

BALANCED CAPITALISM WHITE PAPER

Companion Publication to the Balanced Capitalism White Paper v2.0

Private Enterprise Framework

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Extending Broad-Based Economic Ownership to Covered Private Enterprises

This document is intended to stimulate discussion, research, and inform public debate on ownership-based approaches to economic participation.

TABLE OF CONTENTS

Executive Summary.....	3
Part 1 — The Private Enterprise Framework	5
P.1.S.1. — Covered Enterprise Criteria.....	5
P.1.S.2. — Equivalent Economic Ownership Interests.....	9
P.1.S.3. — Enterprise Valuation and Allocation Methodology.....	11
P.1.S.4. — Implementation and Transition	17
P.1.S.5. — Governance, Administration, and Oversight	20
P.1.S.6. — Policy Considerations and Responses	23
P.1.S.7. — Economic Modeling and Long-Term Projections	27
P.1.S.8. — Frequently Asked Questions and Explanatory Notes	40
PART 2— THE ESTABLISHED FOUNDATION	53
P.2.S.1. — Purpose of this Private Enterprise Framework.....	53
P.2.S.3. — Ownership vs. Nationalization	54
P.2.S.4. — The Reciprocal Relationship Between Enterprise and Society.....	55
P.2.S.5. — The National Prosperity Fund as the Institutional Vehicle	56
P.2.S.6. — Beneficial Ownership for Eligible Individuals	57
P.2.S.7. — Non-Voting Economic Participation	58
P.2.S.8. — Economic Equivalence	60
P.2.S.9. — Preservation of Entrepreneurship and Founder Control.....	61
P.2.S.10. — The Ownership Alignment Effect	62
Part 3 — Reference Materials	63
Appendix A — Research Methodology and Data Sources	63
Appendix B — Covered Enterprise Organizational Structures	65
Appendix C — Glossary and Defined Terms	68
Appendix D — Illustrative Figures and Charts.....	70
Appendix E — Signature Principles.....	80

Executive Summary

The Balanced Capitalism White Paper established a new ownership Framework for publicly traded corporations through the National Prosperity Fund (NPF). It proposed broadening ownership of productive enterprise by gradually allocating non-voting common shares possessing the same economic rights as publicly traded voting common shares while preserving private management, entrepreneurial leadership, competitive markets, and shareholder voting control.

This Private Enterprise Framework extends that same philosophy to economically significant private enterprises.

The central question is straightforward:

Should broad-based beneficial ownership depend upon whether an enterprise is publicly traded, or should it extend to economically significant private enterprises as well?

This Framework concludes that the underlying principle should apply to productive enterprise itself rather than to public trading status alone.

Accordingly, the Framework provides that privately held enterprises with an independently determined enterprise value of \$5 billion or greater become Covered Enterprises under the National Prosperity Fund.

Covered Enterprises would annually allocate ten percent (10%) of their authorized, previously unissued, non-voting ownership interests to the National Prosperity Fund for five consecutive years until the illustrative ownership ceiling of fifty percent (50%) is reached.

Enterprises organized under legal structures other than corporations would satisfy these requirements by issuing equivalent ownership interests possessing substantially equivalent economic rights while preserving their existing governance structures and operational independence.

The Framework broadens ownership through future economic participation rather than through the transfer of existing operating resources. Covered Enterprises are not required to transfer cash, liquidate productive assets, incur debt, reduce operating capital, or impair their ability to invest, innovate, compete, or grow.

Throughout the Framework, one principle remains constant:

Economic ownership must remain separate from operational control.

The National Prosperity Fund participates as a long-term economic owner rather than as a business manager. Founders continue leading their enterprises. Existing owners retain

governance authority. Competitive markets continue allocating capital. Entrepreneurial incentives remain fully intact.

Recognizing the continuing transformation of the American economy through technology, automation, artificial intelligence, and intellectual property, the Framework measures productive economic capacity rather than workforce size. Accordingly, Covered Enterprise status is determined by enterprise value rather than employee count or other traditional measures that may no longer reflect an enterprise's true economic significance.

The Framework also preserves continuity as enterprises evolve. Once an enterprise satisfies its National Prosperity Fund ownership obligation, that obligation is not recreated by subsequent changes in legal form, ownership structure, or public trading status. Likewise, the National Prosperity Fund's established ownership interest is preserved through recapitalizations, mergers, reorganizations, public offerings, stock splits, and similar corporate transactions.

This document is intended as a **comprehensive legislative Framework rather than a philosophical discussion of ownership principles**. It establishes proposed qualification standards, ownership mechanisms, valuation principles, implementation procedures, governance safeguards, and administrative structures for extending Balanced Capitalism into the private-enterprise sector.

Application Across Diverse Private Enterprises

Private enterprises operate through diverse organizational forms and therefore utilize different legal ownership instruments. The Framework accommodates these differences without requiring enterprises to reorganize or surrender their existing governance structures, management authority, or operational control.

Each organizational type adopts an appropriate ownership mechanism to satisfy the same governing ownership principle.

Figure ES-1: Equivalent Economic Ownership Interests Across Organizational Forms

C Corporation _____
S Corporation _____
Limited Liability Company (LLC) _____
Limited Partnership (LP) _____
Limited Liability Partnership (LLP) _____
Professional Corporation (PC) _____
Other Covered Enterprises _____



Equivalent Economic Ownership Interests



National Prosperity Fund (NPF)

Different legal instruments. One governing ownership principle.

Part 1 — The Private Enterprise Framework

A Legislative Blueprint for Extending Balanced Capitalism to Economically Significant Private Enterprises

P.1.S.1. — Covered Enterprise Criteria

Not every privately owned business should participate in the National Prosperity Fund. The objective of this Framework is not to burden small businesses, family-owned enterprises, professional practices, startup companies, or emerging entrepreneurial ventures. Those enterprises remain essential to innovation, competition, and economic growth and should continue developing without participation in the Framework during their formative years.

Fundamental Ownership Concepts

The Framework distinguishes among three related but separate concepts. Understanding these distinctions will assist readers throughout this Framework.

Who qualifies? — Enterprise Value

Enterprise Value determines whether an enterprise qualifies as a Covered Enterprise under the statutory criteria.

What is allocated? — Ownership Interests

Ownership interests are the legal ownership interests to which the Framework applies and which the National Prosperity Fund ultimately holds.

What benefits are received? — Economic Rights

Economic rights are the financial rights attached to those ownership interests, including rights to dividends, distributions, appreciation, and other economic benefits, while remaining separate from governance and voting rights.

These three concepts serve distinct purposes throughout the Framework and should not be used interchangeably.

This Framework applies only to economically significant private enterprises.

Accordingly, a private enterprise becomes a **Covered Enterprise** when its independently determined enterprise value equals or exceeds **\$5 billion**.

The \$5 billion threshold reflects the point at which an enterprise has generally progressed beyond the formative stages of entrepreneurial development and has become an economically significant participant in the national economy. By that stage, the enterprise has typically benefited from the legal, financial, educational, transportation, communications, and institutional Framework that supports long-term commercial success while demonstrating sustained productive capacity and economic significance.

The Framework therefore concludes that this threshold appropriately balances two important objectives.

First, it allows entrepreneurs, founders, investors, and business owners ample opportunity to create, expand, finance, and strengthen their enterprises before participation begins.

Second, it recognizes that enterprises achieving this level of economic significance have become important participants in the broader productive economy and should begin contributing to the system of broad-based beneficial ownership established by Balanced Capitalism.

Enterprise value serves as the governing qualification standard because it measures the overall economic value of the enterprise rather than any single aspect of its operations. Revenue, assets, employment, and other financial measures remain important considerations in determining enterprise value, but they are not independent qualification criteria. Modern enterprises increasingly create extraordinary economic value through technology, intellectual property, automation, artificial intelligence, and other innovations that may bear little relationship to workforce size or traditional asset measurements.

Accordingly, this Framework measures economic significance rather than organizational size.

A private enterprise meeting the \$5 billion enterprise value threshold becomes a Covered Enterprise and shall participate in the NPF in accordance with the implementation provisions established in this Framework. Enterprises that do not meet this threshold remain outside the Framework and incur no obligations under its provisions.

To provide certainty and facilitate orderly implementation, participation shall begin after the enterprise's first full fiscal year following the determination that it has met the statutory criteria. Covered Enterprise status shall become effective upon that determination and shall not be affected by subsequent changes in enterprise value during the transition period. This transition period allows sufficient time for the Covered Enterprise to complete the corporate planning, capital structure adjustments, governance preparations, and establishment of the ownership interests required to implement the Framework.

This objective threshold provides a clear, predictable, and easily administered standard. A private enterprise either meets the statutory criteria or it does not. The Framework therefore avoids subjective determinations based upon industry classifications, workforce size, political considerations, or administrative discretion.

Covered Enterprise Designation Date — The enterprise is determined by the Independent Valuation Board to have met the statutory criteria and immediately acquires Covered Enterprise status.

One-Year Transition Period — The enterprise is provided one full fiscal year to complete implementation planning, capital structure adjustments, governance preparations, and establishment of the ownership interests required under the Framework.

First Allocation Date — On the first day immediately following the one-year transition period, the enterprise completes its initial 10% allocation to the NPF.

Annual Allocation Period — Four additional annual 10% allocations are completed until the illustrative 50% ownership ceiling is reached.

The remaining chapters establish how Covered Enterprises implement their ownership obligations, how enterprise value is determined and maintained, how ownership interests are allocated to the NPF, and how the Framework preserves entrepreneurship, private management, competitive markets, and long-term economic growth throughout that process.

Total Enterprise Coverage and Partially Public Enterprises

The Public and Private Enterprise Frameworks should operate together as an integrated total-enterprise ownership standard.

A Covered Enterprise does not cease to possess substantial ownership interests outside its public float merely because it conducts an initial public offering or otherwise places a portion of its shares into public trading. In many cases, founders, employees, affiliated shareholders, controlling owners, private investment funds, and other pre-public investors may retain a substantial majority of the enterprise's ownership interests after public trading begins.

Accordingly, the ownership Framework should apply to the total ownership interests of a Covered Enterprise rather than solely to the ownership interests included in its public float.

Under this integrated approach:

- The Public Enterprise Framework applies to shares included in the enterprise's qualifying public float.
- The Private Enterprise Framework applies to the remaining ownership interests held outside the public float.
- The same ownership interest may not be counted under both Frameworks.
- The combined NPF ownership interests may not exceed 50% of the Covered Enterprise's total ownership interests.

Illustration

For example, if 5% of a Covered Enterprise's total ownership interests are included in its qualifying public float, the Public Enterprise Framework would ultimately allocate to the National Prosperity Fund 50% of that public float, representing 2.5% of the Covered Enterprise's total ownership interests.

The Private Enterprise Framework would apply to the remaining 95% of the ownership interests held outside the public float. A 50% allocation of those remaining ownership interests would represent an additional 47.5% of the Covered Enterprise's total ownership interests.

Result

Together, the Public Enterprise Framework and the Private Enterprise Framework produce the same 50% total ownership interest ceiling applicable to a fully private Covered Enterprise. This integrated treatment prevents an enterprise from substantially avoiding the Framework by placing only a limited portion of its total ownership interests into public trading, while ensuring equitable treatment among fully private enterprises, partially public enterprises, and enterprises with broadly distributed public ownership.

For purposes of the illustrative economic modeling presented in this Framework, the \$6 trillion estimate of the combined value of all Covered Enterprises encompasses both fully private Covered Enterprises and the nonpublic ownership interests of partially public Covered Enterprises not already captured by the Public Enterprise Framework. Accordingly,

the \$26.5 trillion Public NPF maturity assumption and the \$3 trillion Private NPF maturity assumption represent separate, nonduplicative ownership pools.

At Year 5 maturity, the principal economic models begin with an illustrative Public NPF portfolio value of approximately \$26.5 trillion and an illustrative Private NPF portfolio value of approximately \$3 trillion, producing a combined illustrative NPF portfolio value of approximately \$29.5 trillion.

P.1.S.2. — Equivalent Economic Ownership Interests

Opening Principle

The American private economy encompasses many forms of business organization. Corporations, limited liability companies, partnerships, professional corporations, family-owned enterprises, and future organizational forms all utilize different legal ownership structures to accomplish similar economic objectives.

The purpose of this Framework is not to eliminate that diversity.

Rather, it establishes a single ownership principle capable of operating across every Covered Enterprise while preserving each enterprise's existing legal identity, governance structure, operational independence, and entrepreneurial flexibility.

Accordingly, every Covered Enterprise shall issue equivalent non-controlling economic ownership interests possessing substantially equivalent economic rights appropriate to its organizational form.

The legal instrument may differ. The governing ownership principle remains the same.

Equivalent Economic Ownership Interests are legally recognized ownership interests that provide substantially equivalent economic rights while preserving the enterprise's existing governance structure and management authority.

Figure 1: Covered Enterprise Ownership Structures

Organizational Form	Equivalent Economic Ownership Interest
C Corporation	Authorized previously unissued non-voting common shares
S Corporation	Equivalent non-controlling ownership interests authorized by statute
Limited Liability Company (LLC)	Non-managing membership interests
Limited Partnership (LP)	Non-managing partnership interests
Limited Liability Partnership (LLP)	Non-managing partnership interests
Professional Corporation (PC)	Non-voting economic ownership interests consistent with professional licensing laws
Other Covered Enterprises	Equivalent ownership interests authorized under applicable law

The examples above illustrate implementation rather than limitation. Future organizational forms may satisfy the Framework through legally authorized equivalent economic ownership interests consistent with the governing principles established herein.

Universal Requirements

Every ownership interest issued under this Framework shall:

- Possess substantially equivalent economic rights.
- Preserve existing governance, voting authority, and operational control.
- Satisfy the allocation requirements established by this Framework.

Closing Thoughts

By adopting a functional rather than entity-specific approach, the Framework accommodates the diversity of American private enterprise without requiring unnecessary changes to organizational form. Different enterprises may employ different legal ownership instruments, but every Covered Enterprise remains subject to the same ownership principles. Balanced Capitalism therefore broadens ownership while preserving entrepreneurship, private management, competitive markets, and organizational flexibility.

P.1.S.3. — Enterprise Valuation and Allocation Methodology

A private enterprise becomes a Covered Enterprise when its independently determined enterprise value equals or exceeds \$5 billion and the Independent Valuation Board determines that the enterprise satisfies the Covered Enterprise criteria.

Because private enterprises do not have continuously quoted market prices, enterprise value must be determined through a uniform, independent, and professionally recognized valuation process. The valuation process should produce a reasonable estimate of the enterprise's total economic value without allowing either the enterprise or the National Prosperity Fund to determine that value unilaterally.

Determining Enterprise Value

Enterprise value shall reflect the value of the operating enterprise as a whole.

The determination may consider:

- Recent arm's-length financing transactions;
- Acquisitions or bona fide purchase offers;
- Comparable publicly traded and privately held enterprises;
- Revenue, earnings, cash flow, and growth;
- Tangible and intangible assets;
- Intellectual property, technology, data, and brand value;
- Debt and other financial obligations; and
- Other factors ordinarily considered in professional business valuation.

No single methodology will be appropriate for every enterprise. A capital-intensive manufacturer, financial institution, software company, biotechnology company, and artificial-intelligence enterprise may create value in substantially different ways.

Accordingly, the valuation methodology shall be appropriate to the enterprise, consistently applied, and supported by sufficient financial information to permit independent review.

Illustrative Total Valuation of All Covered Private Enterprises

For purposes of this Framework, the *Total Valuation of All Covered Private Enterprises* is estimated at approximately \$6 trillion. This illustrative valuation serves as the basis for the economic modeling and projections presented throughout this Framework.

No comprehensive public database presently identifies and values every U.S. privately held operating enterprise meeting the proposed \$5 billion coverage threshold. Private-enterprise financial reporting is fragmented, valuation dates vary, and much relevant financial information is confidential or unavailable to the public. Similar limitations apply to determining the aggregate value of substantial portions of publicly traded enterprises that remain held outside the public float by founders, controlling shareholders, employees, affiliates, and pre-public investors.

