



REQUEST FOR CAPITALIZATION

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THE CONCEPT



THE PROBLEM

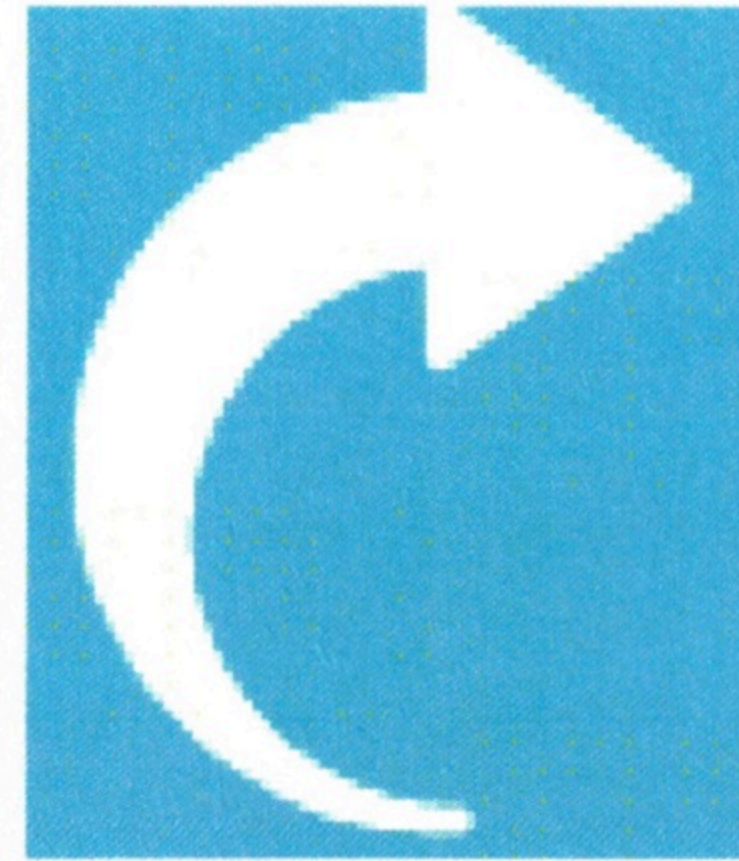
You are the president of a 65 member fraternity or sorority group that is having a guest speaker come to your event tonight at 7PM. Unfortunately, at 6:30PM the guest speaker you had booked, calls to tell you he or she won't be able to make it. How do you let all 65 members of your group know that the event has been cancelled?

THE SOLUTION

Use networkText™, the first and only easy to use Web site that allows any type of group the ability to blast out important messages, directly to group members' cell phones, in the form of a text message. By using networkText™, you can, within a few seconds, alert every member of your group of the change in plans. This service is a more convenient and efficient option than e-mail or elaborate phone trees. It is also completely free of charge both to register, send and to receive messages.

THE OPPORTUNITY

By seamlessly integrating text messaging and group communications, networkText™ is set to revolutionize the way groups communicate. Phone calls and e-mails are out, text messaging is in! Join this rising trend today by being part of the newest and hottest Web site in years, networkText™.



Company Info

Company Type: LLC

Founded: Houston, Tx/San Diego, Ca

Headquarters: Bellingham, Wa

Key People:

- Derek Johnson Co Founder/CEO
- Matt Pelo Co Founder

Formation Date: March 3rd, 2007

Launch Date: September 15th, 2007

WEB SITE OVERVIEW

networkText™ is the first Web site that allows any organization or group the ability to connect with their members via text messaging on their cell phones.

networkText™ operates in the following manner: A group administrator will sign onto www.networkText.com and register their group. Once a group has been created, the group administrator will invite their group members to join using their name and e-mail address. When a person is invited to join a group, an e-mail invitation will be sent to that person to confirm their desire to receive text messages from that group. At this point they will input their cell phone number to confirm their desire to receive messages. Whenever the administrator of a group needs to send a message to their group, they log on, select the members in their contact list, type in their message which will immediately be forwarded to the all the members' phones in the form of a text message.

networkText™ believes there are limitations to group communication methods presently used, such as e-mail and phone trees, which can be solved by the use of text messaging. Unlike calling each member of a group, a text message is more effective and less time consuming. Messages are instantly sent to the entire group simultaneously. E-mail has the disadvantage due to the frequency that users access it throughout the day. Average users only check their inbox 3 times per day. However, a cell phone is carried by nearly 98 percent of college students all the time. This makes text messaging the premier way to communicate to large groups quickly and effectively.

SAMPLE SCREENSHOTS



EXECUTIVE SUMMARY

THE INSPIRATION

The idea of networkText™ was conceived after a meeting with a sorority at the University of Houston. This sorority had expressed a need for an effective method to reach all their sorority sisters more efficiently. With no options available to them except for phone trees and group e-mails which had been proven to be ineffective in the past, the idea of connecting groups via text messaging was developed.

