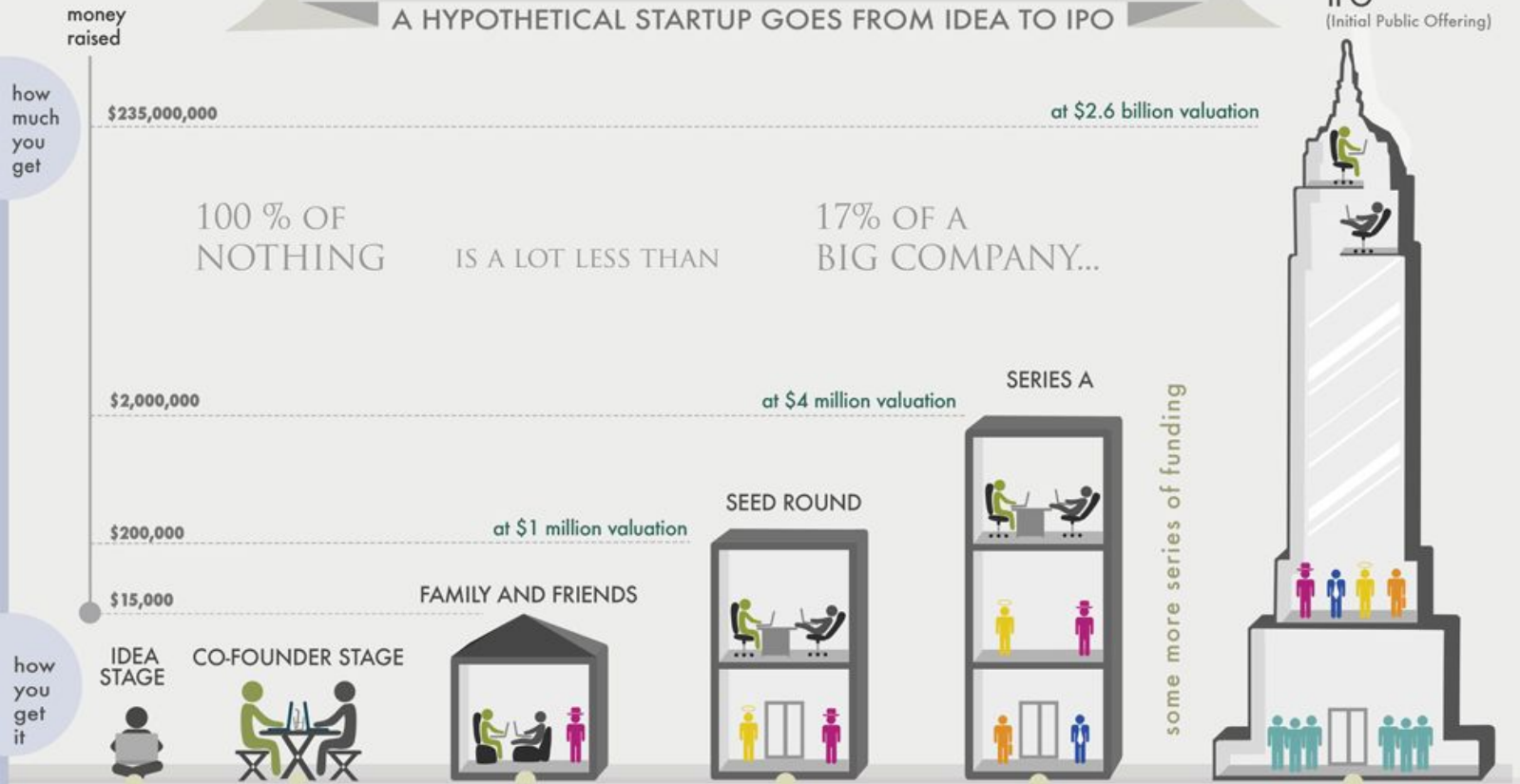


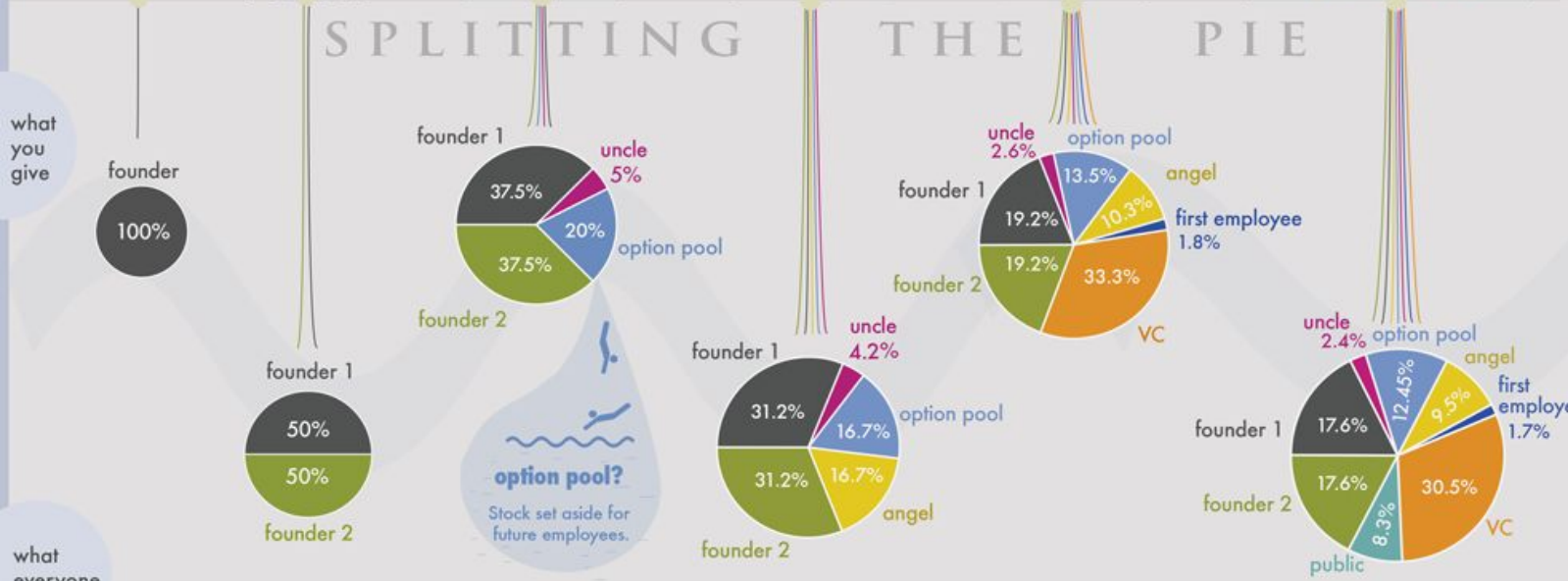
HOW STARTUP FUNDING WORKS

A HYPOTHETICAL STARTUP GOES FROM IDEA TO IPO

IPO
(Initial Public Offering)



100 % OF NOTHING IS A LOT LESS THAN 17% OF A BIG COMPANY...



- YOU**: start the company.
- CO-FOUNDER**: does half of the work.
- FRIENDS AND FAMILY**: invests before anyone else at the lowest price.
- ANGEL INVESTORS**: has at least \$1,000,000 or \$200,000 annually - is an accredited investor. Invests her own money.
- VENTURE CAPITALISTS**: persuades other people to put money in his fund. Invests that money, starting at \$500,000.
- EARLY EMPLOYEES**: gambles on your company by accepting low salary plus some stock.
- INVESTMENT BANKERS**: does IPO paperwork and sells a lot of your stock, getting 7% of the whole IPO for it.
- ANYONE**: after your company does the IPO, anyone in the world can become your investor.