Accordingly, this Framework does not claim to produce a precise market valuation of the covered private-enterprise universe. For illustrative policy modeling, the Framework assumes a combined enterprise value of approximately \$6 trillion for all Covered Private Enterprises subject to the Private Enterprise Framework.

The \$6 trillion figure is an illustrative central estimate rather than an official government statistic or independently verified market total. Given the limitations of available private-enterprise valuation data, a reasonable sensitivity range may extend from approximately \$5 trillion to \$8 trillion. This sensitivity range is provided to demonstrate the potential uncertainty surrounding the estimate and is not used in the principal economic models or charts, which consistently employ the \$6 trillion central assumption.

The \$6 trillion illustrative estimate encompasses two nonduplicative categories:

1. Qualifying U.S. operating enterprises that remain fully privately held; and
2. The nonpublic ownership interests of qualifying enterprises whose shares are partially included in the public markets, but whose remaining ownership interests fall outside the Public Enterprise Framework established by the Balanced Capitalism White Paper v2.0.

For purposes of determining whether an ordinary operating enterprise meets the \$5 billion coverage threshold, Enterprise Value provides the most appropriate measure of the enterprise's total operating value. Enterprise Value measures the value of the business as a whole, rather than only the value attributable to its owners.

However, the NPF would acquire ownership interests in the Covered Enterprise rather than assume ownership of or responsibility for its outstanding debt. Accordingly, the value of those ownership interests should generally be determined independently of the enterprise's outstanding debt and therefore by reference to the value of the ownership interests rather than the enterprise's Enterprise Value.

Certain financial enterprises, including banks, insurance companies, and other businesses for which conventional Enterprise Value calculations may be inappropriate, may require sector-specific valuation methodologies.

At the proposed 50% ownership ceiling, the \$6 trillion central modeling assumption would produce an illustrative Private NPF portfolio value of approximately \$3 trillion at Year 5 maturity.

The corresponding sensitivity range would produce an illustrative Private NPF maturity value of approximately \$2.5 trillion to \$4 trillion. These sensitivity figures are provided for methodological transparency and are not used in the principal growth models.

Actual implementation would require standardized enterprise reporting, independent valuation procedures, consolidated-parent accounting, safeguards against parent-subsidiary duplication, appropriate treatment of debt and cash, periodic reassessment of enterprise value, and procedures for addressing stale or otherwise unreliable private-market valuations.

Independent Valuation

Enterprise value shall be determined by an independent qualified valuation firm operating under uniform statutory and professional standards.

The valuation firm shall have no material financial interest in the Covered Enterprise, the NPF, or the outcome of the valuation.

The Covered Enterprise shall provide the financial records, ownership information, financing history, material contracts, and other information reasonably necessary to complete the valuation.

The NPF may review the valuation for compliance with the required methodology but shall not substitute its own preferred valuation merely because it would produce a larger ownership allocation.

The objective is an accurate and defensible valuation—not the highest possible valuation and not the lowest possible valuation.

Annual Valuation Date

Covered Enterprise status shall be determined once each year on a uniform annual valuation date established by law.

If the independently determined enterprise value equals or exceeds \$5 billion on that date, the enterprise becomes a Covered Enterprise and enters the allocation schedule established by this Framework.

Temporary valuation movements occurring between annual valuation dates do not alter the enterprise's status or interrupt an allocation already due.

This annual determination provides certainty and avoids continuous revaluation, temporary fluctuations, and disputes arising from short-term changes in market conditions.

Administrative Review and Appeals

The independent valuation firm performs the enterprise valuation review. The Independent Valuation Board makes the final determination regarding whether a private enterprise meets the Covered Enterprise criteria and provides the required notification. The Framework establishes a private, independent administrative review process for Covered Enterprises that disagree with an enterprise valuation or Covered Enterprise determination.

An enterprise may request administrative reconsideration by the independent valuation firm upon demonstrating a material error in valuation methodology, factual information, or application of the statutory standards.

If the dispute remains unresolved, either party may submit the matter to binding arbitration before an independent panel of valuation professionals selected pursuant to the Framework.

Judicial review shall be limited to questions of law, fraud, abuse of discretion, or failure to comply with statutory requirements.

This review process is intended to ensure fairness, consistency, and due process while minimizing prolonged litigation and preserving judicial resources.

Initial Allocation

During the first allocation year, a Covered Enterprise shall issue and transfer to the NPF economic ownership interests equal to ten percent of the ownership base established for purposes of this Framework.

The ownership interests shall be:

- Validly authorized and issued;
- Non-controlling;
- Appropriate to the enterprise's organizational form; and
- Possessed of substantially equivalent economic rights.

The initial allocation shall represent an actual issuance and transfer of legally recognized economic ownership interests. It shall not be satisfied through a memorandum entry, contractual promise, a contingent award, or unenforceable bookkeeping designation.

Future Annual Allocations

A Covered Enterprise shall make one ten-percent allocation during each of five consecutive allocation years until the NPF reaches the illustrative fifty-percent ownership ceiling.

Each annual allocation shall be calculated under a uniform capitalization methodology that accounts for previously issued NPF ownership interests and preserves the intended cumulative ownership schedule.

The implementing legislation shall specify the precise issuance formula necessary to produce these cumulative ownership percentages without distortion resulting from changes in the number of authorized or outstanding ownership interests.

The governing objective is proportionate economic ownership—not the issuance of a fixed number of shares, units, or other ownership interests.

Valuation Changes During the Allocation Period

A decline in enterprise value after a Covered Enterprise enters the allocation schedule shall not automatically suspend or terminate its obligations.

Covered Enterprise status is established on the annual valuation date. Once the allocation schedule begins, the enterprise shall complete that schedule unless a statutory exception applies because of insolvency, dissolution, bankruptcy, or another extraordinary event that materially prevents compliance.

This rule avoids repeated entry and exits from the Framework caused by temporary valuation changes.

It also prevents an enterprise from delaying or avoiding its ownership obligations through short-term valuation strategies, financial restructuring, or deliberate timing of transactions.

Interaction With Anti-Dilution Protections

The NPF's ownership rights shall be measured and protected as a percentage of economic ownership rather than as a fixed number of shares, units, or other instruments.

A Covered Enterprise shall not diminish the Fund's established ownership percentage through:

- Additional issuances;
- Creation of economically superior ownership classes;
- Recapitalizations;
- Changes in authorized capital;
- Mergers or reorganizations;
- Stock splits or reverse splits;

- Conversions from private to public ownership; or
- Similar transactions affecting economic ownership.

Whenever necessary, the enterprise shall authorize, issue, and transfer additional non-controlling economic ownership interests sufficient to preserve the Fund's established proportionate ownership.

This requirement does not create a second ownership obligation. It preserves the ownership interest already established under the Framework.

Transferability, Liquidity, and Portfolio Management

The NPF is intended to operate as a permanent, professionally managed national endowment. Accordingly, professional NPF investment managers should possess appropriate authority to manage, rebalance, and, when prudent, dispose of portfolio holdings in accordance with their fiduciary duties and the Fund's long-term objectives.

Non-voting common shares held by the NPF will possess the same economic rights as corresponding voting common shares while preserving the Fund's non-voting status. The statutory implementation Framework should also provide an orderly mechanism through which NPF-held securities may become fully liquid and readily tradable when professional portfolio managers determine that a sale or other disposition is appropriate.

One potential mechanism would permit NPF-held non-voting common shares, upon transfer to an outside purchaser, to convert automatically on a one-for-one basis into the corporation's ordinary publicly tradable common shares. This approach would preserve the NPF's non-voting status while it holds the shares while allowing individual and institutional investors acquiring those shares to participate through ordinary securities markets. Alternative mechanisms providing equivalent liquidity and marketability may also be considered during statutory and regulatory implementation.

The Framework should distinguish clearly between corporate dilution and voluntary disposition by the NPF. Corporate dilution occurs when a participating Covered Enterprise issues additional ownership interests in a manner that reduces the NPF's proportional ownership interest. Applicable anti-dilution protections may require proportional adjustments to preserve the NPF's protected ownership percentage.

Voluntary NPF disposition occurs when the NPF, acting through its professional investment managers, elects to sell, transfer, redeem, or otherwise dispose of shares already owned by the Fund. A voluntary disposition by the NPF shall not create an obligation for the participating corporation to issue replacement shares or otherwise restore the NPF to its previous ownership percentage.

Accordingly, the 50% ownership level operates as a maximum ownership ceiling and transition objective, subject to applicable anti-dilution protections against subsequent

corporate actions, rather than as a continuously replenished minimum following voluntary NPF dispositions.

Professional NPF investment managers should retain sufficient flexibility to respond to mergers, acquisitions, restructurings, financial distress, excessive portfolio concentration, changing market conditions, fiduciary considerations, and other circumstances requiring prudent portfolio management.

At the same time, routine beneficiary distributions should ordinarily be funded from investment income, dividends, realized gains, and appropriate liquidity reserves rather than through systematic liquidation of the Fund's core ownership base.

These principles preserve the NPF's character as a permanent long-term ownership institution while providing the liquidity, transferability, and professional portfolio-management flexibility necessary for responsible administration of a diversified national investment portfolio.

Governing Principle

Enterprise valuation determines whether a private enterprise enters the Framework.

The allocation methodology determines the ownership interest transferred to the NPF.

Anti-dilution protections preserve that interest throughout the life of the enterprise.

The number and legal form of the ownership interests may change. The NPF's established proportionate economic ownership shall not.

P.1.S.4. — Implementation and Transition

Implementation should occur in a manner that is orderly, predictable, and consistent with the long-term objectives of Balanced Capitalism. The Framework therefore provides a uniform transition process that allows Covered Enterprises to satisfy their ownership obligations without disrupting ongoing business operations, financing activities, contractual relationships, or organizational stability.

The objective is to broaden ownership gradually while preserving entrepreneurship, investment, private management, and continued economic growth.

Five-Year Implementation Schedule

Each Covered Enterprise shall satisfy its ownership obligation through five annual allocations.

Beginning on the First Allocation Date, and during each of the four succeeding annual allocation periods, the enterprise shall issue and transfer to the NPF equivalent non-

controlling economic ownership interests sufficient to achieve the cumulative ownership percentages established below. Upon completion of the fifth annual allocation, the NPF shall have reached the illustrative ownership ceiling of fifty percent (50%), and no further ownership allocations shall be required except as necessary to preserve the Fund's established ownership interest under the anti-dilution provisions of this Framework.

This gradual implementation schedule allows ownership to expand over time while avoiding unnecessary disruption to the enterprise's operations, financing, and long-term planning.

Figure 2: Annual Allocation Schedule

Allocation Year	Cumulative NPF Ownership
Year 1	10%
Year 2	20%
Year 3	30%
Year 4	40%
Year 5	50%

Each annual allocation shall consist of the issuance and transfer of equivalent non-controlling economic ownership interests possessing substantially equivalent economic rights.

Existing Agreements and Governance Arrangements

Covered Enterprise status shall not invalidate or impair existing contractual rights or lawful governance arrangements.

Shareholder agreements, partnership agreements, operating agreements, financing agreements, succession plans, and similar private arrangements shall remain in effect except to the extent modifications are necessary to implement the ownership requirements established by this Framework.

The objective is to integrate the NPF into existing ownership structures with the least practicable disruption.

Transition to Public Ownership

A Covered Enterprise that subsequently becomes a publicly traded corporation shall not incur a second ownership obligation.

The enterprise shall carry its established NPF ownership interest into the public-company framework established by the Balanced Capitalism White Paper.

Before or simultaneously with the completion of an initial public offering, the enterprise shall complete any recapitalization, issuance, or transfer necessary to preserve the NPF's established proportionate economic ownership.

Once the enterprise enters the public markets, it shall thereafter remain subject to the continuing ownership preservation provisions applicable to publicly traded corporations.

Newly Covered Enterprises

A private enterprise shall become a Covered Enterprise upon meeting the statutory criteria established in P.1.S.1.

The first annual allocation shall occur in accordance with the uniform implementation schedule established by law.

Once the allocation schedule begins, temporary fluctuations in enterprise value shall not interrupt the five-year implementation process.

This approach provides certainty while preventing repeated entry into and withdrawal from the Framework because of short-term valuation changes.

Continuing Compliance

Upon completing its ownership allocation schedule, a Covered Enterprise shall remain responsible for preserving the NPF's established ownership interest throughout the life of the enterprise.

Future mergers, recapitalizations, reorganizations, stock splits, conversions, public offerings, successor entities, and similar corporate transactions shall be implemented in a manner consistent with the Economic Equivalence and anti-dilution principles established by this Framework.

Completion of the five-year allocation schedule satisfies the enterprise's ownership obligation.

Future compliance preserves that ownership.

The Framework therefore distinguishes between the creation of ownership and the preservation of ownership.

Governing Principle

Implementation is intended to be gradual.

Ownership is intended to be permanent.

Once established, the NPF's proportionate economic ownership shall accompany the enterprise throughout its existence regardless of changes in legal form, ownership structure, or public trading status.

P.1.S.5. — Governance, Administration, and Oversight

The long-term credibility of the Private Enterprise Framework depends upon fair administration, objective decision-making, and consistent application of its provisions. Accordingly, the Framework establishes administrative principles designed to promote transparency, accountability, and public confidence while minimizing unnecessary regulatory burdens upon Covered Enterprises.

Administration under this Framework shall remain consistent with the independent governance principles established for the NPF in the Balanced Capitalism White Paper.

Administration

The NPF shall administer the ownership interests received under this Framework in accordance with its fiduciary responsibilities to eligible beneficiaries.

Administrative responsibilities include:

- Maintaining ownership records;
- Receiving and recording annual ownership allocations;
- Monitoring continuing compliance;
- Coordinating valuation reviews;
- Protecting the Fund's ownership interests; and
- Performing such additional administrative duties as may be established by implementing legislation.

The NPF shall participate solely as a long-term economic owner and shall not engage in the day-to-day management or operational decision-making of Covered Enterprises.

Reporting Requirements

Each Covered Enterprise shall submit an annual compliance report containing information reasonably necessary to administer this Framework.

Such reports may include:

- Ownership structure;
- Capitalization changes;
- Enterprise valuation information;
- Ownership allocations completed during the reporting period;
- Corporate reorganizations affecting ownership interests; and
- Other information reasonably required for administrative purposes.

Reporting requirements should remain proportional to the objectives of the Framework and avoid unnecessary administrative burdens.

Compliance

Covered Enterprises shall maintain continuing compliance with the ownership, reporting, and preservation requirements established by this Framework.

Compliance should emphasize cooperation, voluntary correction of administrative errors, and timely resolution of reporting issues whenever practicable.

The objective is faithful implementation rather than unnecessary regulatory enforcement.

Independent Valuation Board

The Framework establishes an Independent Valuation Board responsible for determining Covered Enterprise status and enterprise value in accordance with statutory valuation standards established by Congress.

The Independent Valuation Board shall:

- Determine Covered Enterprise status.
- Establish enterprise valuations using uniform statutory methodologies.
- Conduct periodic valuation reviews as required.
- Issue written valuation determinations.
- Administer administrative reconsideration proceedings.
- Refer disputed valuations to independent arbitration where authorized by statute.

- Adopt rules, procedures, and evidentiary standards necessary to carry out its responsibilities.

Members of the Independent Valuation Board shall serve under statutory independence requirements designed to promote impartiality, consistency, transparency, and professional competence.

Administrative Review and Appeals

A Covered Enterprise may request administrative review of valuation determinations, allocation calculations, compliance findings, or other administrative decisions affecting its obligations under this Framework.

Administrative review shall be conducted through fair, impartial, and transparent procedures established by implementing legislation.

Judicial review shall remain available in accordance with applicable law.

Enforcement

The Framework anticipates that most Covered Enterprises will comply voluntarily.

Nevertheless, implementing legislation should provide reasonable enforcement mechanisms sufficient to ensure uniform application of the Framework while respecting due process and established legal protections.

Enforcement should emphasize correction and compliance rather than punishment.

Persistent or willful non-compliance may result in appropriate civil remedies established by law.

Fiduciary Responsibilities

The NPF and its trustees shall continue operating under the fiduciary principles established in the Balanced Capitalism White Paper.

All ownership interests received under this Framework shall be administered exclusively for the benefit of eligible beneficiaries.

