

# Capitalization Table: Preferred vs Common Shares

Shareholder	Share Class	Number of Shares	Ownership %	Investment (\$)
Founder A	Common	800,000	40%	-
Founder B	Common	600,000	30%	-
Employee Option Pool	Common	200,000	10%	-
Investor X	Preferred	200,000	10%	500,000
Investor Y	Preferred	200,000	10%	500,000
<b>Total</b>	<b>-</b>	<b>2,000,000</b>	<b>100%</b>	<b>1,000,000</b>

## Important Notes

- Preferred shares typically have special rights and preferences, such as liquidation preference, anti-dilution, and voting rights.
- Common shares are generally held by founders and employees and have basic voting rights without special preferences.
- The capitalization table reflects the company's ownership and equity distribution after investment (post-money).
- Equity percentages must total 100% and should be updated with every equity financing round.
- This document is crucial for tracking ownership, planning future investments, and preparing for company exits.