THE COMPANY

networkText™ was formed on March 1, 2007 as a Limited Liability Company registered in Houston, Texas, which is currently conducting business in Bellingham, Washington. The company's web address is www.networktext.com and is the first Web site that allows any group to connect with their members via text messaging for free.

CURRENT STATUS

networkText™ is in final development stages. Following final development, group testing will begin on select test groups to test security, usability, and network capabilities. networkText™ has an expected launch date of September 15, 2007 to the public.

THE TEAM

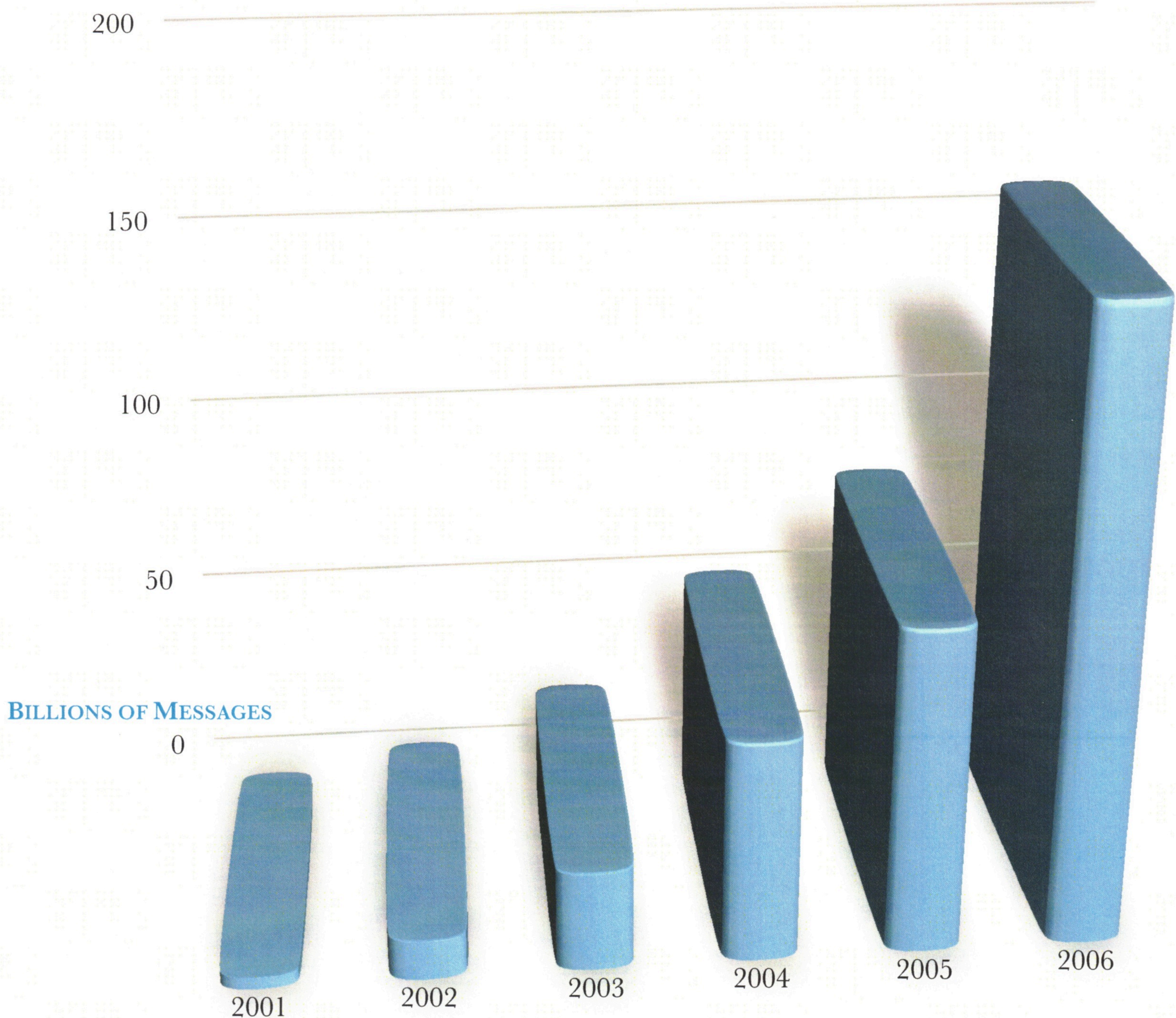
The Management team is highly motivated, experienced and most importantly part of the primary target market. networkText™ is lead by a committed management team, who own 94 percent of the equity.

