

### Raising Capital Seminar

March 25, 2019



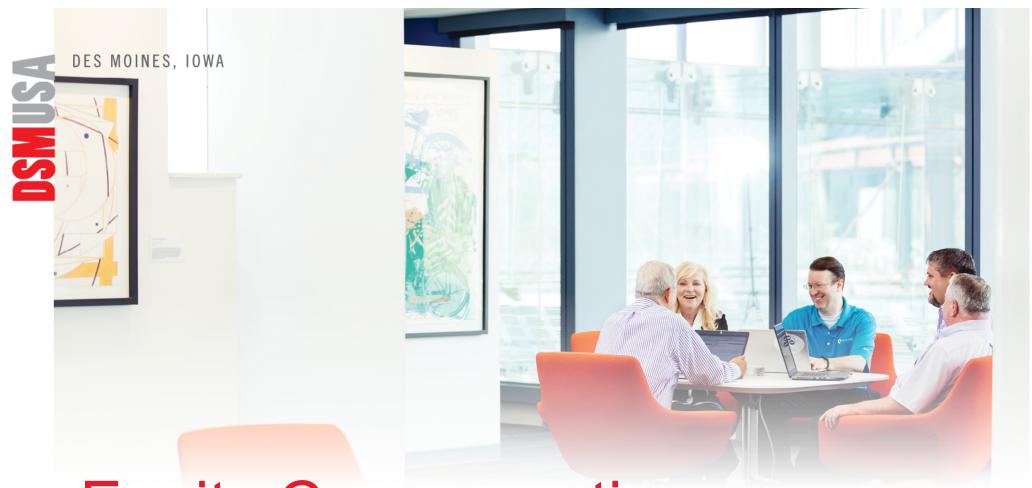
# RAISING CAPITAL SEMINAR

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## Equity Compensation Joe Leo



#### **Equity Compensation**

- There are three common methods:
  - Stock Options
  - Restricted stock
  - Stock appreciation rights
- Strategies for using each





#### Stock Options

- Provides employees the right to purchase stock in the future.
- Can be Incentive Stock Options or Non-qualified stock options.
- Need to determine fair market value for the stock at least annually.
- You need a good advisor / attorney to work through the details.





#### Vesting

- Commonly 3-4 years.
- Can allow accelerated vesting on a change in control (exit).
- Time based vesting is easy, but performance based vesting can incentivize positive behaviors.
  - Performance based vesting should be tailored to each employee's expected contribution
  - Consult with your team to establish effective goals



