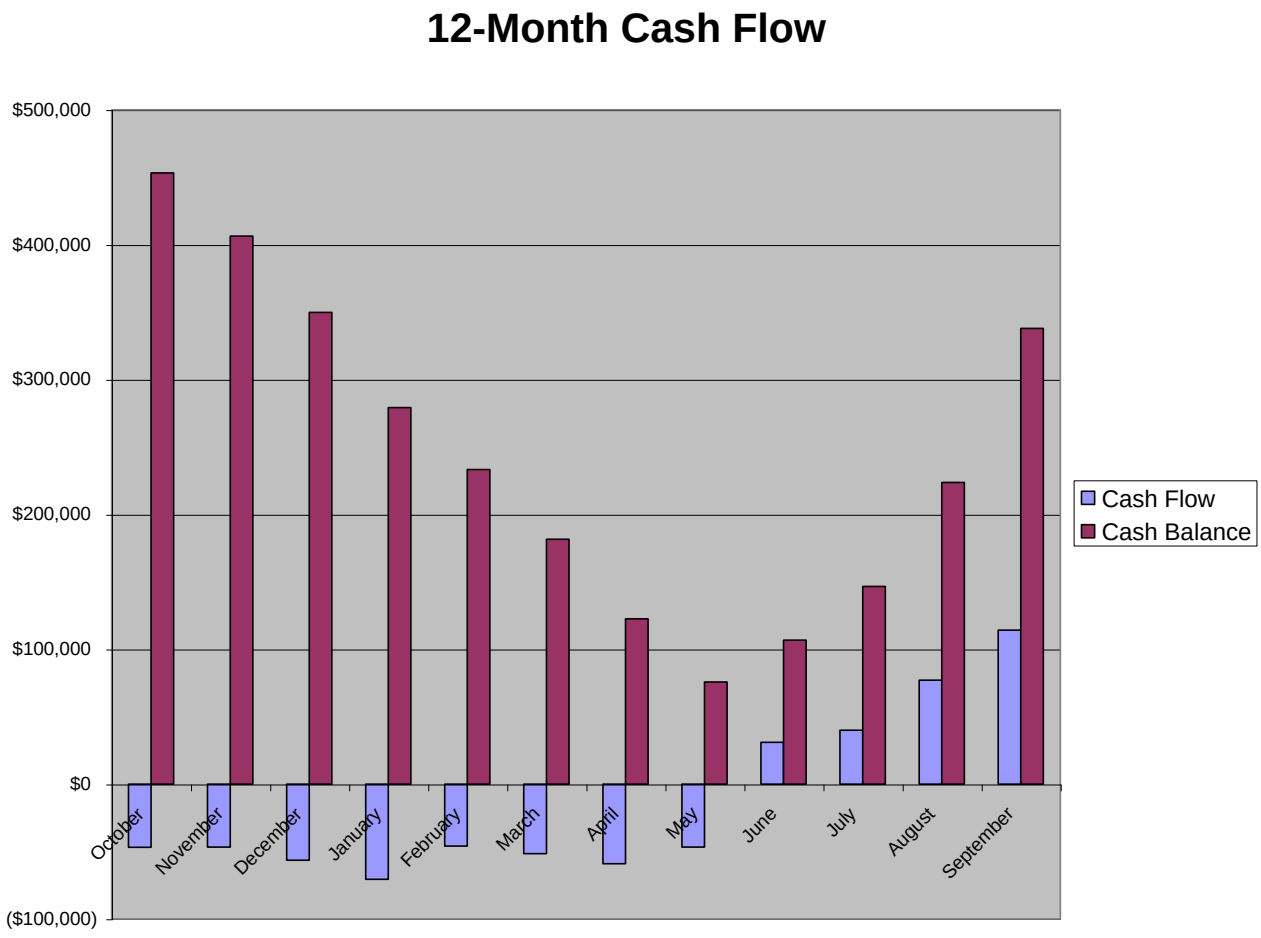

Figure 3

Quarterly 2-year and annual 3-5 year projections have been purposefully omitted from this plan. These numbers are available upon request.