Trustees shall remain subject to duties of loyalty, prudence, impartiality, accountability, and responsible stewardship.

Valuation Oversight

Independent enterprise valuations shall remain subject to periodic review to ensure consistency, objectivity, and adherence to professional valuation standards.

The purpose of valuation oversight is not to influence valuation outcomes, but to preserve confidence in the integrity and uniform application of the valuation process.

The valuation firm shall be selected from firms meeting statutory independence and professional qualification standards and shall have no material financial interest in the Covered Enterprise, the NPF, or the outcome of the valuation.

Regulatory Coordination

Implementation of this Framework shall be coordinated with existing federal and state laws governing corporations, partnerships, limited liability companies, professional organizations, securities regulation, taxation, and other applicable legal Frameworks.

To the greatest extent practicable, implementation should utilize existing legal and regulatory institutions rather than create unnecessary new administrative structures.

The objective is integration—not duplication.

Governing Principle

The success of this Framework depends not only upon sound ownership principles but also upon fair, impartial, and professionally administered implementation.

Accordingly, governance should remain independent.

Administration should remain objective.

Oversight should remain transparent.

The NPF shall preserve the ownership interests entrusted to it while respecting the independence, operational authority, and entrepreneurial freedom of every Covered Enterprise.

P.1.S.6. — Policy Considerations and Responses

No significant economic framework is without tradeoffs. The Covered Enterprise Framework is no exception. The following summarizes the principal policy considerations associated with the Framework together with the considerations supporting its adoption.

1. Economic Ownership of Existing Owners

Policy Consideration

Under the Framework, the economic ownership percentage of existing owners is gradually reduced as ownership interests are allocated to the National Prosperity Fund.

Response

The objective is not simply to reduce the ownership percentage of existing owners. Rather, it is to broaden productive economic ownership while preserving the entrepreneurial foundations that create enterprise success.

The Framework preserves:

- Operational control
- Voting control
- Management authority
- Productive assets
- Operating capital
- Entrepreneurial decision-making

Importantly, NPF allocations reduce the ownership percentage held by existing owners, they do not necessarily reduce the long-term economic value of the ownership they retain.

If broader productive ownership contributes to stronger long-term economic growth, increased consumer purchasing power, greater business investment, improved market stability, and a more prosperous economy, the value of the ownership retained by existing owners may appreciate more than it otherwise would have.

Accordingly, the relevant measure is not ownership percentage alone, but the long-term economic value of the ownership retained.

2. Additional Compliance Costs

Policy Consideration

Covered Enterprises may incur additional valuation, reporting, legal, and administrative costs.

Response

The Framework applies only to enterprises whose size and complexity already require sophisticated financial, legal, and governance practices.

Enterprises of this size routinely obtain independent valuations and incur comparable legal, accounting, financing, governance, and regulatory expenses in the ordinary course of business.

Accordingly, Framework compliance is expected to represent only a modest incremental administrative expense relative to enterprise size.

3. Delayed Qualification or Avoidance

Policy Consideration

Some enterprises may attempt to delay qualification or structure transactions to remain below the statutory threshold.

Response

Covered Enterprise qualification is determined under statutory enterprise valuation standards rather than self-reported accounting measures.

Artificial transactions, restructurings, or valuation practices undertaken primarily to avoid qualification may be disregarded by the Independent Valuation Board.

The Framework therefore evaluates economic substance rather than legal form.

4. Investor Valuation Effects

Policy Consideration

Some investors may initially assign lower values to enterprises operating under the Covered Enterprise Framework.

Response

Investors routinely evaluate enterprises operating within established legal environments that include taxation, labor law, securities regulation, environmental regulation, and corporate governance requirements.

The Framework would become another predictable feature of the legal environment.

Because all Covered Enterprises operate under the same statutory Framework, competitive conditions among similarly situated enterprises remain substantially unchanged.

Furthermore, if the Framework contributes to stronger long-term economic growth and broader consumer purchasing power, market valuations may ultimately reflect those improved economic conditions.

5. Corporate Restructuring to Avoid Covered Enterprise Status

Policy Consideration

What if a private enterprise restructures, divides, spins off business operations, or otherwise reorganizes in an attempt to avoid Covered Enterprise designation?

Response

The Framework includes anti-avoidance principles designed to prevent restructurings undertaken primarily to circumvent Covered Enterprise qualification.

Where a restructuring, division, spin-off, asset transfer, or similar transaction has the principal purpose or practical effect of avoiding Covered Enterprise status, the Independent Valuation Board may treat the related enterprises as a single enterprise for purposes of determining Covered Enterprise qualification and allocation obligations.

Legitimate business reorganizations undertaken for bona fide commercial, operational, financing, or strategic purposes remain unaffected.

Once the original allocation obligations have been satisfied, any successor enterprise that subsequently meets the Covered Enterprise qualification criteria through its own independent growth shall be evaluated independently and, if designated a Covered Enterprise, shall commence its own allocation schedule under the Framework. A new \$5 billion enterprise is treated like every other new \$5 billion enterprise.

The Framework therefore discourages artificial restructurings intended solely to avoid participation while preserving the flexibility of enterprises to undertake legitimate business reorganizations.

6. Valuation Disputes

Policy Consideration

Enterprises may disagree with valuation determinations or Covered Enterprise status.

Response

The Framework establishes an Independent Valuation Board, an independent valuation firm, and a structured administrative review process.

An enterprise may request:

1. Administrative reconsideration.
2. Independent arbitration before a specialized valuation panel.
3. Limited judicial review restricted to questions of law, fraud, or abuse of discretion.

This process promotes fairness while minimizing prolonged litigation.

7. Entrepreneurship

Policy Consideration

Some may argue that the Framework discourages entrepreneurship.

Response

The Framework applies only after an enterprise achieves extraordinary economic success as measured by the statutory Covered Enterprise threshold.

Entrepreneurs retain operational control, voting control, management authority, and substantial economic ownership throughout the life of the enterprise.

The objective is not to discourage entrepreneurship but to broaden participation in the wealth created by America's most economically significant enterprises while preserving the incentives that produced their success.

Concluding Principle

The Covered Enterprise Framework recognizes that every ownership system involves policy tradeoffs.

The relevant question is not whether the Framework changes economic ownership. It plainly does.

The relevant question is whether broadening productive ownership—while preserving productive capacity, operating capital, entrepreneurial control, investment, innovation, and long-term economic growth—better serves the long-term prosperity of the nation.

P.1.S.7. — Economic Modeling and Long-Term Projections

Public and Private NPF Ownership Bases at Maturity

The economic models presented in this section begin at **Year 5**, after completion of the illustrative five-year ownership transition. Accordingly, the models are based on the value of the ownership interests held by the National Prosperity Fund rather than the larger underlying public or private enterprise values from which those ownership interests are derived.

Unless otherwise stated, the illustrative modeling is based upon the following assumptions:

Illustrative Modeling Assumptions

- **Total Valuation of All Covered Private Enterprises:** Approximately \$6 trillion
- **Ownership transition:** Completed after five annual 10% allocations
- **NPF ownership ceiling:** 50% of the illustrative enterprise valuation
- **Mature Private NPF portfolio:** Approximately \$3 trillion at Year 5 maturity
- **Annual return assumptions:** 6%, 8%, 10%, and 12%
- **Distribution policy:** 25% distributed / 75% retained (reinvested)
- **Illustrative beneficiary population:** 200 million
- **Constant annual returns:** Assumed solely for illustrative modeling purposes

The assumed \$6 trillion valuation includes qualifying fully private Covered Enterprises together with the nonpublic ownership interests of partially public Covered Enterprises not already captured by the Public Enterprise Framework. Accordingly, the illustrative \$26.5 trillion Public NPF portfolio and the illustrative \$3 trillion Private NPF portfolio represent separate, nonduplicative ownership pools.

Figures 3 through 8 summarize the ownership bases, distribution assumptions, and illustrative Year 5 calculations that serve as the foundation for the long-term growth scenarios presented in Figures A through D.

Figure 3: Illustrative Public and Private Ownership Bases at Year 5 Maturity

Framework	Covered Enterprise Value Base	Illustrative NPF Portfolio at Year 5
Public Framework	Approximately \$53 trillion covered public float	Approximately \$26.5 trillion
Private Framework	Approximately \$6 trillion combined value of all Covered Enterprises	Approximately \$3 trillion
Combined	Separate, nonduplicative ownership bases	Approximately \$29.5 trillion

Framework Implementation by Organizational Form

The following examples illustrate implementation across representative organizational forms. The complete list of Covered Enterprise organizational forms appears in Figure ES-1 in the Executive Summary and is discussed in greater detail in Figure B-1.

C Corporations

C Corporations ordinarily satisfy the Framework through the issuance of authorized economic rights.

S Corporations

Because S Corporations are governed by specialized federal tax rules, implementation shall utilize equivalent non-controlling ownership interests authorized by applicable law while preserving S Corporation eligibility whenever practicable.

Limited Liability Companies (LLCs)

Limited liability companies generally satisfy the Framework through non-managing membership interests possessing substantially equivalent economic rights while preserving the existing operating agreement, management authority, and governance structure.

Figure 4: Illustrative Public Enterprise Ownership Base

Public Enterprise Framework

Illustrative Public Float: Approximately \$53 trillion

× 50% NPF ownership ceiling

= Approximately \$26.5 trillion Public NPF Portfolio at Year 5 Maturity

Figure 5: Illustrative Private Enterprise Ownership Base

Private Enterprise Framework

Illustrative Combined Enterprise Value: Approximately \$6 trillion

× 50% NPF ownership ceiling

= Approximately \$3 trillion Private NPF Portfolio at Year 5 Maturity

Accordingly, the \$26.5 trillion and \$3 trillion figures used in the economic models represent the value of the ownership portfolios held by the NPF at Year 5 maturity. The approximately \$53 trillion and \$6 trillion figures represent the underlying enterprise value from which the NPF's 50% ownership interests are derived.

The \$6 trillion illustrative assumption includes, without duplication, qualifying fully private U.S. operating enterprises and the nonpublic ownership interests of qualifying partially public Covered Enterprises not already captured by the Public Enterprise Framework. This treatment is intended to prevent an economically significant portion of a Covered Enterprise from falling outside the Framework solely because only a portion of its ownership interests is included in the qualifying public float.

Public and Private Distribution Assumptions

Following Year 5 maturity, the Public and Private NPF portfolios are modeled separately because their liquidity characteristics differ.

The Public NPF model assumes that 50% of annual gains are distributed to eligible beneficiaries and 50% are retained and reinvested. Under an 8% annual return scenario, this is equivalent to distributing 4% of the Public NPF portfolio value annually and retaining 4% for continued growth.

The Private NPF model uses a more conservative baseline assumption under which 25% of annual gains are targeted for distribution and 75% are retained and reinvested. Under an 8% annual return scenario, this is equivalent to targeting 2% of the Private NPF portfolio value for distribution and retaining 6% for continued growth.

The 25% distribution target used for the Private NPF is an illustrative conservative modeling assumption rather than a permanent distribution ceiling. As the Private NPF matures and develops greater realized liquidity, the distribution target could potentially increase to 30%, 35%, or 40% of annual gains, subject to prudent fiduciary standards and the availability of realized cash income, realized gains, liquidity events, and accumulated cash reserves.

Private NPF distributions would not be funded by unrealized appreciation alone. The NPF would not borrow against, pledge, or otherwise encumber private-enterprise ownership interests for the purpose of maintaining beneficiary distributions. Actual distributions would be limited to realized and sustainably available liquidity.

Accordingly, the monthly beneficiary amounts presented in the Private NPF figures represent potential distribution capacity under the illustrative 25% distribution target. They should not be interpreted as guaranteed cash distributions in any particular year.

Private Enterprise Growth, Reinvestment, and Distribution Assumptions

The Private NPF portfolio differs from the Public NPF portfolio in an important respect. Publicly traded securities generally provide substantially greater liquidity, continuous market pricing, and greater flexibility for portfolio rebalancing and realization of investment gains. Privately held enterprise interests are inherently less liquid and may generate substantial economic appreciation without producing corresponding amounts of immediately distributable cash.

Accordingly, the illustrative economic models apply different distribution and reinvestment assumptions to the Public and Private NPF portfolios.

The Public NPF portfolio retains the assumptions established in the Balanced Capitalism White Paper v2.0. Under those assumptions, 50% of annual investment gains are distributed for beneficiary payments and 50% are retained and reinvested for continued long-term growth.

For illustrative modeling purposes, the Private NPF portfolio assumes that 25% of annual total gains are designated for potential beneficiary distributions and 75% are retained or reinvested to support long-term portfolio growth.

The 25% distribution assumption should be understood as a distribution target or capacity rather than an assumption that all such amounts necessarily become available as cash during each annual period.

Private-enterprise total return may consist of both realized and unrealized components, including cash dividends and distributions, retained earnings, increases in enterprise value, proceeds from mergers or acquisitions, share redemptions, recapitalizations, and liquidity events such as public offerings.

Unrealized appreciation increases the economic value of the Private NPF portfolio but does not itself provide cash available for immediate beneficiary distributions.

Accordingly, actual Private NPF beneficiary payments should be funded from realized and available sources of liquidity, including cash dividends and enterprise distributions, realized investment gains, appropriate liquidity reserves, and proceeds from other qualifying liquidity events.

The Private NPF should not be required to routinely liquidate core long-term ownership interests solely to meet an illustrative distribution target.

For growth-modeling purposes, the Framework nevertheless applies the 25% distribution and 75% retention-reinvestment assumption consistently across the 6%, 8%, 10%, and 12% return scenarios. This provides a transparent method for illustrating the potential long-term growth of the Private NPF portfolio while recognizing that actual cash distributions may vary according to realized private-enterprise cash flows and available liquidity.

Accordingly, figures showing portfolio growth may model the 25%/75% allocation of total gains, while any presentation of beneficiary distributions should distinguish illustrative distribution capacity from cash distributions actually available for payment.

Figure 6: Public and Private Ownership Bases at Illustrative Maturity

Framework	Illustrative Underlying Base	Illustrative NPF Ownership at 50% Maturity
Public	Approximately \$53 trillion public float	Approximately \$26.5 trillion
Private	Approximately \$6 trillion combined enterprise value of Covered Private Enterprises	Approximately \$3.0 trillion

8% BASE-CASE ILLUSTRATION

At the illustrative 8% base-case scenario, the Year 5 calculations are:

Figure 7: Illustrative Public NPF Annual Distribution Calculation (8% Scenario)

\$26.5 trillion portfolio value
× 8% annual return
= \$2.12 trillion annual economic gain
50% distributed
= \$1.06 trillion annual distribution
Based on an illustrative population of 200 million eligible beneficiaries, this equals approximately \$442 per beneficiary per month.

Figure 8: Illustrative Private NPF Annual Distribution Calculation (8% Scenario)

\$3 trillion portfolio value
× 8% annual return
= \$240 billion annual economic gain
25% targeted for distribution
= \$60 billion potential annual distribution

Based on an illustrative population of 200 million eligible beneficiaries, this equals approximately \$25 per beneficiary per month, subject to realized liquidity.

Combined, the Public and Private NPF portfolios would therefore provide an illustrative Year 5 distribution capacity of approximately \$467 per beneficiary per month under the 8% scenario, consisting of approximately \$442 from the Public NPF and up to approximately \$25 from the Private NPF under the modeled assumptions.

Public and Private NPF Ownership Bases at Maturity; Public and Private Distribution Assumptions; and the 6% Conservative Growth-Case Illustration.

Illustrative Ownership Growth Scenarios

The following figures illustrate four ownership growth scenarios for the Private NPF. Unless otherwise indicated, each figure is based upon the assumptions summarized below.

The illustrative projections begin at Year 5 because the Framework assumes the National Prosperity Fund has completed its five-year ownership transition and reached its mature ownership portfolio before long-term investment returns are modeled.