- **Derek Johnson**, Chief Executive Officer and Co Founder, has a background in entrepreneurial ventures. Initially founding Johnson Labor Company during high school and then, during college, building West Coast Landscape up to one of Bellingham's premier landscaping companies. This has given Derek experience in managing start ups. He is currently pursuing his bachelor's degree in Entrepreneurial Studies and Marketing at the University of Houston.
- **Matt Pelo**, Co Founder, has been very involved in numerous leadership positions within his collegiate community including President of Lambda Chi Alpha, a 65 man fraternity at San Diego State University . He is currently pursuing his bachelor's degree in Finance/Accounting at San Diego State University.

MARKET OPPORTUNITY

networkText™ represents the intersection of three growing US markets; social networking (i.e. facebook, MySpace), text messaging and advertising. With the increasing need for advertisers to tap into mobile marketing, networkText™ offers an innovative medium to assist in reaching their target market via cell phones.

US TEXT MESSAGES PER YEAR



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COMPETITORS

networkText™ has identified one direct competitor that exclusively targets college students, MobileCampus. This competitor has limited themselves to a small amount of colleges, offers no features, excessively advertises to the tune of over 700 additional text message advertisements sent to a users cell phone yearly and is managed and controlled by individual University administrations. networkText™ does not foresee MobileCampus as a threat to networkText's™ growth. Below is a comparison of the two companies and the features they offer to their users.



networkText

MOBILE CAMPUS

Availability

Any group anywhere in the USA

11 select colleges

Text Message Advertisements

networkText™ combines both advertising and the groups message into one text message.

MobileCampus sends their users 2 additional text messages that are only advertisements.

This means no extra text ads!!!

Thats over 700 extra text messages!

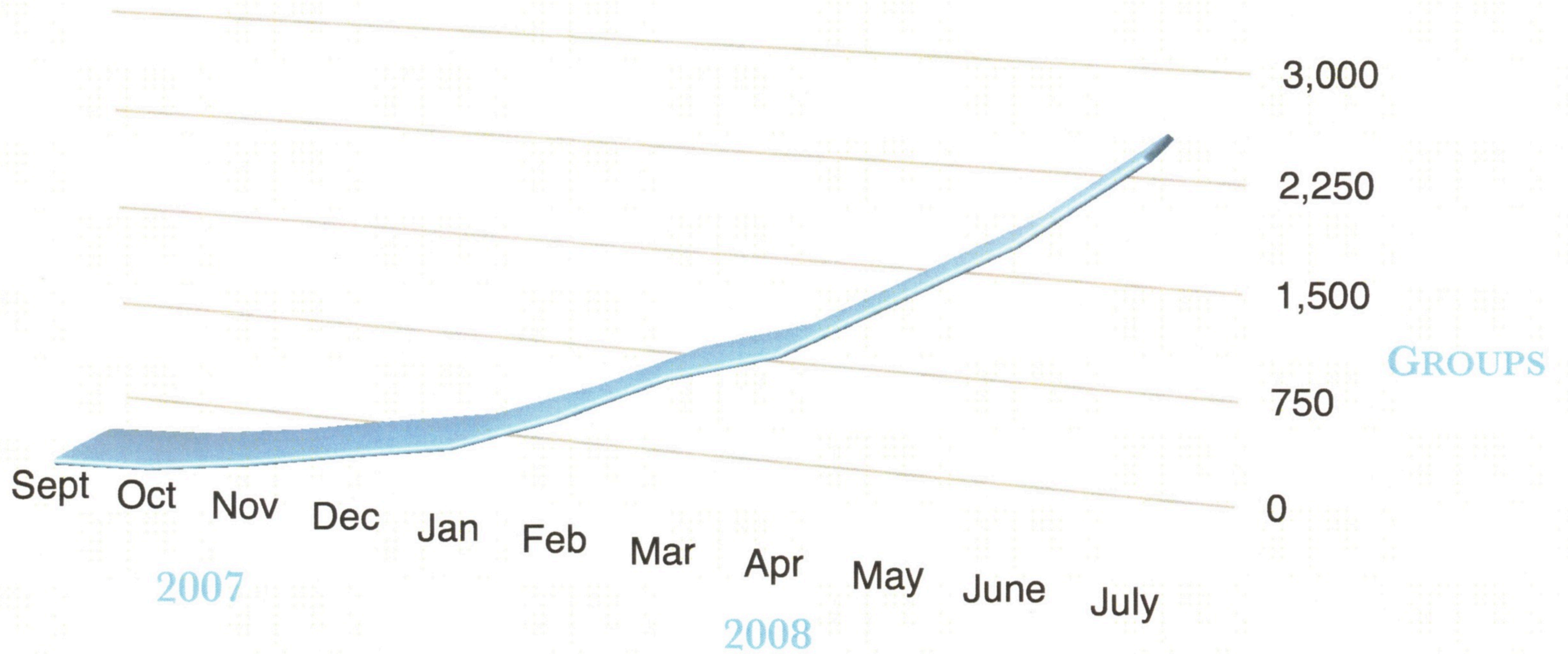
Additional Features

Text In
Facebook Application
Excel Contacts Upload
Web Site Skin

MobileCampus has not added any extra features that users in High School & College demographics desire.