Appendix A: 12-Month Personnel Plan

For Year: 2000-2001	October	November	December	January	February	March	April	May	June	July	August	September	Total
Management # Employees	1	1	1	1	1	1	2	2	2	2	2	2	
Salary/Wages	$0	$0	$0	$0	$0	$0	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	
Benefits	$0	$0	$0	$0	$0	$0	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	
Total Costs	$0	$0	$0	$0	$0	$0	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$144,000
Engineering # Employees	2	3	4	4	4	5	6	6	6	6	6	6	
Salary/Wages	$14,000	$21,000	$28,000	$28,000	$28,000	$35,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	
Benefits	$3,000	$4,000	$6,000	$6,000	$6,000	$7,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	
Total Costs	$17,000	$25,000	$34,000	$34,000	$34,000	$42,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$486,000
Administrative # Employees	0	0	0	1	1	1	1	1	1	1	1	1	
Salary/Wages	$0	$0	$0	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	
Benefits	$0	$0	$0	$500	$500	$500	$500	$500	$500	$500	$500	$500	
Total Costs	$0	$0	$0	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$31,500
Sales/Marketing # Employees	0	0	0	2	2	3	3	3	3	3	3	3	
Salary/Wages	$0	$0	$0	$10,000	$10,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	
Benefits	$0	$0	$0	$2,000	$2,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	
Total Costs	$0	$0	$0	$12,000	$12,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$150,000
Other # Employees	0	0	0	1	1	1	1	1	2	2	2	2	
Salary/Wages	$0	$0	$0	$4,000	$4,000	$4,000	$4,000	$4,000	$8,000	$8,000	$8,000	$8,000	
Benefits	$0	$0	$0	$1,000	$1,000	$1,000	$1,000	$1,000	$2,000	$2,000	$2,000	$2,000	
Total Costs	$0	$0	$0	$5,000	$5,000	$5,000	$5,000	$5,000	$10,000	$10,000	$10,000	$10,000	$65,000
Total # Employees	3	4	5	9	9	11	13	13	14	14	14	14	
Salary/Wages	$14,000	$21,000	$28,000	$45,000	$45,000	$57,000	$84,000	$84,000	$88,000	$88,000	$88,000	$88,000	$730,000
Benefits	$3,000	$4,000	$6,000	$7,000	$7,000	$8,000	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$122,000
Total Costs	$17,000	$25,000	$34,000	$52,000	$52,000	$65,000	$98,500	$98,500	$102,500	$102,500	$102,500	$102,500	$852,000

Appendix B: 12-Month Sales Forecast

For Year: 2000-2001	October	November	December	January	February	March	April	May	June	July	August	September	Total
Intranet Product Line #1 Sales to New / Existing AltaVista Customers													
Units Sold	0	0	0	5	10	10	25	25	50	50	75	100	350
Average $ Per Unit	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250
Total Revenue	$0	$0	$0	$6,250	$12,500	$12,500	$31,250	$31,250	$62,500	$62,500	$93,750	$125,000	$437,500
Intranet Product Line #2 Licensed Sale of Fonetik Through AltaVista													
Units Sold	0	0	0	0	50	50	50	50	50	50	50	50	400
Average $ Per Unit	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
Total Revenue	$0	$0	$0	$0	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$100,000
Intranet Product Line #3 Licensed Sale of Fonetik To Non-AltaVista Customers													
Units Sold	0	0	0	0	5	10	10	25	25	25	25	25	150
Average $ Per Unit	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
Total Revenue	$0	$0	$0	$0	$2,500	$5,000	$5,000	$12,500	$12,500	$12,500	$12,500	$12,500	$75,000
Internet Product Line #1 Corporate Licensing Fees and Micro-Royalties													
Total Licenses	0	0	0	0	1	2	5	5	10	10	10	10	53
Average $ Per License	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Total Queries (millions)	0	0	0	0	1	3	8	13	23	33	43	53	177
Average $ Per Query	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010	$0.0010
Total Revenue	$0	$0	$0	$0	$6,000	$13,000	$33,000	$38,000	$73,000	$83,000	$93,000	$103,000	$442,000
Database Product Line #1 Corporate Licensing Fees													
Total Licenses	0	0	0	0	0	0	0	0	1	1	1	1	4
Average $ Per License	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Total Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$25,000	$25,000	$25,000	$25,000	$100,000
Total Revenue	$0	$0	$0	$6,250	$33,500	$43,000	$81,750	$94,250	$185,500	$195,500	$236,750	$278,000	$1,154,500