Illustrative Modeling Assumptions

Unless otherwise stated, the illustrative economic modeling and projections presented in this Framework are based on the following assumptions:

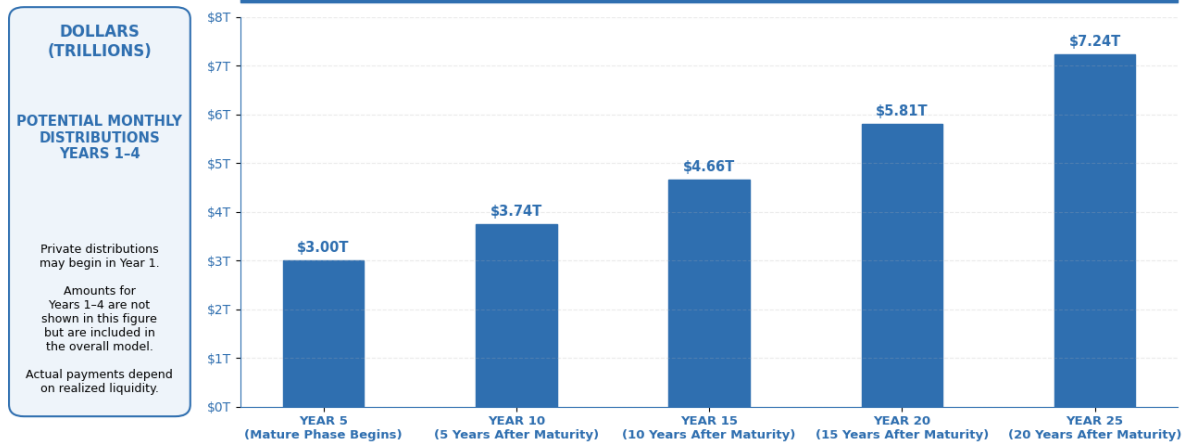
- **Total Valuation of All Covered Private Enterprises:** Approximately **\$6 trillion**
- **Ownership transition:** Completed after five annual 10% allocations
- **NPF ownership ceiling:** 50% of the illustrative enterprise valuation
- **Mature Private NPF portfolio:** Approximately **\$3 trillion** at Year 5 maturity
- **Annual return assumptions:** 6%, 8%, 10%, and 12%
- **Distribution policy:** 25% distributed / 75% retained (reinvested)
- **Illustrative beneficiary population:** 200 million
- **Constant annual returns:** Assumed solely for illustrative modeling purposes

FIGURE A

THE POWER OF PRIVATE OWNERSHIP - CONSERVATIVE GROWTH SCENARIO (6%)

Illustrative Mature Private NPF Portfolio: 25% of Annual Gains Targeted for Distribution, 75% Retained

★ A MATURE \$3.0 TRILLION PRIVATE NPF PORTFOLIO THAT GROWS THROUGH LONG-TERM REINVESTMENT ★



Year	Private NPF Value	Potential Annual Distribution	Potential Monthly Benefit per Person
Year 5	\$3.00T	\$0.04T	\$19
Year 10	\$3.74T	\$0.06T	\$23
Year 15	\$4.66T	\$0.07T	\$29
Year 20	\$5.81T	\$0.09T	\$36
Year 25	\$7.24T	\$0.11T	\$45

KEY ASSUMPTIONS

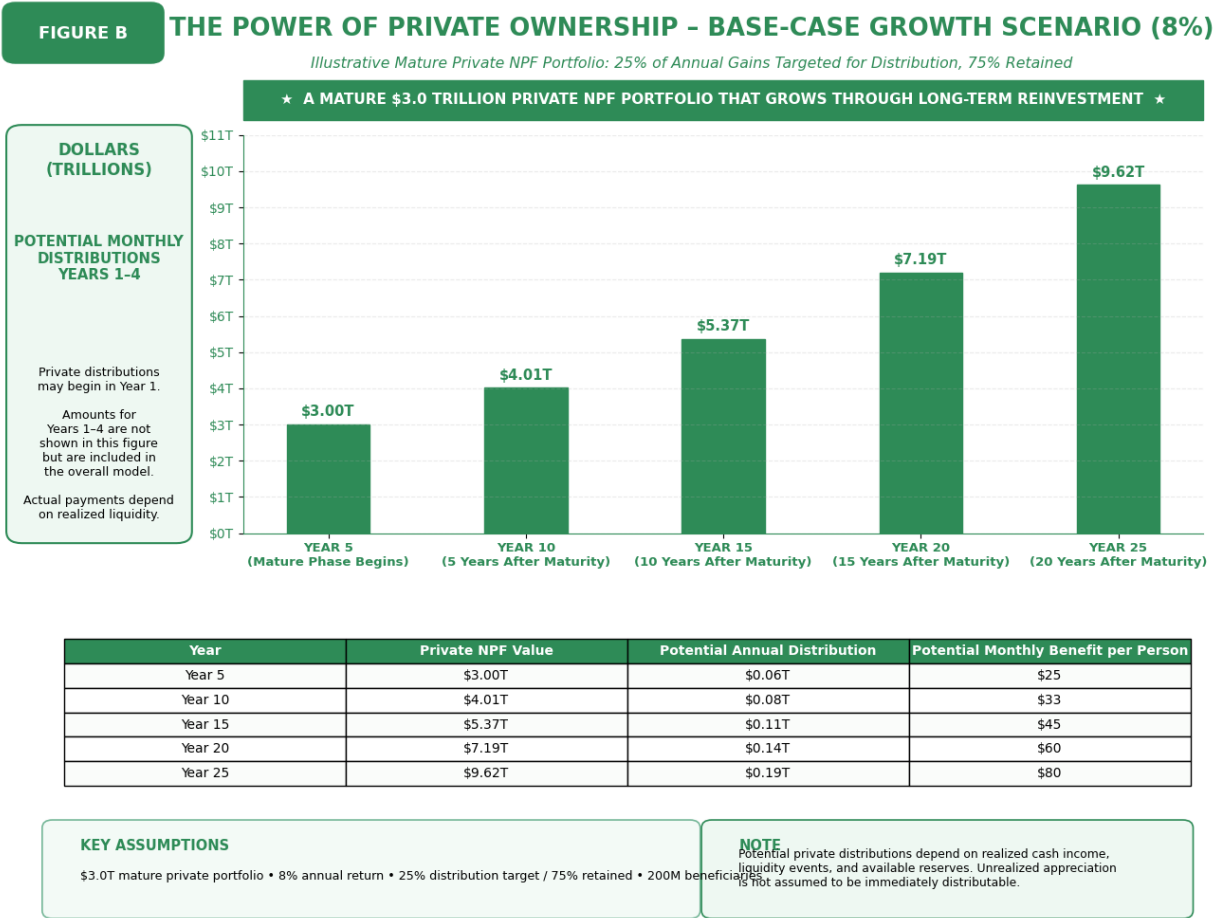
\$3.0T mature private portfolio • 6% annual return • 25% distribution target / 75% retained • 200M beneficiaries

NOTE

Potential private distributions depend on realized cash income, liquidity events, and available reserves. Unrealized appreciation is not assumed to be immediately distributable.

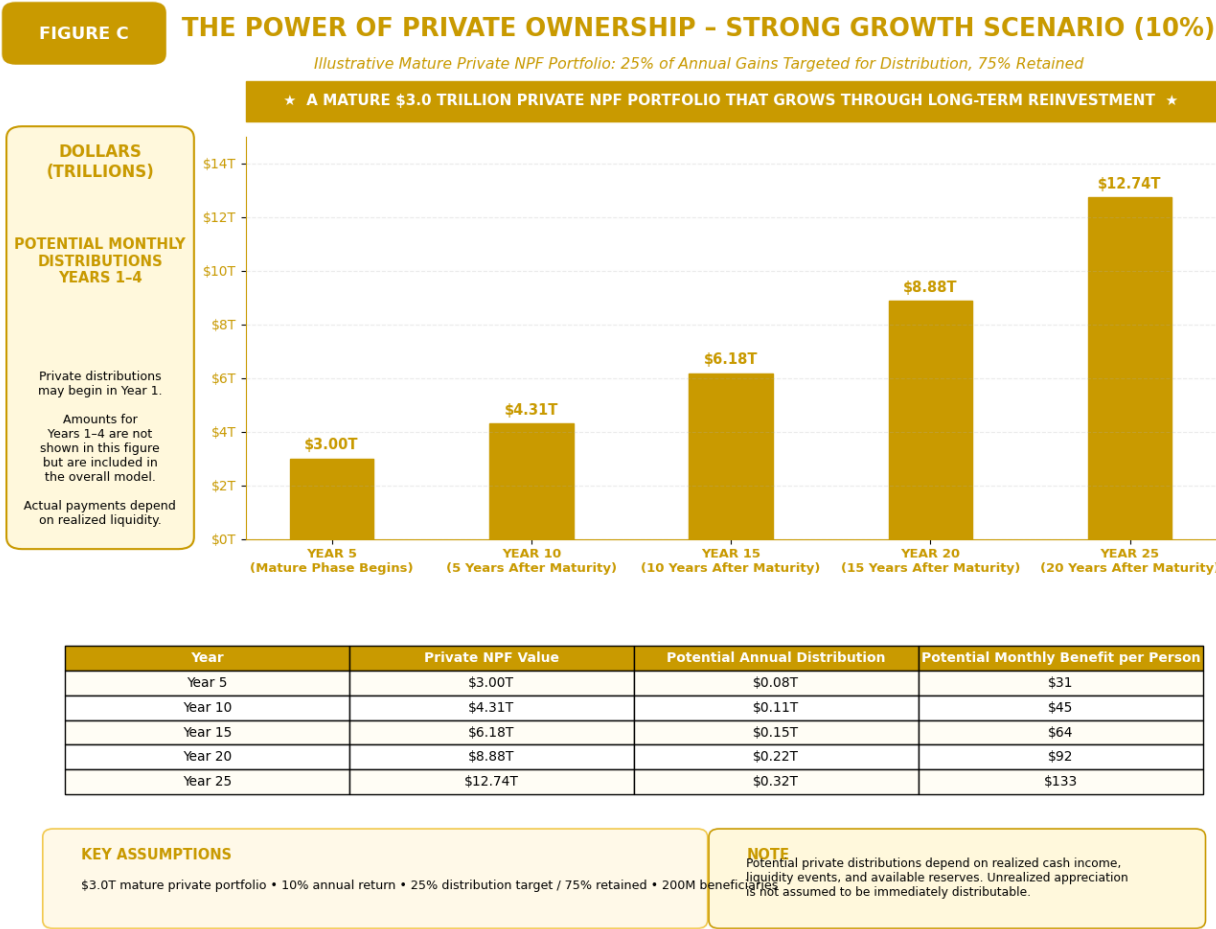
Part 1-Figure A: The Power of Ownership — Conservative Growth (6%)

Public and Private NPF Ownership Bases at Maturity; Public and Private Distribution Assumptions; and the 8% Base-Case Illustration.



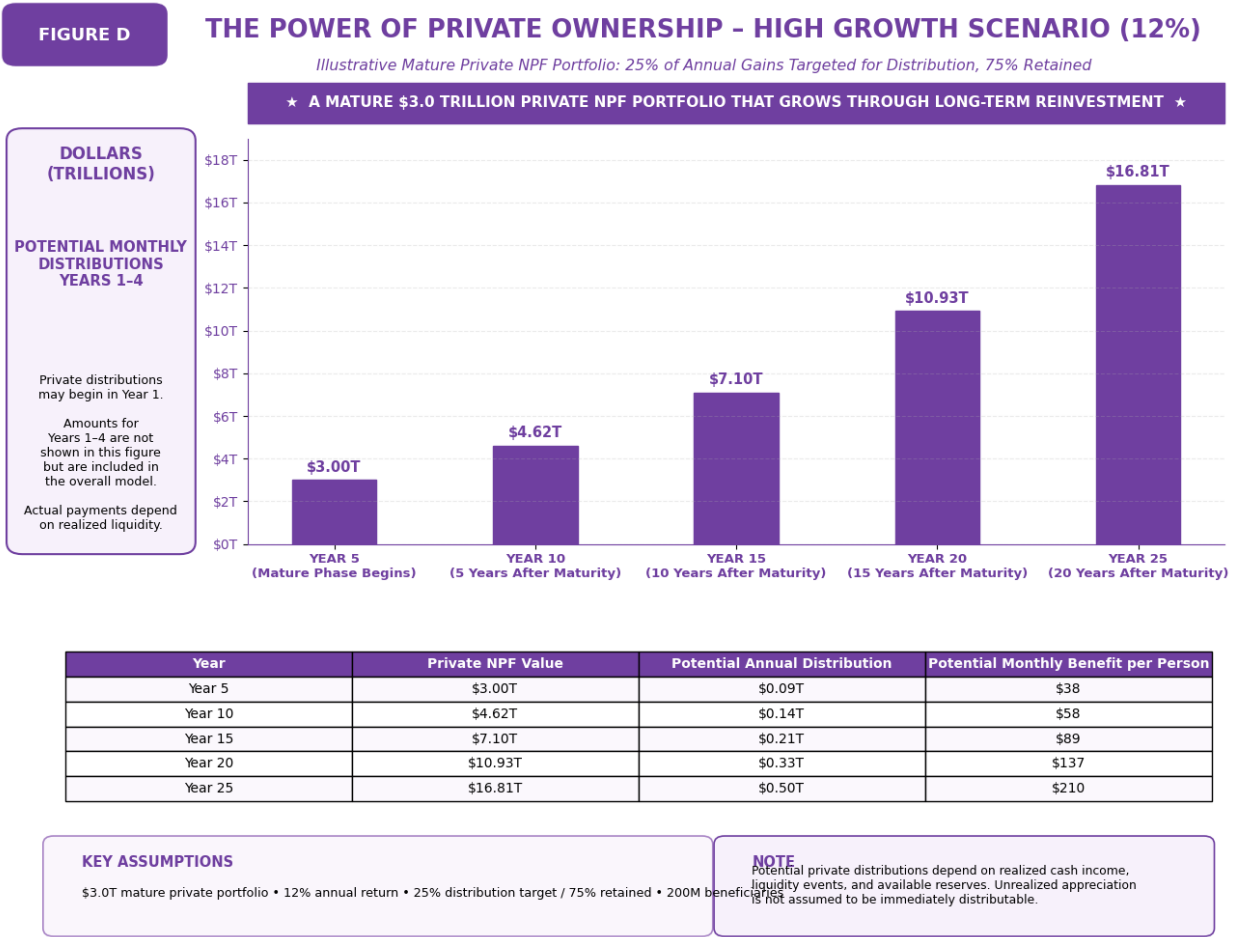
Part 1-Figure B: The Power of Ownership — Base Case Growth (8%)

Public and Private NPF Ownership Bases at Maturity; Public and Private Distribution Assumptions; and the 10% Strong Growth-Case Illustration.



Part 1-Figure C: The Power of Ownership — Strong Growth (10%)

Public and Private NPF Ownership Bases at Maturity; Public and Private Distribution Assumptions; and the 12% High Growth-Case Illustration.



Part 1-Figure D: The Power of Ownership — High Growth (12%)

Collectively, these illustrative projections demonstrate that even under conservative return assumptions, extending broad-based economic ownership to Covered Private Enterprises has the potential to strengthen the NPF through long-term reinvestment and compounding. The figures are intended to illustrate the operation of the Framework and should not be interpreted as predictions of future investment performance.

For our modeling, the assumptions are now:

- Public NPF Year 5: \$26.5 trillion.
- Private NPF Year 5: \$3.0 trillion.
- Combined NPF Year 5: \$29.5 trillion.

Public portfolio: 8% base return, with 50% of gains distributed and 50% retained/reinvested.
Private portfolio: 8% base return, with 25% of gains designated for potential distribution and 75% retained/reinvested.