PROJECTED GROUP SIGN UP RATES

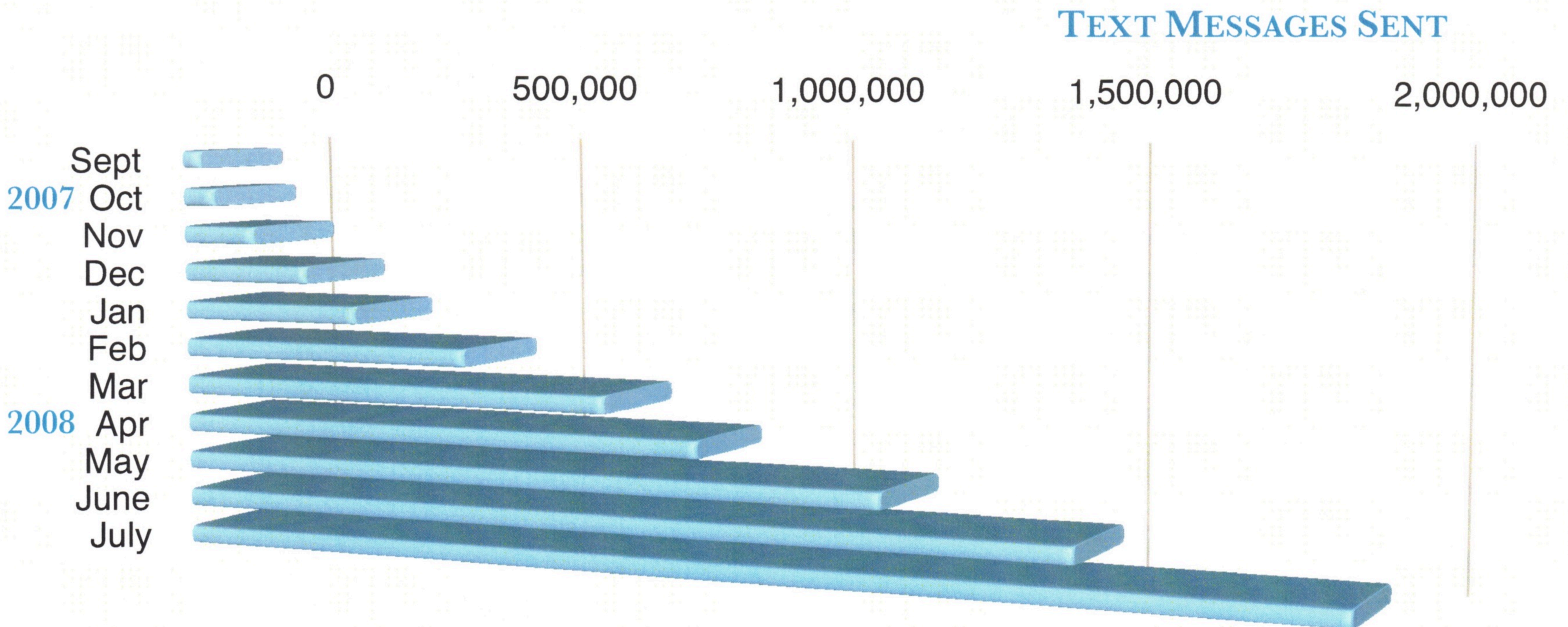
Projected group sign ups for networkText™.



*CTIA INTERNATIONAL ASSOCIATION FOR THE WIRELESS TELECOMMUNICATIONS INDUSTRY

PROJECTED TEXT MESSAGES SENT

Projected text messages sent through networkText™.

