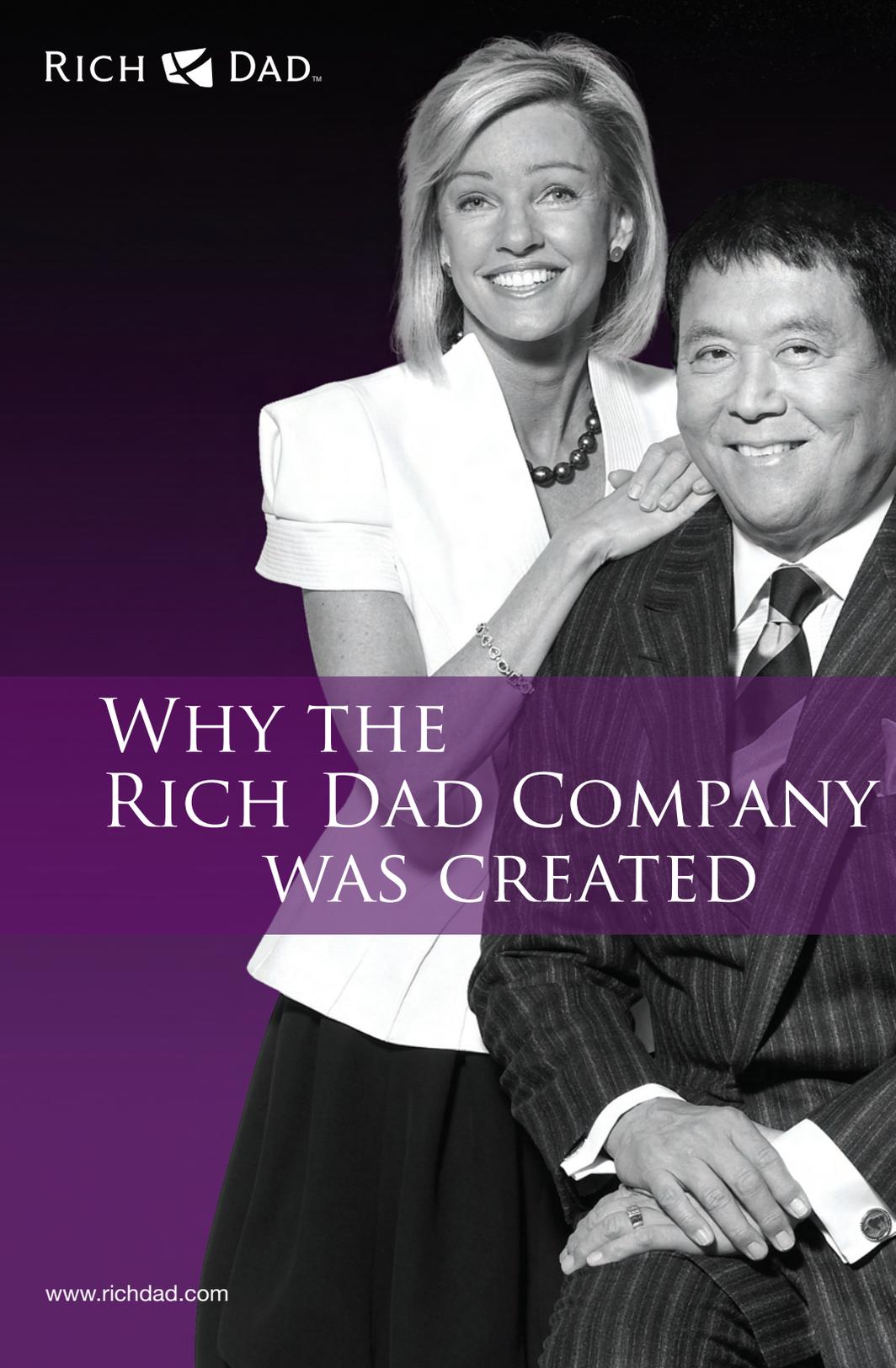


RICH  DAD™



WHY THE
RICH DAD COMPANY
WAS CREATED

www.richdad.com



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WHY THE RICH DAD COMPANY WAS CREATED

The following is a chronological walk through time, explaining why and how The Rich Dad Company came to be.