Figure 9: Consolidated Public + Private NPF Illustrative Monthly Distribution Capacity
Per eligible beneficiary; illustrative population of 200 million

Return Scenario	Year	Public NPF Monthly	Private Potential NPF Monthly	Combined Monthly Capacity
6%	5	\$331	\$19	\$350
	10	\$384	\$23	\$407
	15	\$445	\$29	\$474
	20	\$516	\$36	\$552
	25	\$598	\$45	\$643
8%	5	\$442	\$25	\$467
	10	\$538	\$33	\$571
	15	\$654	\$45	\$699
	20	\$796	\$60	\$856
	25	\$968	\$80	\$1,048
10%	5	\$552	\$31	\$583
	10	\$705	\$45	\$750
	15	\$899	\$64	\$963
	20	\$1,148	\$92	\$1,240
	25	\$1,465	\$133	\$1,598
12%	5	\$663	\$38	\$701
	10	\$887	\$58	\$945
	15	\$1,187	\$89	\$1,276
	20	\$1,588	\$137	\$1,725
	25	\$2,125	\$210	\$2,335

Public NPF monthly distributions are modeled at 50% of annual gains. Private NPF amounts represent potential distribution capacity based on a 25% distribution target and remain subject to realized cash income, liquidity events, and available reserves. Unrealized private-enterprise appreciation is not assumed to be immediately distributable. Combined amounts are illustrative and may differ by \$1 from the sum of displayed rounded components due to rounding.

Total-Enterprise Coverage and Partially Public Enterprises

The Public and Private Enterprise Frameworks should operate together as an integrated total-enterprise ownership standard.

A Covered Enterprise does not cease to possess substantial nonpublic ownership interests merely because it conducts an initial public offering or otherwise places a portion of its ownership interests into the qualifying public float. In many cases, founders, employees, affiliated shareholders, controlling owners, private investment funds, and other pre-public investors continue to hold a substantial majority of the enterprise's ownership interests after public trading begins.

Accordingly, the ownership Framework should apply to the Covered Enterprise's total ownership interests rather than solely to those included in the qualifying public float.

Under this integrated approach:

- The Public Enterprise Framework applies to ownership interests included in the qualifying public float.
- The Private Enterprise Framework applies to the remaining ownership interests held outside the qualifying public float.
- The same ownership interest may not be counted under both Frameworks.
- The combined ownership interests held by the National Prosperity Fund under both Frameworks may not exceed fifty percent (50%) of the Covered Enterprise's total ownership interests.

Illustration

If 5% of a Covered Enterprise's total ownership interests are included in its qualifying public float, the Public Enterprise Framework would ultimately allocate 50% of that public float to the National Prosperity Fund, representing 2.5% of the enterprise's total ownership interests.

The Private Enterprise Framework would apply to the remaining 95% of the enterprise's ownership interests held outside the qualifying public float. A 50% allocation of those

remaining ownership interests would represent an additional 47.5% of the enterprise's total ownership interests.

Result

Together, the Public Enterprise Framework and the Private Enterprise Framework produce the same overall 50% ownership ceiling applicable to a fully private Covered Enterprise. This integrated approach prevents an enterprise from substantially avoiding the Framework by placing only a limited portion of its ownership interests into public trading while ensuring consistent and equitable treatment of fully private enterprises, partially public enterprises, and enterprises with broadly distributed public ownership.

For purposes of the illustrative economic modeling presented in this Framework, the assumed \$6 trillion combined value of all Covered Private Enterprises encompasses both fully private Covered Enterprises and the nonpublic ownership interests of partially public Covered Enterprises not already captured by the Public Enterprise Framework. Accordingly, the illustrative \$26.5 trillion Public NPF portfolio and the illustrative \$3 trillion Private NPF portfolio represent separate, nonduplicative ownership pools.

At Year 5 maturity, the principal economic models therefore begin with an illustrative Public NPF portfolio value of approximately \$26.5 trillion and an illustrative Private NPF portfolio value of approximately \$3 trillion, producing a combined illustrative National Prosperity Fund portfolio value of approximately \$29.5 trillion.

P.1.S.8. — Frequently Asked Questions and Explanatory Notes

The following questions address many of the issues readers, business owners, investors, policymakers, and the public are likely to raise regarding the Private Enterprise Framework. They are intended to clarify the Framework's objectives, implementation, and guiding principles.

Q. Why establish the Private Enterprise Framework if the initial monthly beneficiary distributions appear relatively modest?

The illustrative economic models demonstrate that the principal purpose of the Private Enterprise Framework is broader than increasing near-term monthly beneficiary distributions.

Illustrative monthly distributions represent only one measure of the Framework's long-term impact. Its principal objective is to expand America's long-term ownership of productive private enterprise while strengthening the National Prosperity Fund for future generations.

Under the conservative assumptions used in this Framework, the Private NPF targets distributions of only 25% of annual gains while retaining and reinvesting the remaining

75%. As a result, the Private NPF functions primarily as a long-term ownership and wealth-building component rather than an immediate income engine.

Accordingly, the Private Enterprise Framework serves several important long-term objectives.

Closing the ownership gap.

If Balanced Capitalism applies only to publicly traded shares, economically significant portions of American productive wealth may remain outside the ownership Framework simply because they are privately held. The Private Enterprise Framework closes this ownership gap by extending comparable ownership principles to qualifying private enterprises.

Preventing structural avoidance.

Without a Private Enterprise Framework, large enterprises could potentially minimize public participation by remaining privately held or by limiting their public float. Applying comparable ownership principles to qualifying private enterprises reduces incentives to structure ownership primarily to avoid participation.

Capturing wealth creation earlier.

Many of America's most successful companies create substantial value before becoming publicly traded. Extending the Framework to qualifying private enterprises allows the NPF to participate in a portion of that long-term wealth creation rather than only after an initial public offering.

Broadening and diversifying the National Prosperity Fund.

Including qualifying private enterprises expands the Fund across a broader range of productive American businesses, reducing reliance solely on publicly traded corporations and strengthening long-term diversification.

Building substantial long-term ownership.

Although annual beneficiary distributions remain intentionally conservative, the retained ownership interests continue compounding over time. Under the illustrative assumptions used in this Framework, a \$3 trillion Private NPF portfolio grows to approximately:

- \$7.24 trillion under the 6% scenario
- \$9.62 trillion under the 8% scenario
- \$12.74 trillion under the 10% scenario
- \$16.81 trillion under the 12% scenario

These figures demonstrate that relatively modest monthly distributions do not imply modest wealth creation. Rather, they reflect the deliberate decision to retain most annual gains for continued growth.

Benefiting future generations.

By retaining and reinvesting a substantial portion of annual gains, the Private NPF functions as a permanent national ownership endowment. Each generation inherits a larger ownership portfolio than the one before it, allowing productive assets to compound over decades while preserving long-term economic strength.

Completing the Balanced Capitalism Framework.

The original White Paper established ownership principles for publicly traded corporations. The Private Enterprise Framework extends those same principles to qualifying private enterprises, creating a more comprehensive and consistent ownership Framework across the American economy.

Conclusion

The Private Enterprise Framework should therefore be viewed primarily as an ownership initiative rather than solely as an income program. Its principal contribution is not the size of its initial monthly distributions, but the creation of a broader, more diversified, and permanently compounding ownership base that allows present and future generations of Americans to participate more fully in the nation's long-term economic success.

Without the Private Enterprise Framework, Balanced Capitalism creates an arbitrary dividing line under which Americans participate in the productive wealth of major enterprises when ownership is public, but not when substantially the same economic wealth remains privately held. The Private Enterprise Framework closes that divide.

Q. Why Extend Balanced Capitalism to Private Enterprises?

Balanced Capitalism recognizes that economically significant public and private enterprises both contribute to innovation, employment, investment, and long-term wealth creation.

This Framework examines whether broad-based beneficial ownership should depend upon whether an enterprise is publicly traded or whether it should extend to productive enterprise more generally, while preserving the characteristics that distinguish the private marketplace.

Q. Is Balanced Capitalism anti-investor or anti-management?

No.

Balanced Capitalism is not anti-management.

It is not anti-investor.

It preserves private ownership, entrepreneurial leadership, competitive markets, and long-term investment incentives while broadening economic participation through the NPF.

The objective is not to replace existing owners but to allow more Americans to participate in the long-term success of productive enterprise.

Q. Does the Framework nationalize private enterprise?

No.

Balanced Capitalism does not propose government ownership or operational control of private enterprise.

The Framework preserves private management, entrepreneurial leadership, competitive markets, and existing governance structures.

The NPF participates economically through non-controlling ownership interests while business decisions remain with founders, boards, managers, and investors.

Q. Why does the Framework apply only to Covered Enterprises?

The Framework is intentionally limited to economically significant private enterprises.

It is not intended to apply to startup companies, small businesses, family-owned enterprises, professional practices, or emerging entrepreneurial ventures that are still developing their businesses and assuming the risks associated with early-stage growth.

Balanced Capitalism seeks to preserve entrepreneurship by allowing private enterprises to innovate, invest, compete, and expand without participation in the Framework during their formative years.

Only after an enterprise achieves extraordinary economic significance does the Framework require participation through the NPF.

This approach balances two important objectives: preserving entrepreneurial opportunity while broadening beneficial ownership in the nation's largest and most economically significant private enterprises.

Q. Why was the \$5 billion enterprise value threshold selected?

The \$5 billion threshold is intended to identify enterprises that have progressed beyond the formative stages of entrepreneurial development and have become economically significant participants in the national economy.

By this stage, an enterprise has typically demonstrated sustained commercial success while benefiting from the legal, financial, educational, transportation, communications, and institutional Framework that supports long-term economic growth.

The threshold also protects smaller and developing enterprises from unnecessary regulatory obligations while allowing founders, investors, and entrepreneurs ample opportunity to build successful businesses before participation begins.

Although any statutory threshold ultimately reflects a policy judgment, the Framework concludes that an independently determined enterprise value of \$5 billion provides an appropriate balance between encouraging entrepreneurship and expanding broad-based beneficial ownership.

Q. Why does the Framework use enterprise value instead of annual revenue?

Enterprise value provides the most comprehensive measure of an enterprise's overall economic significance.

Unlike annual revenue, which measures only one aspect of business activity, enterprise value reflects the total economic value of the enterprise by considering factors such as earnings, assets, liabilities, growth potential, intellectual property, technology, brand value, financing history, and market position.

Different industries generate value in different ways. Some enterprises produce substantial revenue with relatively modest long-term value, while others possess extraordinary enterprise value despite comparatively lower annual revenue.

Accordingly, the Framework measures the economic significance of the enterprise as a whole rather than relying upon a single financial metric.

Q. Why isn't workforce size used as a Covered Enterprise criterion?

Historically, the number of employees often served as a reasonable indicator of an enterprise's economic significance. Increasingly, however, technological innovation, automation, artificial intelligence, robotics, and intellectual property enable enterprises to create extraordinary economic value with relatively few employees.

Consequently, total employment no longer provides a reliable measure of an enterprise's productive economic capacity.

The Framework therefore measures economic significance through independently determined enterprise value rather than workforce size.

This approach allows the Framework to remain relevant as technology continues transforming how productive enterprises create long-term value while preserving an objective and consistent qualification standard.

Balanced Capitalism measures productive economic capacity rather than organizational size.

Q. Doesn't the Framework dilute existing owners?

Yes. The Framework broadens ownership through the issuance of previously unissued non-voting ownership interests. It does not require Covered Enterprises to transfer cash, liquidate productive assets, incur debt, reduce operating capital, or impair their ability to invest, innovate, compete, or grow.

Existing owners experience a measured reduction in their percentage of economic ownership.

However, the Framework is specifically designed to preserve corporate governance, entrepreneurial leadership, operational control, and long-term investment incentives.

Several features moderate the economic impact:

- Allocation occurs gradually over five years.
- Existing owners retain voting control.
- The Framework utilizes previously unissued ownership interests rather than existing shares.
- Long-term appreciation may offset or exceed the effects of dilution.
- The NPF becomes a permanent, patient, non-controlling economic participant.
- Entrepreneurs and investors continue benefiting from the long-term growth they create.

The objective is not to replace existing owners but to broaden participation in future economic growth while preserving the strengths of private enterprise.

Q. Will the National Prosperity Fund control private companies?

No.

The NPF is designed to participate economically—not operationally.

Founders continue leading their companies.

Boards continue governing.

Management continues operating the business.

Markets continue determining competitive success.

The Fund participates as a long-term economic owner without assuming ordinary corporate control.

Q. Who actually owns the ownership interests?

The NPF holds equivalent non-controlling economic ownership interests directly.

Eligible beneficiaries participate indirectly through beneficial ownership in the Fund rather than through direct ownership of individual corporate interests.

This structure provides the benefits of broad ownership while preserving professional management, diversification, long-term compounding, and administrative efficiency.

Q. Why doesn't the Framework distribute ownership interests directly to individuals?

Because direct ownership by millions of individuals would create unnecessary administrative complexity and investment risk.

The NPF allows ownership interests to be professionally managed while eligible beneficiaries participate collectively in the long-term economic growth of productive enterprise.

This preserves diversification, professional management, long-term compounding, and equal participation while avoiding the burdens associated with direct ownership.

Q. Will the National Prosperity Fund itself become publicly traded?

No.

The NPF is intended to be a permanent, independently managed trust foundation—not a publicly traded investment fund.

Individuals do not buy or sell ownership interests in the Fund.

Instead, eligible beneficiaries participate through beneficial ownership while the Fund retains long-term ownership of productive assets.

Q. Why are ownership allocations spread over five years?

The Framework intentionally implements ownership gradually rather than all at once.

Five annual allocations of ten percent each provide Covered Enterprises sufficient time to incorporate the NPF into their long-term capital planning while preserving business continuity, investment, financing flexibility, and organizational stability.

A gradual implementation schedule also allows the ownership transition to occur in a predictable and orderly manner while maintaining the entrepreneurial incentives and competitive strengths that distinguish successful private enterprise.

Q. What happens if a Covered Enterprise later becomes publicly traded?

A Covered Enterprise that subsequently becomes a publicly traded corporation does not incur a second ownership obligation.

Before or simultaneously with its initial public offering, the enterprise shall authorize, issue, and transfer any additional non-voting common shares necessary to preserve the NPF's established proportionate economic ownership.

Following the public offering, the enterprise becomes subject to the continuing ownership preservation provisions established in the Balanced Capitalism White Paper.

The ownership obligation continues seamlessly. Only the legal form of the enterprise changes.

Q. What if a Covered Enterprise reorganizes or merges?

The NPF's ownership interest continues regardless of changes in the enterprise's legal structure.

Mergers, recapitalizations, reorganizations, stock splits, spin-offs, successor entities, or similar corporate transactions do not eliminate or reduce the Fund's established ownership interest.

Whenever necessary, equivalent non-controlling economic ownership interests shall be authorized, issued, and transferred to preserve the NPF's established proportionate economic ownership.

The legal structure may change. The governing ownership principle remains the same.

Q. What happens if enterprise value later declines below \$5 billion?

Covered Enterprise status is determined on the annual valuation date established by law.

Once an enterprise becomes a Covered Enterprise and begins its five-year allocation schedule, temporary changes in enterprise value do not interrupt that schedule.

This approach provides certainty, prevents repeated entry into and withdrawal from the Framework because of short-term valuation fluctuations, and discourages attempts to manipulate enterprise value to avoid participation.

Only extraordinary circumstances, such as insolvency, dissolution, bankruptcy, or other statutory exceptions, would justify a different result.

Q. Does a company ever satisfy its ownership obligation?

Yes.

Upon completing the five-year allocation schedule, a Covered Enterprise has fully satisfied its ownership allocation obligation under the Framework.

Thereafter, the enterprise is responsible only for preserving the NPF's established proportionate economic ownership through future recapitalizations, mergers, reorganizations, public offerings, and similar corporate transactions consistent with the Economic Equivalence and anti-dilution principles established by this Framework.

Implementation is temporary.

Ownership is permanent.

Q. Will this reduce business investment?

No.

The Framework does not require Covered Enterprises to divert operating funds, reduce research and development, postpone capital projects, or curtail business expansion.

Participation occurs through the issuance of equivalent non-controlling economic ownership interests rather than through the transfer of cash or productive assets. As a result, Covered Enterprises retain their financial resources for continued investment, innovation, hiring, and long-term growth.

The Framework is designed to broaden beneficial ownership while preserving the productive capacity that drives private enterprise.

Q. Does the Framework require businesses to transfer cash?

No.

The Framework does not require Covered Enterprises to contribute cash, transfer operating assets, liquidate investments, incur debt, or reduce working capital.

Instead, participation occurs through the issuance and transfer of equivalent non-controlling economic ownership interests possessing substantially equivalent economic rights.

