Allocation of Founder Ownership Based on 5 Types of Value Addition Prior to A Round (____ months from now)

Value Added	A. Sweat Equity	B. Conception	C. $ Committed	D. Capital Raised	E. Execution	Founders Pie
Assigned Weight	20.0%	20.0%	20.0%	20.0%	20.0%	100%
Allocation Criteria	hours	ideas	founder dollars	angel dollars	talent	
	Values (1)	*Values (2)*	*Values (3)*	*Values (4)*	*Values (5)*	*Values (6)*
Founder 1	75.0	25.0	75.0	75.0	25.0	55.000%
Founder 2	25.0	75.0	25.0	25.0	75.0	45.000%
Total	100.000	100.0	100.0	100.0	100.0	100.000%

1 Based on full-time months with no or below-market cash compensation (where a market-based compensation = ____/year)
2 Credit for conception of the business, product, go-to-market strategy by the *A Round*
3 The amounts of hard dollars committed by each Founder up to *A Round*
4 The relative amounts of commited capital raised by each Founder by the time of the *A Round* closing
5 The respective shares of an option pool earned by the team-members attracted by each Founder by the time of the *A Round* closing
6 The resulting relative ownership of each Founder just prior to the *A Round* closing

Key Points:

1 Typically, non-founder VP, Products executives receive 4 to 5% of the capitalization just prior to the A Round and are diluted 50% by the A Round.
2 Founders typically have a larger stake for coming in early, taking on founding risk, and having more input in developing the Company.
3 These value additions by Founders are captured in the above matrix that we believe provides the best formula for allocating Founders Stock.
4 If the Company has raised multiple rounds of financing at increasing valuations, there are financial and tax implications to receiving Founders Stock.