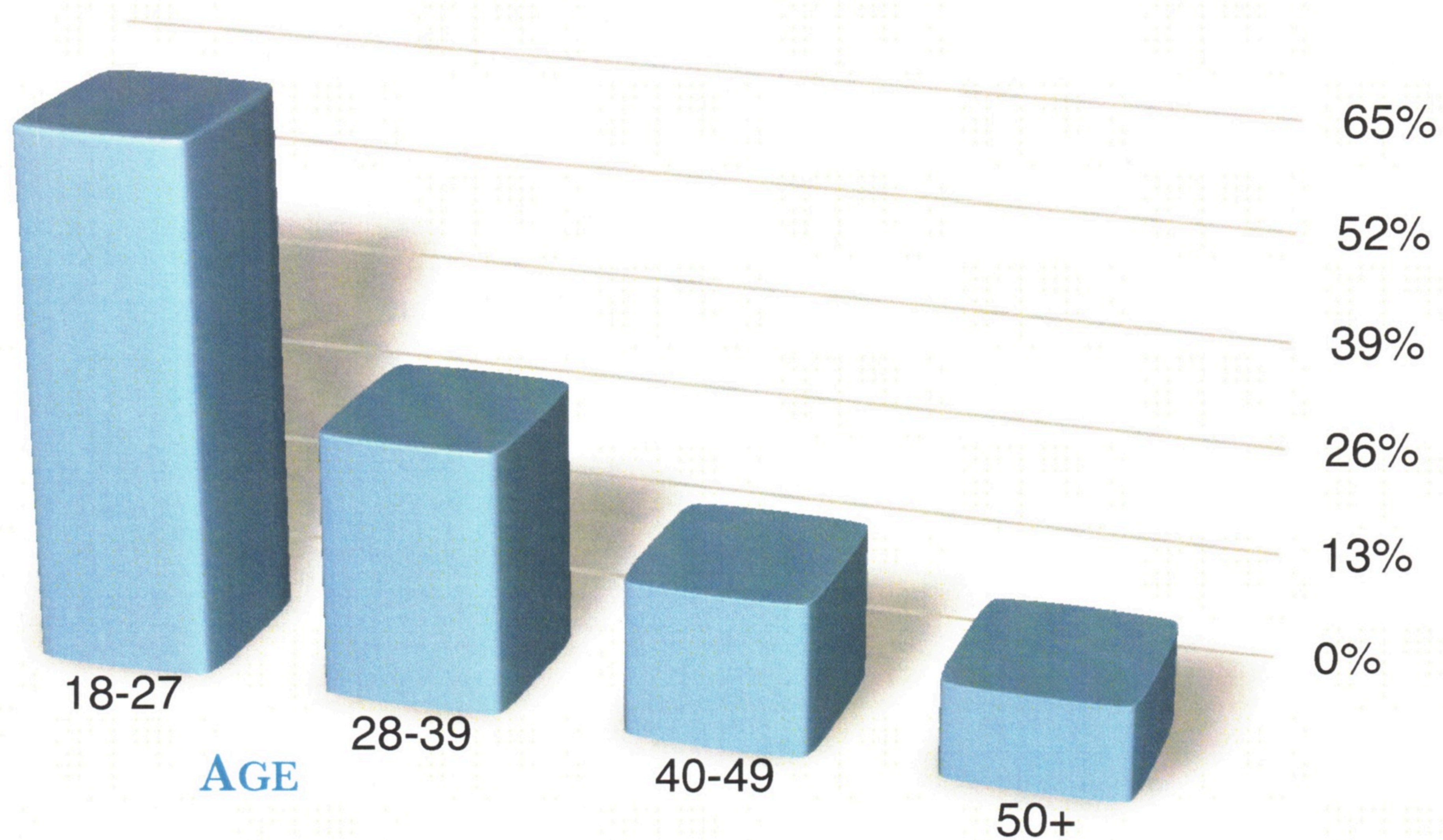


*CTIA INTERNATIONAL ASSOCIATION FOR THE WIRELESS TELECOMMUNICATIONS INDUSTRY

USERS

The target market for networkText™ are users primarily between the ages of 18-25 years old, which represents High School and College ages. Groups include, but are not limited to sports teams, on-campus clubs, organizations, fraternities and sororities. These messages can vary from notifying athletes that practice is cancelled to getting the word out about their meetings or social events.

TEXT MESSAGING USAGE BY AGE



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MARKETING STRATEGY

In an effort to market to users between the ages 18-25 years old, networkText™ has chosen to target colleges throughout the U.S. To effectively and efficiently market to college students, networkText™ is focusing its efforts towards the Greek (Fraternities/Sororities) communities on each campus. To reach the Greek community, networkText™ is focusing on viral marketing techniques, which include social networking via the Internet. Viral marketing will allow networkText™ to spread quickly throughout college campuses gaining a large user base that will help to penetrate other markets.

CURRENT TRENDS

networkText™ has developed its Web site to take advantage of three key trends: (1) Students nationwide are utilizing text messaging to communicate with each other more than ever (2) Students have become an extremely mobile society with the need for information right away. (3) As text messaging grows so does the availability of cell phone plans that make text messaging convenient and relatively cheap to their subscribers.

REVENUE GENERATION

networkText™ currently plans to have revenue from text message advertisements at the beginning of March. This is because advertisers require certain scale that networkText™, employing a new advertising medium, currently lacks. In addition, advertisers require a company to have a track record and proven results before they commit to any type of advertising, especially with such a new medium as text messaging. There are two types of text message advertisements that networkText™ offers, which are below with projected costs per message.