Because the ownership interests are created from authorized but previously unissued ownership capacity, the enterprise continues operating with the same productive assets, management, workforce, facilities, technology, and financial resources that existed before participation.

The Framework broadens ownership without requiring businesses to surrender the productive resources that generate future growth.

Q. Does the Framework reduce operating capital?

No.

Operating capital remains within the enterprise.

The Framework does not withdraw cash from the business, require the sale of productive assets, or reduce funds available for payroll, expansion, research, acquisitions, marketing, or capital investment.

Covered Enterprises continue utilizing their financial resources to pursue long-term business objectives while the NPF participates as a permanent non-controlling economic owner.

The objective is to preserve productive economic capacity while broadening beneficial ownership.

Q. Will this discourage entrepreneurship?

The Framework is specifically designed to preserve entrepreneurship.

Startup companies, emerging businesses, family-owned enterprises, and growing private companies remain outside the Framework until they satisfy the Covered Enterprise criteria established by law.

By the time participation begins, the enterprise has already achieved extraordinary economic significance. Founders, investors, and management continue retaining operational control, entrepreneurial leadership, and substantial economic participation while the NPF becomes a long-term non-controlling economic owner.

Balanced Capitalism seeks to encourage the creation of successful enterprises while allowing more Americans to participate in the long-term prosperity those enterprises generate.

Q. Why use non-voting ownership interests?

The objective of the Framework is to broaden economic participation—not to transfer corporate control.

Non-voting ownership interests allow the NPF to participate in the economic growth of Covered Enterprises while preserving existing governance structures, voting control, entrepreneurial leadership, and day-to-day management.

This distinction represents one of the Framework's central principles.

Founders continue founding.

Managers continue managing.

Boards continue governing.

Markets continue allocating capital.

The NPF participates only as a long-term economic owner.

Q. How are limited liability companies (LLCs) treated?

Limited liability companies participate through equivalent non-controlling economic ownership interests appropriate to their organizational form.

Rather than issuing corporate stock, an LLC may issue non-managing membership interests possessing substantially equivalent economic rights while preserving the enterprise's existing governance structure, management authority, and operating agreement.

The legal instrument differs from that of a corporation. The governing ownership principle remains the same.

Q. How are family-owned businesses treated?

Most family-owned businesses will never become Covered Enterprises.

The Framework applies only to private enterprises meeting the statutory Covered Enterprise criteria established by law. Smaller family-owned businesses, startup companies, and developing enterprises remain outside the Framework.

If a family-owned enterprise grows into an economically significant Covered Enterprise, it participates under the same ownership principles that apply to every other Covered Enterprise.

The Framework does not distinguish between family ownership and institutional ownership. It distinguishes only between enterprises that meet the statutory criteria and those that do not.

Q. How are professional corporations treated?

Professional corporations remain subject to the professional licensing laws governing their respective professions.

Where non-professionals may not legally own voting shares, the Framework requires the issuance of equivalent non-controlling economic ownership interests possessing substantially equivalent economic rights consistent with applicable law.

Professional judgment, licensing requirements, and operational control remain with the licensed professionals authorized to manage the practice.

Q. Why do different business organizations use different ownership instruments?

American private enterprise utilizes many different organizational forms, each governed by its own legal Framework.

Corporations issue shares.

Limited liability companies issue membership interests.

Partnerships issue partnership interests.

Professional corporations may utilize specialized ownership structures consistent with professional licensing requirements.

The Framework respects these legal differences while applying a single governing principle.

Different legal instruments. One governing ownership principle.

Q. Who determines enterprise value?

Enterprise value is determined through an independent professional valuation conducted in accordance with the standards established by implementing legislation.

The valuation shall be performed by qualified independent valuation professionals using generally accepted business valuation principles appropriate to the enterprise being evaluated.

Neither the Covered Enterprise nor the NPF unilaterally determines enterprise value.

The objective is an accurate, objective, and independently verifiable valuation that is fair to all parties.

The objective is not to maximize or minimize enterprise value. The objective is to determine it accurately.

Q. Can a Covered Enterprise appeal its valuation?

Appeals should be conducted through fair, impartial, and transparent review procedures designed to ensure consistency, objectivity, and due process.

Judicial review remains available where authorized by applicable law.

The objective is confidence in the valuation process—not unnecessary litigation.

Q. How is compliance enforced?

The Framework anticipates that most Covered Enterprises will comply voluntarily.

Accordingly, compliance should emphasize cooperation, transparency, voluntary correction of administrative errors, and timely resolution of reporting issues whenever practicable.

Implementing legislation should provide reasonable civil enforcement mechanisms for persistent or willful non-compliance while fully respecting due process and established legal protections.

The objective is faithful implementation—not unnecessary punishment.

Q. Who manages the National Prosperity Fund?

The NPF is administered by the independent National Prosperity Trust Foundation in accordance with the governance principles established in the Balanced Capitalism White Paper.

The Foundation's trustees serve as fiduciaries for all eligible beneficiaries and are responsible for protecting, preserving, and prudently administering the Fund's assets.

The NPF functions as a permanent, independently managed trust dedicated exclusively to the long-term benefit of present and future eligible beneficiaries. It does not operate as a government agency, political institution, or publicly traded investment fund.

Taken together, these considerations demonstrate that the Private Enterprise Framework is intended to strengthen the long-term ownership foundation established in the Balanced Capitalism White Paper. While initial beneficiary distributions remain intentionally conservative, the Framework seeks to broaden productive ownership, expand the National Prosperity Fund, and preserve the capacity of future generations to participate in the long-term growth of America's most economically significant enterprises.

PART 2— THE ESTABLISHED FOUNDATION

The Economic and Policy Foundations Supporting the Framework

P.2.S.1. — Purpose of this Private Enterprise Framework

Private enterprises which meet criteria established by law—referred to as "Covered Enterprises"—would annually allocate ten percent (10%) of their authorized, previously unissued, non-voting common shares to the National Prosperity Fund for five consecutive years until the illustrative ownership ceiling of fifty percent (50%) is reached.

The Private Enterprise Framework is not intended to establish a new ownership philosophy. Rather, it extends the ownership principles established in the **Balanced Capitalism White Paper v2.0** to economically significant private enterprises by utilizing equivalent economic ownership interests appropriate to each enterprise's legal structure. Accordingly, this Framework applies the same fundamental ownership principles to Covered Private Enterprises while recognizing the legal and operational distinctions between public and private enterprises.

Not all Covered Enterprises issue common shares. Those organized under different legal structures would instead satisfy these requirements by allocating ownership interests with substantially equivalent economic rights while preserving their existing governance structures, operational control, and entrepreneurial independence.

This Private Enterprise Framework addresses the legal, economic, and institutional considerations necessary to implement these ownership principles across economically significant private enterprises while preserving the flexibility, innovation, entrepreneurial spirit, and competitive strengths of the private marketplace.

The chapters that follow examine how ownership principles may be applied across the diverse organizational structures of the private sector while preserving each enterprise's unique legal and operational characteristics.

This Private Enterprise Framework builds upon the principles established in the **Balanced Capitalism White Paper v2.0**. Unless specifically modified, expanded, or further developed herein, the White Paper's foundational philosophy, institutional design, terminology, and policy assumptions are incorporated by reference. Accordingly, this companion Framework focuses on the legal, institutional, and implementation issues unique to Covered Enterprises while identifying those areas requiring additional legislative, regulatory, and economic consideration.

P.2.S.2. — Balanced Capitalism as an Ownership Philosophy

Balanced Capitalism is founded upon a simple principle: broadening ownership of productive assets offers a more durable path to long-term prosperity than relying primarily upon the redistribution of income after it has been earned.

The Private Enterprise Framework is not intended to establish a new ownership philosophy. Rather, it extends the ownership principles established in the Balanced Capitalism White Paper to Covered Private Enterprises while preserving the Framework's core objectives and institutional design.

Accordingly, this companion Framework builds upon, rather than revisits, the principles established in the White Paper by examining how those principles may be applied across the diverse organizational structures of the private sector while preserving each enterprise's unique legal and operational characteristics.

Ownership provides participation in the continuing growth of productive enterprise through appreciation, dividends, reinvestment, and long-term compounding. Redistribution, while serving important public purposes, generally transfers income after it has been produced rather than expanding ownership of the productive assets that generate future wealth.

This Private Enterprise Framework examines a different question:

Should broad-based ownership of productive enterprise depend upon whether a business is publicly traded, or should it extend to economically significant private enterprises as well?

If the objective of Balanced Capitalism is to broaden participation in productive ownership, then the relevant inquiry is not whether an enterprise is publicly owned or privately owned. Rather, it is whether the enterprise contributes meaningfully to economic growth, innovation, employment, and long-term wealth creation while preserving the entrepreneurial character, flexibility, innovation, and competitive strengths that distinguish the private marketplace.

This Framework concludes that productive economic capacity—not public trading status—provides the more appropriate foundation for broadening long-term ownership participation.

P.2.S.3. — Ownership vs. Nationalization

Balanced Capitalism does not propose government ownership or management of private enterprise.

Covered Enterprises would remain privately owned, privately managed, and free to compete in the marketplace. Founders, shareholders, boards of directors, and management would continue exercising their respective governance and operational responsibilities.

The National Prosperity Fund is intended to participate as a long-term economic shareholder—not as a central planning authority.

The distinction is fundamental.

The Framework establishes broad-based economic ownership through an independent fiduciary institution while preserving private enterprise, competitive markets, and entrepreneurial management.

Accordingly, the NPF would not direct business strategy, appoint management, determine production, select products or services, establish prices, or otherwise participate in the ordinary operation of Covered Enterprises.

Instead, it would participate economically while preserving private ownership, entrepreneurial leadership, competitive markets, and the independence that drives innovation and long-term economic growth.

As this Framework examines ownership interests, valuation methods, liquidity arrangements, and participation thresholds, one principle remains constant:

Economic ownership must remain separate from operational control.

Ownership is broadened. Enterprise remains private. Management remains independent. Competitive markets remain intact.

P.2.S.4. — The Reciprocal Relationship Between Enterprise and Society

Productive enterprise does not develop in isolation.

Private initiative, risk-taking, investment, innovation, and managerial skill are essential to economic growth. At the same time, large-scale commercial success depends upon a public Framework that no single enterprise creates for itself.

That Framework includes:

- Courts that enforce contracts and protect property rights;
- Corporate and commercial laws that support investment;
- Transportation and communications systems;
- An educated and trained workforce;
- Stable financial and monetary institutions;
- Public safety and national defense;
- Consumers with access to functioning markets; and
- Public confidence in the continuity and legitimacy of the economic system.

Balanced Capitalism does not treat these public contributions as a reason to diminish private achievement. It recognizes them as evidence of the economic interdependence that exists between productive enterprise and the society within which it operates.

Private enterprise creates employment, investment, innovation, productivity, consumer choice, and long-term wealth. The public Framework provides many of the conditions that allow those achievements to occur and endure.

The relationship is reciprocal.

A strong society depends upon successful enterprise. Successful enterprise, in turn, depends upon a stable and prosperous society.

This Framework therefore begins with a simple proposition:

When economically significant enterprises create extraordinary long-term value within a shared public Framework, the public may reasonably participate in a limited, non-controlling portion of that growth through the National Prosperity Fund.

This does not suggest that private enterprise owes an unpaid debt to society. Nor does it diminish the rewards earned by founders, investors, managers, and innovators.

Those who create value should continue to prosper.

Those who assume risk should continue to receive substantial rewards.

Balanced Capitalism simply recognizes that modern prosperity is produced through an ongoing relationship between private initiative and the public institutions that allow private initiative to flourish.

Broad-based beneficial ownership represents one possible expression of that continuing partnership.

The question is not whether private enterprise benefits society. It plainly does.

The question is whether the public Framework that supports productive enterprise should also provide a pathway for broader participation in the long-term ownership benefits generated by that enterprise.

This Private Enterprise Framework answers that question by proposing broader economic ownership while preserving entrepreneurship, investment incentives, private management, competitive markets, and the independence of productive enterprise.

P.2.S.5. — The National Prosperity Fund as the Institutional Vehicle

The NPF remains the institutional vehicle through which the ownership principles of Balanced Capitalism are implemented.

As established in the White Paper, its formal legal structure is the **National Prosperity Trust Foundation**—an independent, federally chartered nonprofit trust foundation that holds

productive assets for the long-term benefit of eligible beneficiaries. Its public-facing name remains the **National Prosperity Fund (NPF)**.

The NPF is intended to remain perpetual, professionally managed, fiduciary in character, transparent in its operations, independent of ordinary partisan control, and protected from diversion for unrelated governmental purposes.

The Fund is not an ordinary federal revenue account. Its assets are held in trust under a defined statutory mission for the benefit of present and future eligible beneficiaries.

These institutional principles become even more important as the Fund acquires ownership interests in Covered Enterprises.

Unlike publicly traded securities, certain private-enterprise ownership interests may require specialized valuation methods, additional accounting procedures, and more complex administrative oversight. Those characteristics strengthen the need for independent fiduciary governance, professional asset management, transparent valuation standards, conflict-of-interest safeguards, and clear statutory rules governing distributions, reinvestment, and long-term stewardship.

Accordingly, this Framework presumes continuity of the NPF as the central institutional vehicle. As implementation issues are examined, Congress may determine that certain private-enterprise ownership interests warrant specialized administrative divisions, advisory boards, accounting procedures, or subsidiary trust structures. Any such additions, however, should strengthen—not fragment—the Fund's unified fiduciary mission and institutional independence.

P.2.S.6. — Beneficial Ownership for Eligible Individuals

One of the defining principles of Balanced Capitalism is that the National Prosperity Fund holds productive assets on behalf of eligible beneficiaries rather than distributing ownership interests directly to individuals.

The objective is not for millions of Americans to own shares directly in thousands of individual companies. The objective is for eligible beneficiaries to participate collectively in the nation's productive economy through beneficial ownership in the NPF.

This distinction is fundamental.

The NPF holds ownership interests directly. Eligible beneficiaries participate indirectly through beneficial ownership in the Fund rather than through direct ownership of individual corporate interests.

Direct ownership requires individuals to maintain brokerage accounts, monitor investments, evaluate corporate performance, manage tax reporting, and make continuing investment decisions. While many Americans successfully manage these responsibilities, requiring

millions of citizens to become direct owners of thousands of individual enterprises would create substantial administrative complexity and unnecessary investment risk.

The National Prosperity Fund follows a different model.

The Fund owns and administers a professionally managed, diversified portfolio of productive assets while eligible beneficiaries participate collectively in the long-term economic results generated by those assets. Professional fiduciaries remain responsible for investment management, portfolio administration, valuation oversight, compliance, and governance.

This institutional structure preserves the advantages of broad ownership while avoiding many of the practical burdens associated with direct individual ownership.

Collective ownership also provides important long-term benefits.

A diversified portfolio reduces dependence upon the success or failure of any single enterprise. Professional management relieves beneficiaries of day-to-day investment responsibilities. Most importantly, the Fund's perpetual structure preserves long-term compounding by allowing productive assets to remain invested across generations while distributing only a portion of realized economic gains.

These principles become even more important as the Fund acquires ownership interests in Covered Enterprises.

Unlike publicly traded shares, ownership interests in private enterprises often involve transfer restrictions, specialized valuation methods, and limited liquidity. Collective ownership through the NPF allows these assets to be professionally managed while enabling beneficiaries to participate in their long-term economic value without assuming the responsibilities associated with direct ownership.

Accordingly, beneficial ownership remains one of the defining institutional characteristics of Balanced Capitalism.

Eligible beneficiaries participate in the productive economy through beneficial ownership in the NPF rather than through direct ownership of individual corporate interests. This approach preserves diversification, professional management, long-term compounding, administrative efficiency, and intergenerational continuity while maintaining the entrepreneurial and competitive strengths of the private marketplace.

P.2.S.7. — Non-Voting Economic Participation

One of the defining principles of Balanced Capitalism is that the National Prosperity Fund participates in the economic success of productive enterprise without assuming responsibility for its day-to-day management or corporate governance.

This distinction preserves the strengths of private enterprise while broadening participation in the long-term wealth that successful enterprise creates.

Economic ownership must remain separate from operational control.