Appendix C: 12-Month Expense Statement

For Year: 2000-2001	October	November	December	January	February	March	April	May	June	July	August	September	Total
General/Administrative Expenses													
Salaries and Wages	$14,000	$21,000	$28,000	$45,000	$45,000	$57,000	$84,000	$84,000	$88,000	$88,000	$88,000	$88,000	$730,000
Benefits	$3,000	$4,000	$6,000	$7,000	$7,000	$8,000	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$122,000
Payroll Taxes	$1,400	$2,100	$2,800	$4,500	$4,500	$5,700	$8,400	$8,400	$8,800	$8,800	$8,800	$8,800	$73,000
Rent	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$36,000
Utilities	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
Equipment/Furniture Purchases	$10,000	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$37,500
Internet Fees	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
Telephone	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
Patent Fees	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000
Other Legal Fees	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$60,000
Travel	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$90,000
Office Supplies	$500	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$2,700
Postage and Shipping	$1,000	$0	$0	$0	$0	$0	$1,000	$0	$0	$0	$0	$0	$2,000
Total G&A Expenses	$46,900	$46,800	$56,500	$76,200	$76,200	$90,400	$132,600	$131,600	$136,000	$136,000	$136,000	$136,000	$1,201,200

Appendix D: 12-Month Income Statement

For Year: 2000-2001	October	November	December	January	February	March	April	May	June	July	August	September	Total
Income													
Gross Sales	$0	$0	$0	$6,250	$33,500	$43,000	$81,750	$94,250	$185,500	$195,500	$236,750	$278,000	$1,154,500
Less Sales Commission (10%)	$0	$0	$0	$625	$3,350	$4,300	$8,175	$9,425	$18,550	$19,550	$23,675	$27,800	$115,450
GROSS PROFIT	$0	$0	$0	$5,625	$30,150	$38,700	$73,575	$84,825	$166,950	$175,950	$213,075	$250,200	$1,039,050
General/Administrative Expenses													
Salaries and Wages	$14,000	$21,000	$28,000	$45,000	$45,000	$57,000	$84,000	$84,000	$88,000	$88,000	$88,000	$88,000	$730,000
Benefits	$3,000	$4,000	$6,000	$7,000	$7,000	$8,000	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$122,000
Payroll Taxes	$1,400	$2,100	$2,800	$4,500	$4,500	$5,700	$8,400	$8,400	$8,800	$8,800	$8,800	$8,800	$73,000
Rent	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$36,000
Utilities	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
Equipment/Furniture Purchases	$10,000	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$37,500
Internet Fees	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
Telephone	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000
Patent Fees	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000
Other Legal Fees	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$60,000
Travel	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$90,000
Office Supplies	$500	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$2,700
Postage and Shipping	$1,000	$0	$0	$0	$0	$0	$1,000	$0	$0	$0	$0	$0	$2,000
Total G&A Expenses	$46,900	$46,800	$56,500	$76,200	$76,200	$90,400	$132,600	$131,600	$136,000	$136,000	$136,000	$136,000	$1,201,200
NET INCOME	($46,900)	($46,800)	($56,500)	($70,575)	($46,050)	($51,700)	($59,025)	($46,775)	$30,950	$39,950	$77,075	$114,200	($162,150)