1956

In 1956, I was nine years old and had moved across town to become the new kid in a new school. The unique thing about my new school, Riverside School, was that it was built in the early 1900's as a school for rich kids, the sons and daughters of sugar-plantation owners and executives... sugar being the main industry for the town of Hilo, Hawaii. Interestingly, directly across the street was Hilo Union School, the elementary school for children of the plantation laborers, who were primarily immigrants from Japan, China, Korea, Philippines, and Portugal.

Riverside School was for white kids who spoke English. Union School was for minority children who spoke English as a second language. Simply said, it was segregation.

One primary test for entrance into Riverside School, even in 1956, was the student's ability to speak English. The kids at Union School spoke a brand of English, even today called Pidgin English, a mix of words and intonations reflecting the different races of Hawaii. Pidgin English was forbidden in our home, which made it easier for me to be admitted to Riverside School. It also helped that our family lived on the same side of

the street as Riverside School and that my dad was the Assistant Superintendent of Education for the state of Hawaii.

It was at Riverside School where I met rich dad's son, Mike. We were not the sharpest knives in the drawer and we were far from the richest. At the time, Mike's father, rich dad, drove a dump truck, and Mike begged his father to drop him off far from the school so our classmates would not see his father's truck. I walked to school. I believe it was our socioeconomic backgrounds that caused us to become friends.

I began working for rich dad at his office and at his construction sites after school and on Saturdays. Serving as a quasi-apprentice without pay, my education into entrepreneurship and investing began. In exchange for my labor, rich dad often used the game of Monopoly as an educational tool. In other words, I traded my labor for education and experience. If I had not been willing to work for free, not appreciating real-world education and experience, I doubt that rich dad would have spent much time on me.

During the game of Monopoly®, rich dad explained that one of the formulas for great wealth was found on the game board. Most of us know the formula, the formula of four green houses trading up to one red hotel. After playing the game for a number of months, rich dad took his son and me to see his real “green houses.” This opened my eyes to a world I did not know existed.



My poor dad, a schoolteacher by training, thought playing Monopoly® and doing odd jobs around a construction site were a waste of time. He would have preferred I spend more time doing my homework and getting better grades.

My poor dad was constantly upset that my rich dad refused to pay me. He believed in a day's pay for a day's work.

Looking back upon this time, it is clear to see how my poor dad was preparing me to become an employee, working for money.

My rich dad was preparing me to become an entrepreneur and investor not dependent upon a job and a steady paycheck. Playing Monopoly®, rich dad was teaching me about creating or acquiring assets such as green houses and red hotels.

At a very early age, I knew the difference between the words “assets” and “liabilities.” Simply said, “Assets put money in your pocket and liabilities take money from your pocket.” I also knew that, for most people, their house was not an asset.

I also knew that the primary difference between the rich and everyone else was that the rich had assets. The poor and middle class did not.

Little did I realize at that time, how this simple bit of financial education would change the philosophy, direction, and outcome of my life.

1960

In 1960, a tidal wave hit the town of Hilo, destroying acres of homes and businesses and taking many lives, including a few classmates’ lives.



The tidal wave was an event where the differences in philosophy between my rich dad and my poor dad became glaringly apparent.

My poor dad represented the city and state governments. His job was to condemn the lands that lay in the path of tidal waves. It was not the first time a tsunami had hit the town of Hilo.

The problem was that some of the land he was condemning belonged to my rich dad.

My poor dad often called my rich dad a “slum lord” who exploited the poor. My rich dad saw himself as a “provider of low income housing.”

My poor dad thought my rich dad should give the city and state his land for free. My rich dad wanted a good price for his land.

The battle raged on for years. Trapped in the middle at 13 years of age, I began to understand the differences in philosophies between a Socialist and a Capitalist.

1965

In 1965, Mike and I barely graduated from high school. We were chronically on academic probation, both flunking English our sophomore and senior years. We were surfers, not students.

Due to rich dad's influence, we were simply not motivated by the threat, "If you don't get good grades, you won't get good jobs." We did not want jobs. We knew we were going to be entrepreneurs.

Although we did not want jobs, both of us assured our parents that we would go to college and get our bachelor degrees. The problem was that our grades were so bad, we had a tough time gaining admission to most colleges.

Mike ultimately went to the University of Hawaii to be close to the family business, which was now expanding to other islands.