The NPF is intended to participate as a long-term economic owner—not as a business manager or central planning authority. Founders, directors, executives, investors, and employees continue performing the roles that have always driven innovation, investment, and economic growth.

Accordingly, the preferred ownership mechanism remains non-voting ownership interests carrying substantially equivalent economic rights while preserving existing governance structures.

The objective is economic participation—not operational control.

This distinction preserves entrepreneurial freedom, strengthens investor confidence, and allows businesses to continue competing, innovating, investing, and responding to market conditions without governmental direction.

The principle applies equally to Covered Private Enterprises.

Although private enterprises employ a variety of organizational structures and ownership instruments, the underlying objective remains unchanged. The NPF should receive a non-controlling ownership interest that provides fair economic participation while preserving existing governance, operational control, and entrepreneurial independence.

Accordingly, implementation should remain flexible. Corporations, limited liability companies, partnerships, family-owned businesses, and other qualifying enterprises may satisfy these requirements through ownership interests appropriate to their respective legal structures, provided they afford substantially equivalent economic rights.

Preserving founder leadership remains one of the principal objectives of this Framework.

Balanced Capitalism does not replace entrepreneurs. It does not nationalize productive enterprise. It does not discourage innovation or private investment. Rather, it preserves one of capitalism's most important incentives:

Those who assume extraordinary risks remain free to pursue extraordinary success.

Accordingly, participation by the NPF should occur only under clearly defined statutory rules known in advance. Predictability allows entrepreneurs, investors, and business owners to make long-term decisions with confidence.

Regardless of the legal instrument employed, one principle remains constant:

The NPF participates in economic success while preserving private management, entrepreneurial leadership, competitive markets, and operational independence.

P.2.S.8. — Economic Equivalence

Economic Equivalence remains one of the essential safeguards of Balanced Capitalism.

Ownership interests allocated to the National Prosperity Fund should provide genuine and proportionate participation in the long-term economic success of the enterprise. Without this principle, an enterprise could technically satisfy its statutory obligation while providing the Fund with an ownership interest of materially inferior economic value.

Accordingly, compliance should reflect genuine economic participation rather than symbolic ownership.

Economic Equivalence does not require identical legal rights.

Private enterprises utilize many different organizational structures, including corporations, limited liability companies, partnerships, and other legally recognized forms of ownership. The objective is not to require a uniform capital structure, but to ensure that the ownership interest allocated to the NPF provides substantially equivalent economic participation when compared with similarly situated owners within the same enterprise.

The legal instrument may differ.

The governing principle should not.

Accordingly, implementation should remain flexible. Corporations may utilize non-voting common shares, while limited liability companies, partnerships, and other entities may employ ownership interests appropriate to their respective legal structures, provided they afford substantially equivalent economic rights.

Economic Equivalence also depends upon credible valuation.

Unlike publicly traded companies, private enterprises generally lack continuously observable market prices. Accordingly, valuations should be based upon recognized professional methodologies supported by independent financial analysis rather than unilateral determinations by the participating enterprise.

Economic Equivalence must also be preserved over time.

The value of the NPF's ownership interest should not be materially impaired through recapitalizations, preferential ownership classes, disproportionate dilution, altered distribution priorities, selective redemption programs, or similar transactions that undermine the Fund's proportionate economic participation.

While the legal mechanisms may vary among different organizational structures, the underlying protection should remain constant.

Future legislation should therefore establish clear principles while permitting reasonable flexibility in implementation. This approach preserves commercial innovation without sacrificing fairness, consistency, or the long-term integrity of the NPF.

Accordingly, Economic Equivalence remains one of the defining principles of Balanced Capitalism. Regardless of the legal structure employed, ownership interests allocated to the NPF should provide fair, proportionate, and enduring participation in the economic success of productive enterprise.

P.2.S.9. — Preservation of Entrepreneurship and Founder Control

Entrepreneurship remains one of the principal engines of economic growth.

Innovation, private investment, and entrepreneurial risk-taking have produced extraordinary prosperity while creating new industries, technologies, employment opportunities, and long-term wealth. Balanced Capitalism seeks to preserve these strengths while broadening participation in the economic success they create.

The objective is not to diminish entrepreneurial achievement.

It is to broaden participation in that achievement while preserving the market forces that make it possible.

Founders should continue to lead the enterprises they create.

Participation by the NPF is not intended to transfer management authority, alter day-to-day operations, or diminish the legitimate governance rights of founders, directors, or existing investors.

The National Prosperity Fund participates economically—not operationally.

This principle protects private property rights while reinforcing the entrepreneurial culture upon which continued economic growth depends.

Successful innovation frequently requires years of investment before commercial success is achieved. Entrepreneurs and investors assume substantial risks with no assurance of financial reward. Any future ownership Framework should therefore preserve—not weaken—the incentives that encourage business formation, innovation, investment, and long-term capital formation.

Accordingly, participation should occur only under objective statutory standards established in advance. Predictable rules allow entrepreneurs, investors, and business owners to make informed long-term decisions while reducing uncertainty regarding future ownership obligations.

Implementation should also respect existing ownership agreements whenever reasonably practicable. The objective is not to disrupt legitimate contractual relationships, but to establish a clear and predictable Framework for future participation.

Likewise, qualification standards should avoid creating incentives for businesses to delay expansion, fragment operations, restructure ownership, or make other economically inefficient decisions solely to avoid participation.

Balanced Capitalism continues to recognize competitive markets as the most effective mechanism for allocating capital, encouraging innovation, and rewarding productivity. The NPF should therefore participate as a long-term economic owner without conferring competitive advantages or disadvantaging private investment.

Accordingly, entrepreneurship, founder leadership, private investment, and competitive markets remain indispensable to Balanced Capitalism.

Broadening ownership should strengthen—not weaken—the incentives that encourage innovation, investment, business formation, and long-term economic growth.

P.2.S.10. — The Ownership Alignment Effect

The Balanced Capitalism White Paper introduced the concept of the **Ownership Alignment Effect**—the idea that broader participation in productive ownership strengthens the long-term relationship between the American people and the nation's economic success.

This Framework accepts that principle and examines whether it should extend to economically significant private enterprises.

Ownership creates a different economic perspective.

Individuals who participate in the long-term growth of productive enterprise often view economic success differently than those whose participation is limited primarily to wages or public benefits. Ownership creates a direct connection to innovation, investment, productivity, and long-term wealth creation.

The National Prosperity Fund broadens access to that ownership experience through beneficial ownership without requiring individuals to purchase, manage, or diversify investment portfolios themselves.

The question presented here is straightforward.

Does the Ownership Alignment Effect arise because an enterprise is publicly traded, or because it is a productive enterprise?

If the latter is true, then economically significant private enterprises may strengthen that alignment while preserving the entrepreneurial principles established in the White Paper.

Broader ownership also has the potential to strengthen confidence in democratic capitalism.

When citizens participate more directly in the long-term success of productive enterprise, economic growth may increasingly be viewed as a broadly shared national achievement

rather than a benefit realized primarily by existing owners. Likewise, enterprises operating within a society that broadly participates in economic growth may benefit from greater public confidence in market institutions and long-term economic stability.

Public corporations and private enterprises differ in important respects, including organization, financing, liquidity, and governance. Those differences may require different implementation methods, but they do not necessarily alter the underlying principle.

The objective is alignment of economic interests—not uniformity of legal structure.

Accordingly, this Framework examines whether extending broad-based beneficial ownership to economically significant private enterprises would strengthen the long-term relationship between productive enterprise, the American people, and the institutions that support democratic capitalism.

Part 3 — Reference Materials

Supporting Research and Reference Materials

Appendix A — Research Methodology and Data Sources

This private enterprise Framework is intended to be a disciplined policy study grounded in recognized research, accepted valuation principles, and credible institutional data sources rather than unsupported assumptions.

Unlike publicly traded corporations, private enterprises generally do not have continuously observable market prices or standardized public reporting requirements. As a result, private-company valuations necessarily rely upon informed estimates derived from financing transactions, acquisitions, comparable companies, operating performance, and other widely accepted valuation methodologies.

Unless otherwise noted, illustrative private-enterprise information presented throughout this Framework is derived principally from **PitchBook**, supplemented where appropriate by other respected institutional sources.

PitchBook is widely recognized throughout the institutional investment community and is extensively used by:

- Private Equity firms;
- Investment banks;
- Venture capital firms;
- Pension funds;

- University endowments;
- Corporate development departments;
- Management consulting firms;
- Institutional investors; and
- Legal and financial advisory professionals.

Its databases include information relating to:

- Enterprise valuations;
- Ownership structures;
- Capital raises;
- Venture capital investments;
- Private Equity transactions;
- Mergers and acquisitions;
- Industry classifications;
- Estimated financial information;
- Employment estimates;
- Investor participation; and
- Exit transactions, including initial public offerings and acquisitions.

Because private-company valuations are inherently less transparent than public-market prices, the estimates used throughout this Framework should be understood as reasonable approximations suitable for economic modeling rather than precise market quotations.

Whenever a valuation, transaction, or financial statistic is especially significant to the analysis, it should, where practicable, be compared with other respected institutional sources, including S&P Capital IQ, Preqin, CB Insights, Bloomberg, published financial statements, or other reliable market research.

The objective is not to determine the precise value of every private enterprise. Rather, it is to establish a consistent, transparent, and professionally recognized methodology for evaluating economically significant private enterprises within the broader Framework of Balanced Capitalism. Although private-market valuation is inherently less precise than public-market pricing, the methodology adopted throughout this Framework is intended to provide consistency, transparency, and analytical integrity.

Appendix B — Covered Enterprise Organizational Structures

This appendix illustrates how the Private Enterprise Framework accommodates the principal organizational forms utilized by economically significant private enterprises.

Each organizational type adopts an appropriate ownership mechanism to satisfy the same governing ownership principle.

Different legal instruments. One governing ownership principle.

Figure ES-1: Equivalent Economic Ownership Interests Across Organizational Forms

This figure is reproduced from the Executive Summary to provide a convenient reference within Appendix B.



Rather than requiring every enterprise to adopt a single ownership structure, the Framework recognizes the diversity of American business organizations by requiring each Covered Enterprise to issue **Equivalent Economic Ownership Interests** appropriate to its existing legal form.

Although the legal instruments differ, each must provide substantially equivalent economic rights while preserving the enterprise's governance structure, voting authority, management independence, and operational control.

Accordingly, the organizational forms and ownership interests summarized below illustrate implementation of the Framework rather than limit it.

Figure B-1: Covered Enterprise Organizational Structures

Organizational Form	Equivalent Economic Ownership Interest
C Corporation	Authorized previously unissued non-voting common shares
S Corporation	Equivalent non-controlling ownership interests authorized by statute
Limited Liability Company (LLC)	Non-managing membership interests
Limited Partnership (LP)	Non-managing partnership interests
Limited Liability Partnership (LLP)	Non-managing partnership interests
Professional Corporation (PC)	Non-voting economic ownership interests consistent with professional licensing laws
Other Covered Enterprises	Equivalent economic ownership interests authorized under applicable law

Implementation Framework by Organizational Form

C Corporations

C Corporations ordinarily satisfy the Framework through the issuance of authorized, previously unissued, non-voting common shares possessing substantially equivalent economic rights.

S Corporations

Because S Corporations are governed by specialized federal tax rules, implementation utilizes equivalent non-controlling ownership interests authorized by applicable law while preserving S Corporation eligibility whenever practicable.

Limited Liability Companies (LLCs)

Limited liability companies generally satisfy the Framework through non-managing membership interests possessing substantially equivalent economic rights while preserving the existing operating agreement, management authority, and governance structure.

Limited Partnerships (LPs)

Limited partnerships generally satisfy the Framework through non-managing partnership interests that provide substantially equivalent economic rights without altering the authority of the general partner.

Limited Liability Partnerships (LLPs)

Limited liability partnerships generally satisfy the Framework through equivalent non-managing partnership interests consistent with the governing partnership agreement and applicable law.

Professional Corporations (PCs)

Professional corporations remain subject to applicable professional licensing laws. Accordingly, they participate through equivalent non-voting economic ownership interests that preserve professional independence, licensing requirements, and operational control by licensed professionals.

Other Organizational Forms

American enterprise continues to evolve. Accordingly, future organizational forms not specifically identified in this Framework may satisfy its requirements through equivalent economic ownership interests appropriate to their governing legal structure, provided the governing principle of Economic Equivalence is preserved.

Governing Principle

The Framework does not require every Covered Enterprise to adopt the same legal ownership instrument. It requires every Covered Enterprise to satisfy the same governing ownership principle.

Different legal instruments. One governing ownership principle.

Appendix C — Glossary and Defined Terms

The following definitions supplement those contained in the Balanced Capitalism White Paper v2.0 and apply specifically to the Private Enterprise Framework.

Beneficial Ownership — the indirect economic interest eligible individuals possess through the National Prosperity Fund. Beneficiaries do not own individual ownership interests issued by Covered Enterprises directly but participate collectively in the Fund's long-term economic growth through their beneficial interest in the Fund.

Covered Enterprise — a private enterprise that satisfies the statutory criteria established by this Framework and is therefore required to participate in the National Prosperity Fund through the issuance of equivalent non-controlling economic ownership interests. Covered Enterprise status is determined by objective qualification standards established by law.

Covered Enterprise Designation Date — the date on which the Independent Valuation Board determines an enterprise meets the statutory criteria for Covered Enterprise status. Covered Enterprise status becomes effective on this date.

Covered private and nonpublic ownership interests — refer to qualifying ownership interests in Covered Enterprises that are not already included within the qualifying public float modeled under the Balanced Capitalism White Paper. They include ownership interests in qualifying privately held Covered Enterprises and the nonpublic ownership interests of qualifying partially public Covered Enterprises, while avoiding double counting of ownership interests included in the qualifying public float.

Economic Equivalence — the principle that ownership interests allocated to the National Prosperity Fund shall carry economic rights equivalent to those of the principal ownership interests of the enterprise. The allocation shall preserve the enterprise's existing governance structures, voting rights, and operational control.

Economic Ownership Interest — a legally recognized ownership interest that entitles its holder to participate in the economic benefits of an enterprise, including distributions, appreciation, merger consideration, liquidation proceeds, and other financial rights, without necessarily conferring voting authority or operational control.

Economic Rights — the financial rights associated with an ownership interest, including participation in profits, distributions, appreciation, merger consideration, liquidation proceeds, and other economic benefits provided by law or the governing organizational documents.

Enterprise Value — the independently determined economic value of a private enterprise as a whole, established through recognized professional valuation methodologies. Enterprise value serves as the primary criterion for determining whether a private enterprise becomes a Covered Enterprise under this Framework.

Equivalent Economic Ownership Interest — a non-controlling ownership interest appropriate to an enterprise's organizational form that provides substantially equivalent economic rights while preserving existing governance structures, voting authority, and operational independence.

First Allocation Date — the first day immediately following the Transition Period, on which the enterprise completes its initial annual ownership allocation.

Governance Rights — the legal rights associated with directing, managing, or controlling an enterprise, including voting rights, board representation, management authority, and other rights relating to corporate or organizational governance.

National Prosperity Fund (NPF) — the permanent Beneficial Ownership fund established to receive, hold, preserve, and prudently administer ownership interests issued under Balanced Capitalism for the long-term benefit of eligible beneficiaries. The Fund operates through the independent National Prosperity Trust Foundation in accordance with the governance principles established in the Balanced Capitalism White Paper.

Non-Controlling Ownership Interest — an ownership interest that provides economic participation without transferring operational control, voting authority, or day-to-day management of the enterprise.

Operational Control — the authority to direct the day-to-day management, business operations, strategic decisions, and administration of an enterprise. Operational control remains with the enterprise's founders, owners, directors, managers, or other authorized governing persons.

Productive Economic Capacity — the demonstrated ability of an enterprise to create substantial long-term economic value through innovation, investment, production, services, technology, intellectual property, or other productive activities. The Framework recognizes productive economic capacity rather than organizational size as the principal measure of economic significance.

Substantially Equivalent Economic Rights — the economic rights that provide materially equivalent participation in the financial benefits of ownership while permitting reasonable legal and organizational differences among the various forms of private enterprise. Such rights preserve the governing principle of Economic Equivalence regardless of the specific ownership instrument employed.