General Broadcast: This type of advertising allows advertisers to purchase the first block of text messages that comes available, without regard to such things as type of group, member interests, location, age etc. (\$.03 - \$.04)

Targeted Broadcast: This type of advertising is more specific allowing advertisers to buy blocks of text messages that target certain demographics, such as location, age, group type etc. (\$.05 - \$.06)

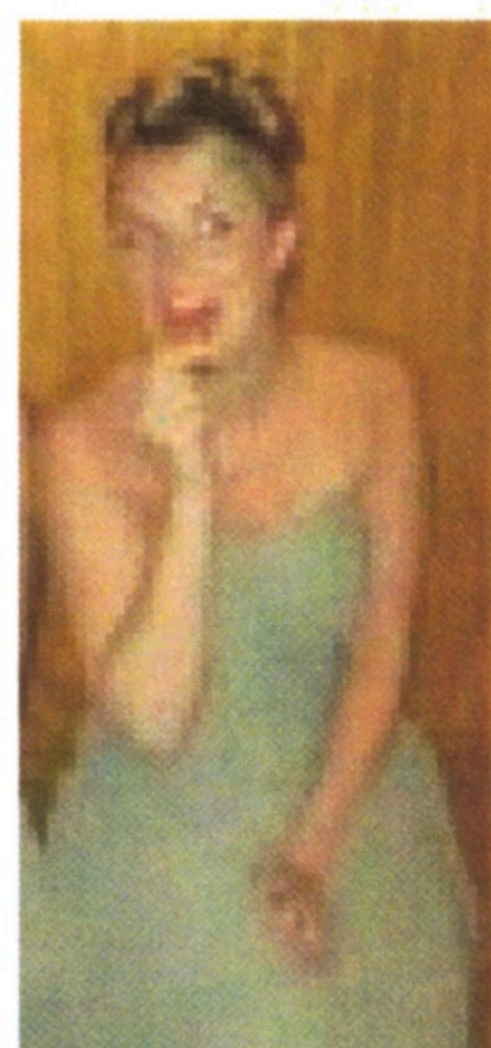


EXIT STRATEGY

networkText™ understands the need for large Internet search engines such as Google and Yahoo! to obtain new and unique methods of advertising on cell phones. These large Internet companies will view the acquisition of networkText™ as a valuable asset to launch themselves into mobile marketing.

STUDENT DEMAND FOR NETWORKTEXT

networkText™ has its own Facebook group to promote their Web site which has had over 200 students join in just the first week. Below are a few of the student comments taken, with permission, from the Facebook group regarding networkText™.



Christina Koehn (Washington) wrote
at 4:23pm

This is really going to be great for my sorority! You wouldn't believe how hard it is to get information out to 90+ girls, some of which never check their email! No more excuses about missing meetings with networkText!



Larry Bolton wrote
at 10:54pm on July 9th, 2007

This is an excellent idea! I have always had problems communicating on short notice or people not reading their emails. This would solve the communication gap which a lot of organizations could utilize to maximize their productivity. GREAT IDEA!



Loren Rigsby (Washington) wrote
at 4:29pm

wow derek this is such a good idea! I can definitely see using this for work and school. this is totally gonna take off....you're great!



Akhtar Samani (U. Houston) wrote
at 4:56pm

networkText...what an interesting concept. I love it. There have been so many times where i have attended meetings that started late or have run late my self and i could definitely see this hitting it big! I wish i thought of this. You guys offering investment opportunities?



Vincent Harding wrote
at 10:14pm on July 9th, 2007

This would be outstanding. It would save me so much time when getting the word out about bible study each week. If I could create a list that would text everybody at once, it would allow things to go a lot more smoothly. Would be great also for other organizations, clubs, and companies.

FUNDING PROPOSAL

FUNDING NEEDS

networkText™ is currently offering the opportunity to purchase equity in the company. networkText™ is currently raising \$75,000 in capital. networkText™ is offering investments in \$5,000 increments. Each \$5,000 will be worth 625 standard Series B shares of networkText™, LLC. This is approximately 1.25 percent of the total equity of the company.

On the following page you will find the expected return on investment.

On pages 13 & 14 you will find a 12 month profit & loss statement and an explanation for usage of capital.

Investments will be accepted on a first come first option basis.

