

EXERCISE

CAPITALIZATION

Background

Your client just called to ask for your help issuing some additional stock. Here are their plans:

- Issue an additional 100,000 shares of Series A stock to an investor.
- Grant the new CEO enough shares to ensure that she has 5% on a fully diluted basis.
- Add shares to the stock plan pool so that the shares remaining to be issued under the pool equal 10% of the company on a fully diluted basis.

When you get off the phone with your client, you pull up the company's cap table (attached).

Instructions

Come prepared to discuss these questions:

- Can the company immediately issue the additional Series A Preferred stock shares?
- How many shares should be granted to the CEO?
- How many additional shares should be added to the stock plan pool?
- How many additional shares of common stock need to be authorized in order to take all these actions?
- What is the process for taking these actions?

Pro Tip: Use Excel to work through the numbers and don't forget to put on iterative calculations!

Jointly Corp. Summary Capitalization Table				
	Shares Authorized	Shares Issued and Outstanding Shares	Fully Diluted Shares	Fully Diluted Ownership
Common Stock				
Common Stock	10,000,000	5,527,909	5,527,909	
Total Common Stock issued and outstanding			5,527,909	57.149%
Preferred Stock Classes				
Series Seed Stock	2,000,000	1,987,000	1,987,000	
Series A Stock	1,300,000	1,187,390	1,187,390	
Total Preferred Stock issued and outstanding			3,174,390	32.818%
Warrants and Other Convertibles				
Series A Warrant			100,000	1.034%
Total Convertibles issued			100,000	
2022 Equity Incentive Plan				
2022 Equity Incentive Plan	870,557			
RSAs board approved				0.000%
Options issued and outstanding			158,584	1.639%
Shares available for issuance under the plan			711,973	7.361%
Total fully diluted			9,672,856	100.00%