Square Inc.: Financing a Unicorn 1. How are venture capital private equity funds structured? How are private equity firms compensated? Why may Khosla Ventures be motivated to push for Square to seek an exit? 2. What characteristics do the firms in case Exhibit 2 have in common? Do you agree with Marc Andressen's thoughts regarding unicorn valuation levels? Why or why not? 3. What would the capitalization table look like after the series E issuance? What is the post-money valuation? 4. What returns would each class of investors realize if Square exited through an IPO rather than through a sale at valuations of $3 billion, $6 billion, or $9 billion? How would the returns change if the series E securities did not have the IPO ratchet? 5. Do you recommend investing in the series E preferred round?