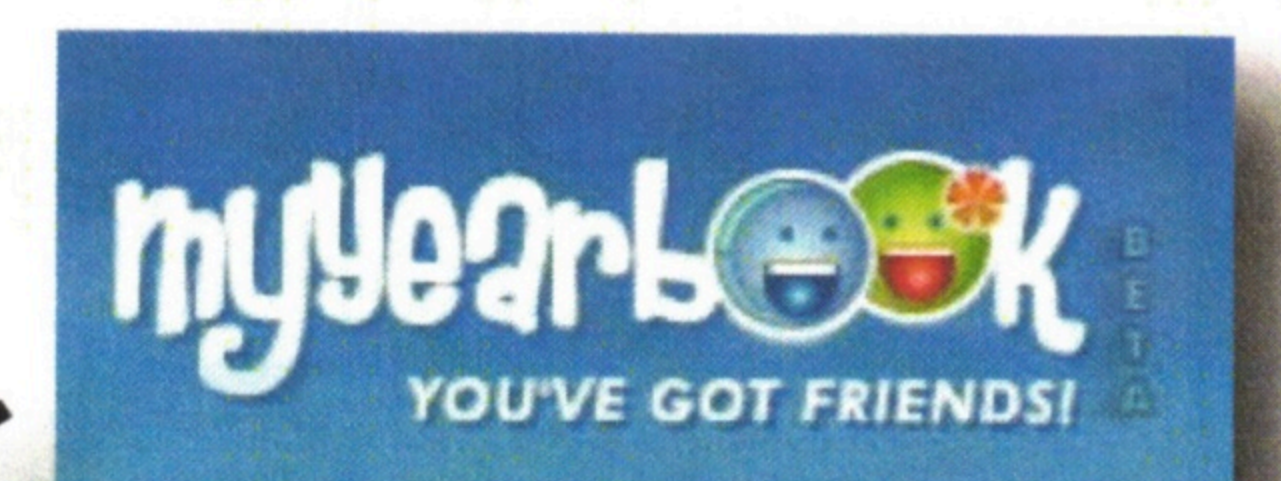
Checks should be made out to: **networkText™ LLC**
 4728 Morgan St.
 Bellingham, WA 98229

* Immediately after receiving an investment, networkText™ will mail the investor their stock certificate

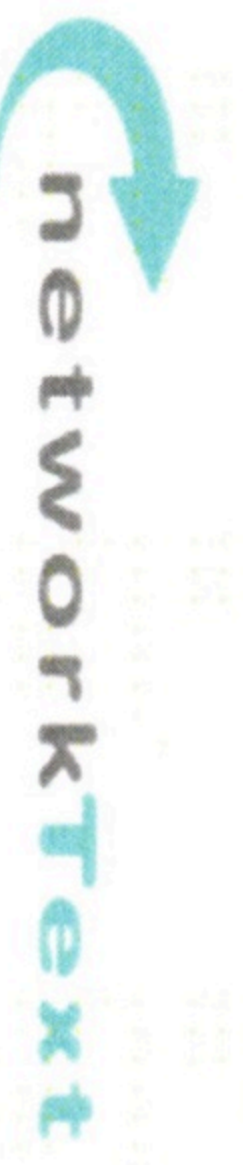
RETURN ON INVESTMENT

networkText™ is actively perusing venture capital that will plan to bring in additional funds (\$1,560,000) in 6 months. Below is a chart that highlights recent Venture Capital investments in other early stage internet companies within our industries of mobile communications and social networking. In the two right hand columns you will find the Return On Investment and the Gain From Investment of \$5,000 in networkText™ at different company valuations. networkText™ currently is valued at \$400,000.

Valuation	R.O.I	Gain From Investment
\$400,000	0%	\$5,000
\$750,000	88%	\$9,375
\$1,000,000	150%	\$12,500
\$1,250,000	212%	\$15,625
\$1,500,000	275%	\$18,750
\$1,750,000	338%	\$21,875
\$2,000,000	400%	\$25,000
\$2,250,000	462%	\$28,125
\$2,500,000	525%	\$31,250
\$2,750,000	588%	\$34,375
\$3,000,000	650%	\$37,500
\$3,250,000	712%	\$40,625
\$3,500,000	775%	\$43,750
\$3,750,000	838%	\$46,875
\$4,000,000	900%	\$50,000
\$4,250,000	962%	\$53,125
\$4,500,000	1,025%	\$56,250
\$4,750,000	1,088%	\$59,375
\$5,000,000	1,150%	\$62,500



*EXAMPLE CALCULATION BASED AT 20% EQUITY



1-Aug-07

Profit and Loss Statement for Year 07-08

	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Year Total
Groups Signed Up	10	10	45	150	290	425	700	1,050	1,275	1,700	2,125	2,700	
Messages Sent Per Month	7,050	31,725	105,750	204,450	296,100	493,500	740,250	898,875	1,198,500	1,498,125	1,903,500		

SALES-REVENUE														
Text Ad Revenue														
% of Texts General Ads														
Average Price Targeted As														
General Ad Revenue														
% of Texts Targeted Ads														
Average Price Targeted As														
Targeted Ad Revenue														
Other Ad Revenue														
Total Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700	\$ 14,585	\$ 30,322	\$ 56,442	\$ 77,997	\$ 185,046	