Total Valuation of All Covered Private Enterprises — the illustrative combined valuation of all Covered Private Enterprises used as the basis for the economic modeling and projections presented throughout this Framework. Unless otherwise stated, the Framework assumes a Total Valuation of All Covered Private Enterprises of approximately \$6 trillion.

Transition Period — the one full fiscal year following the Covered Enterprise Designation Date during which the enterprise prepares for implementation of the Framework.

Voting Rights — the legal rights to participate in the governance of an enterprise through the election of directors, approval of specified corporate actions, amendments to governing documents, or other matters reserved to owners under applicable law or organizational documents.

Appendix D — Illustrative Figures and Charts

Figure D-1 — The Private Enterprise Marketplace

Purpose

Illustrates the broad diversity of organizational forms that comprise the American private-enterprise economy.

Illustration

- C Corporations
- S Corporations
- Limited Liability Companies (LLCs)
- Limited Partnerships (LPs)
- Limited Liability Partnerships (LLPs)
- Family-Owned Enterprises
- Professional Corporations (PCs)
- Other Organizational Forms

Key Message

The Private Enterprise Framework is designed to accommodate the broad diversity of American enterprise while applying one consistent ownership principle across all Covered Enterprises.

Figure D-2 — Organizational Forms and Ownership Instruments

Purpose

Illustrates that different organizational forms utilize different legal ownership instruments while participating under one consistent ownership Framework.

Illustration

Organizational Form	Primary Ownership Instrument
C Corporation	Common Shares
S Corporation	Common Shares
Limited Liability Company (LLC)	Membership Interests
Limited Partnership (LP)	Partnership Interests
Limited Liability Partnership (LLP)	Partnership Interests
Professional Corporation (PC)	Shares
Family-Owned Corporation	Common Shares
Other Organizational Forms	Equivalent Economic Ownership Interests

Key Message

- Different legal structures.
- Different ownership instruments.
- One governing ownership principle.

Figure D-3 — Economic Equivalence

Purpose

Illustrates that different legal ownership instruments may provide substantially equivalent economic rights, allowing diverse organizational forms to participate under one consistent ownership Framework.



Key Message

Different legal forms.

Different ownership instruments.

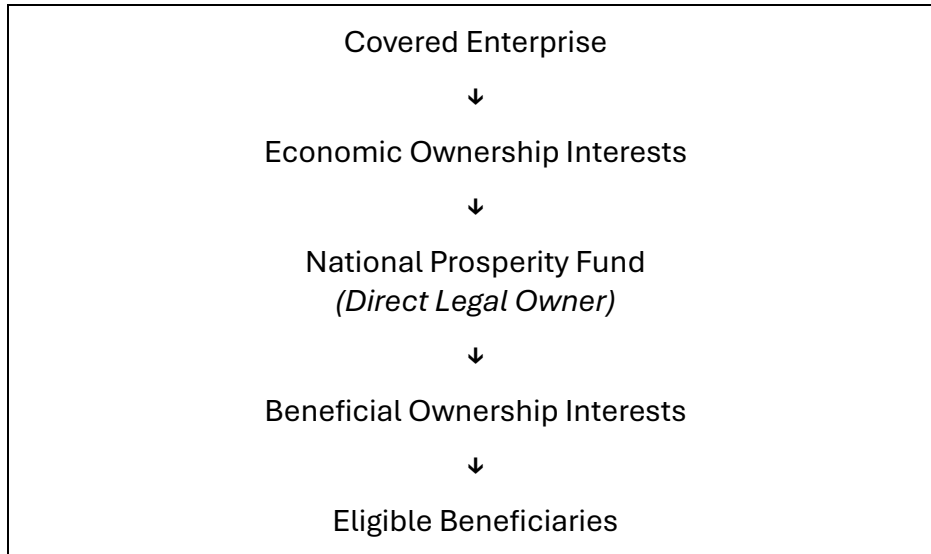
Substantially equivalent economic rights.

Figure D-4 — Direct Ownership and Beneficial Ownership

Purpose

Illustrates the distinction between the National Prosperity Fund's direct ownership of enterprise interests and the Beneficial Ownership interests held indirectly by eligible beneficiaries.

Illustration



Key Message

The National Prosperity Fund holds economic ownership interests directly.

Eligible beneficiaries participate indirectly through beneficial ownership interests in the Fund.

Figure D-5 — Ownership Without Operational Control

Purpose

Illustrates that economic ownership and operational control are separate concepts. The National Prosperity Fund acquires economic ownership interests but does not participate in the management or governance of Covered Enterprises.

Illustration



Key Message

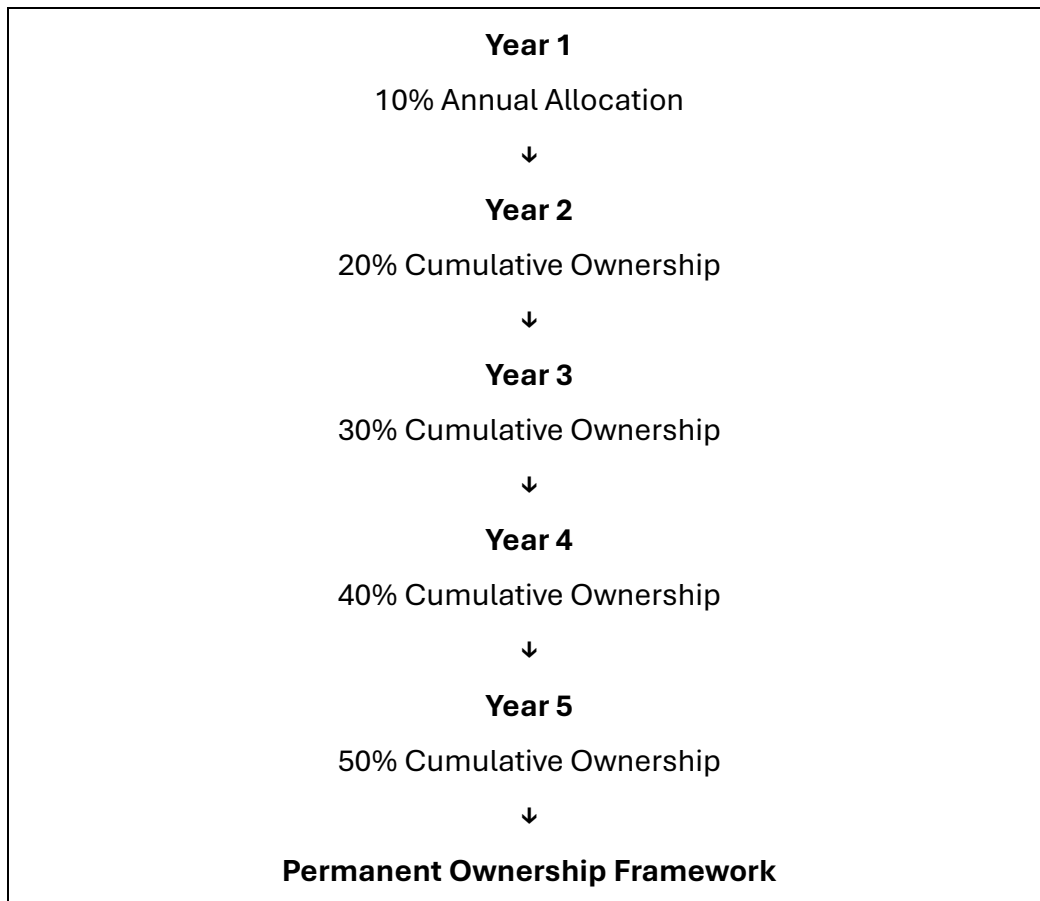
Economic ownership remains separate from operational control.

The Framework broadens economic ownership while preserving existing management authority and operational control.

Figure D-6 — Five-Year Ownership Transition

Illustrates the gradual annual transfer of economic ownership interests into the National Prosperity Fund over the five-year implementation period.

Illustration



Key Message

Covered Enterprises transition gradually through five annual allocations of 10% each until the National Prosperity Fund reaches its 50% ownership objective.

Once the ownership transition is complete, the Framework enters a permanent ownership phase in which economic ownership is maintained while enterprise management and operational control remain unchanged.

Figure D-7 — Public and Private Implementation

Purpose

Illustrates how publicly traded corporations and Covered Private Enterprises participate through parallel implementation pathways that contribute to one unified National Prosperity Fund.

Illustration



Key Message

Publicly traded corporations and Covered Private Enterprises participate through separate implementation pathways while contributing to one unified National Prosperity Fund.

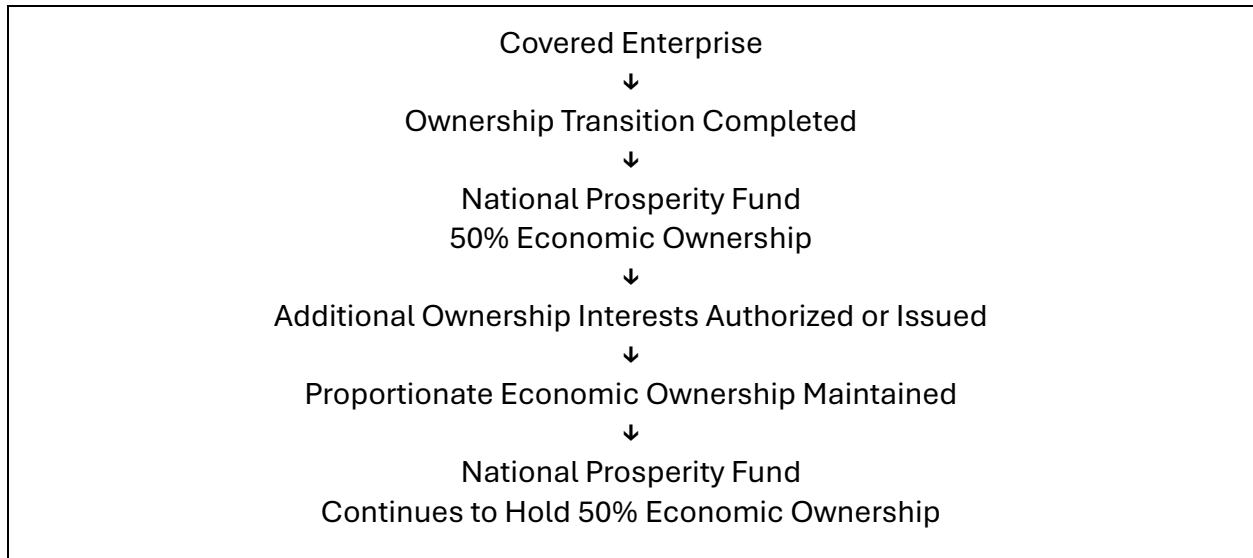
Together, they broaden economic ownership across both major sectors of the American economy.

Figure D-8 — Proportionate Economic Ownership Maintenance

Purpose

Illustrates that the National Prosperity Fund's established proportionate economic ownership is maintained if additional ownership interests are subsequently authorized or issued.

Illustration



Key Message

The number and legal form of ownership interests may change.

The National Prosperity Fund's established proportionate economic ownership shall be maintained.

Figure D-9 — Policy Considerations Overview

Policy Consideration	Framework Response
Economic ownership	Long-term value, not percentage alone
Compliance costs	Modest for \$5B+ enterprises
Qualification avoidance	Anti-avoidance provisions
Investor valuation	Common legal Framework; long-term growth potential
Corporate restructuring	Substance-over-form enforcement
Valuation disputes	Independent valuation and private-sector appeals
Entrepreneurship	Control preserved; incentives remain

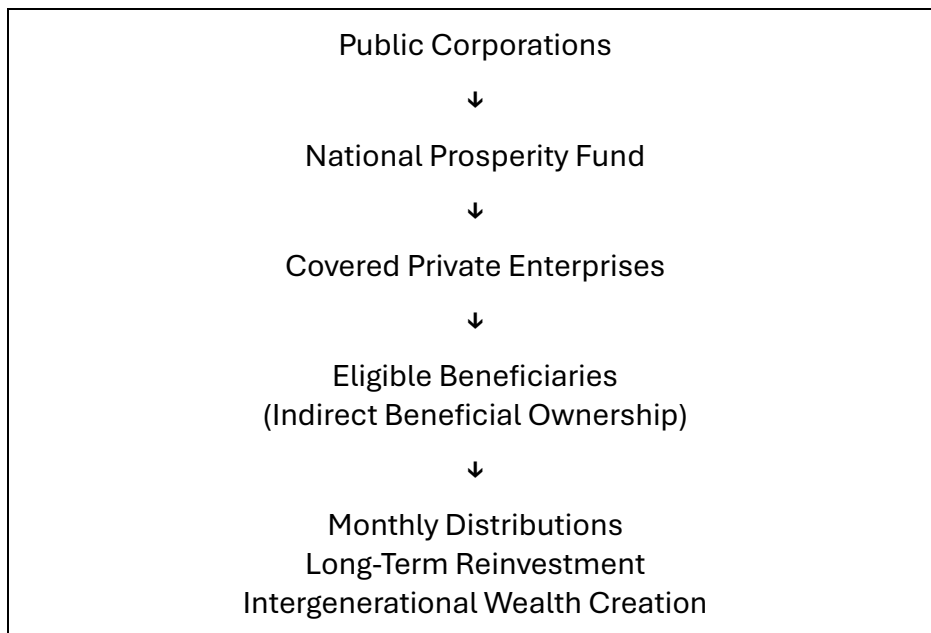
Figure D-10 — Reciprocal Relationship Between Successful Enterprise and National Prosperity



Broadening productive economic ownership strengthens household purchasing power, capital formation, and long-term economic stability, creating conditions that support continued enterprise success.

A strong society depends upon successful enterprise. Successful enterprise depends upon a stable society.

Figure D-11 — The Balanced Capitalism Ownership Framework



One ownership philosophy. Two enterprise sectors. One National Prosperity Fund. Broad-based economic ownership for future generations.

Appendix E — Signature Principles

Ownership

- Economic ownership must remain separate from operational control.
- The National Prosperity Fund holds ownership interests directly. Eligible beneficiaries participate indirectly through beneficial ownership in the Fund.
- The objective is not for millions of Americans to own shares directly in thousands of individual companies. The objective is for eligible beneficiaries to participate collectively in the nation's productive economy through beneficial ownership in the National Prosperity Fund.
- The number and legal form of the ownership interests may change. The National Prosperity Fund's established proportionate economic ownership shall not.

Enterprise

- The legal instrument may differ. The governing principle should not.
- The objective is alignment of economic interests—not uniformity of legal structure.
- A Covered Enterprise shall be treated as a single economic enterprise regardless of how its ownership interests are organized or traded.

Economic Philosophy

- Balanced Capitalism is not anti-management. It is not anti-investor. It is pro-ownership.
- A strong society depends upon successful enterprise. Successful enterprise depends upon a stable society.
- Broadening ownership should strengthen—not weaken—the incentives that encourage innovation, investment, business formation, and long-term economic growth.

Permanence

- Implementation is gradual. Ownership is permanent.
- The National Prosperity Fund's established ownership interest shall be preserved throughout the life of the enterprise.
- An enterprise satisfies its National Prosperity Fund ownership obligation only once during its corporate existence. Changes in legal form, ownership structure, or public trading status do not create a new ownership obligation.

Measurement

- The Framework measures the economic significance of an enterprise—not the number of people required to operate it.
- Economic significance should be measured by productive capacity rather than workforce size.
- Productive economic capacity is the primary measure of economic significance.

Continuity

- The National Prosperity Fund broadens ownership through future economic participation rather than through the transfer of existing operating resources.
- Changes in capital structure shall not diminish the National Prosperity Fund's proportionate economic participation. The Fund's ownership interest shall be adjusted as necessary to preserve its established ownership percentage following recapitalizations, reorganizations, public offerings, mergers, spin-offs, stock splits, or similar corporate transactions.
- A change in organizational form or public trading status shall not alter the National Prosperity Fund's established ownership interest. Any recapitalization, reorganization, or public offering shall include the issuance and transfer of additional ownership interests, when necessary, to preserve the Fund's proportionate economic participation immediately before the transaction becomes effective.