

## **Centex Questions:**

### 1. Sierra Ventures and Centex:

- Describe the deal structure:
  - What role does Series C Preferred play?
  - What value does right of first offer have?
- What valuation is Sierra offering to Centex? How can Sierra justify this valuation?

### 2. Private (initial) investors:

- How much dilution do the initial investors experience?
- How much dilution would the initial investors have experienced, if they had anti-dilution protection on their initial investment of \$499,999? (Full ratchet? Weighted ratchet?)

Assume that by May 1985 the private placement offering has raised the full \$499,999 for Centex at \$2.25 per share