COST OF GOODS SOLD														
Short Code														
Message Fee														
CSC Lease														
Aggregator Base Rate														
Total Short Code Expense	\$ 3,500	\$ 1,907	\$ 2,647	\$ 4,868	\$ 7,829	\$ 10,578	\$ 14,033	\$ 20,201	\$ 24,167	\$ 25,665	\$ 31,658	\$ 39,765	\$ 19,950	
Website														
Development														
Maintenance														
Server														
Total Website Expense	\$ 5,700	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 13,500	
TOTAL GOGS	\$ 9,200	\$ 4,157	\$ 4,897	\$ 7,118	\$ 10,079	\$ 12,828	\$ 19,533	\$ 25,701	\$ 29,667	\$ 31,165	\$ 37,158	\$ 45,265	\$ 236,765	
Gross Profit	\$ (9,200)	\$ (4,157)	\$ (4,897)	\$ (4,897)	\$ (10,079)	\$ (12,828)	\$ (19,533)	\$ (20,001)	\$ (15,082)	\$ (843)	\$ 19,285	\$ 32,732	\$ (51,719)	
% Gross Margin	-	-	-	-	-	-	-351%	-103%	-3%	34%	42%	-28%	-28%	

Sales														
Salaries														
Travel														
Marketing														
Salaries														
Advertising														
Public Relations														
Administrative	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	
Office Space														
Officer Salaries														
Licensing														
Legal														
Trademark														
Computer Equipment														
Office Supplies														
Total Expenses	\$ 7,565	\$ 5,065	\$ 5,065	\$ 5,065	\$ 5,065	\$ 5,065	\$ 15,144	\$ 15,144	\$ 15,144	\$ 15,144	\$ 15,144	\$ 15,144	\$ 15,144	
Total G&A Exp.	\$ 16,765	\$ 9,222	\$ 9,962	\$ 12,183	\$ 12,183	\$ 17,893	\$ 27,565	\$ 28,190	\$ 28,846	\$ 29,535	\$ 30,259	\$ 31,019	\$ 208,304	
Pre-Tax Profit	\$ (16,765)	\$ (9,222)	\$ (9,962)	\$ (12,183)	\$ (12,183)	\$ (17,893)	\$ (47,098)	\$ (53,891)	\$ (58,513)	\$ (60,700)	\$ (67,416)	\$ (76,284)	\$ 445,069	

Assumptions: Text Messages Avg. Group Size=60 3 Message per week Ad Revenue Targeted=.06/Ad General=.035/Ad Short Code .03/Message 1-500K .025/Message 500K-1M .02/Message 1M+

Series B Funding received by February

EXPLANATION OF USAGE OF FUNDS

SHORT CODE EXPENSE

networkText™ is currently leasing the U.S. Short Code “NTEXT” (68398) for \$1,000.00 per month. In addition to leasing expenses, there are other costs associated with the short code; \$695.00 for the aggregator fee (agent that distributes the text messages) and \$0.03 per message sent through networkText™. This will be considered a sunk cost until networkText™ is able to create a large loyal user base that we then will be able to subsidize short code expenses with advertising.

WEB SITE DEVELOPMENT/WEB SITE MAINTENANCE

Currently networkText™ is finalizing production with a Web site design/development company, CyberThink Pvt. Lmted, which has offices in both the U.S. and India. networkText™ will use CyberThink for all Development and Maintenance for these 6 months.

COMPUTER EQUIPMENT

This is an ongoing fund that will allow networkText™ to purchase computers/equipment, (i.e. hard drives, sandisks, monitors, projectors, ect.) as needed.

SERVER

networkText™ currently has its server located at The Planet in Houston, Texas. The current server is a Conroe 3060 Dual Core. For launch networkText™ wants to upgrade to a tri-server system: one doing round robin DNS, and the other two acting as web/message servers interacting via SMTP to our SMS aggregator.

LEGAL

networkText™ is registering the Trademark “networkText”. In addition networkText™ is going through the process of copyrighting all Web site design work.

PR BUDGET

Through extensive search and evaluations of PR companies, networkText™ has chosen to use freshPR for all PR. A proposal of \$3,000.00 (not including expenses) was submitted to networkText™. FreshPR specializes mainly with Internet companies started by college students which is a perfect fit for networkText™. Clients include other successful college student owned Web sites such as; myyearbook.com, acseo.com, botw.org, and hotelhotline.com.

MARKETING

Marketing is going to be relatively simple with extensive e-mail and Facebook campaigns, which are free. The networkText™ marketing campaign will consist of messaging Greek students, athletic teams and organizations across the nation with a YouTube video promoting networkText™.

SALES

Sales budget is currently not budgeted because networkText™ does not foresee advertising within the first 6 months of the launch. However, if networkText™ begins to generate revenue via advertising, revenues generated by sales will subsidize the sales budget.

ADDITIONS

Thank you very much for your time in looking at networkText's™ proposal. Any Questions or Comments don't hesitate to contact either Derek or Matt.

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