Although I had horrible grades, for some reason I received two congressional nominations from US Senator Daniel K. Inouye: one to the US Naval Academy at Annapolis, Maryland, and one to the US Merchant Marine Academy at Kings Point, New York.

After a battery of tests and interviews, I accepted the appointment to Kings Point because I wanted to be a ship's officer and follow in the wake of my childhood heroes: Christopher Columbus, Magellan, and Captain Cook, the explorer who discovered the Hawaiian Islands.

It was tough gaining admission to either school because the only 'A' I received in all my years in school was in Wood Shop. While my classmates were carving salad bowls for mom, I built an 8-foot sailboat because I wanted to sail the world. That is how I got to Kings Point.

Admission was delayed because of my two ‘Fs’ in English. I took a battery of tests to prove I could write and was finally admitted. Ironically, English at the academy was one of my favorite subjects, not because of the subject, but because of the teacher. Dr. Norton, a West Point graduate and B-17 pilot in WWII, inspired me to write. Today, I am best known for being a bestselling author.

The most important gift Dr. Norton gave me was re-igniting my love of learning, which had been crushed in high school. Little did I know that one day I would become an educational entrepreneur, creating my own educational system outside the system of traditional education, the very system my poor dad was in charge of.

The reason Kings Point kept me engaged was because it was hands-on, real-life education. Rather than sit in a classroom and learn theories, we, as students, sailed the world as junior officers aboard ships of the Merchant Marine. During my four years at the academy, I sailed on freighters, passenger liners, tankers, and tugboats all over the world. The world was a fabulous, real-life classroom.

1968

In 1968, while on Christmas break from school in New York, rich dad proudly showed me his big “red hotel,” right smack in the middle of Waikiki Beach. He had completed his game of Monopoly®. It took him a little more than ten years, going from small green houses, to his big red hotel.



At the age of 21, I said to myself, “If rich dad can do it, so can I.”

1969

In 1969, I graduated from Kings Point, third from the bottom of my class with a grade-point average of 2.01.

Although I had poor grades, I was one of three graduates hired by Standard Oil of California to be an officer for their oil tankers. I mention my grades because Standard Oil was a very desirable company to work for, and many of my classmates with better grades were turned away.

I had one advantage over my peers. During my time at the academy, I spent a lot of time as an apprentice with Standard Oil.

Many of my classmates wanted to work for Standard Oil because it was a great company with good benefits. The pay, while not great, was \$47,000 a year, working seven months on with five months vacation. Other classmates were hired by shipping companies carrying war supplies to Vietnam and were earning over \$100,000 a year, but they did not have much job security. Regardless, these were high-paying jobs for 21-year-old graduates back in 1969.

My first assignment as a licensed 3rd-mate officer was Valdez, Alaska, site of the Exxon disaster. Although my plans were to work for two years, save up some money, and then start my own business, I resigned after only 3 months.

I resigned from a great job with a great company because the Vietnam War was still on. I did not have to go to war because I was draft-exempt. Working for the oil industry classified me as working for a “Non-defense vital industry.” Yet I resigned from

Standard Oil, signed on with the Marine Corps, took a cut in pay from \$47,000 a year to \$2,400 a year as a 2nd Lieutenant and reported to Pensacola, Florida, for flight training. I resigned because I felt it my duty to fight for my country.



After graduating from flight school and receiving my wings, I was sent to Camp Pendleton, California, for a year to prepare for Vietnam. At Camp Pendleton, I transitioned to a helicopter-gunship pilot. Once machine guns and rockets were attached to my helicopter, the reality of my new job description sank in.

The good thing about working for Standard Oil is I learned a lot about the oil industry. Today I am a part owner of a small oil company, with oil wells throughout Texas, Louisiana, and Oklahoma. This too is a by-product of lessons from rich dad. He often said, “Never work for money. Work to own the company.” Today, Kim and I are owners of a number of oil wells that send us checks every month.

1972



In 1972, I was a Marine Corps pilot stationed on board an aircraft carrier off the coast of Vietnam. By this time, most of us knew the war was over. We knew the US had lost, though no one dared say it. We knew, as a country, the US had lost its will to fight. The Vietnamese people knew it too.

My first hint that something was not right was when a Vietnamese fruit vendor refused to accept Vietnamese currency, the piaster, nor would she accept the US dollar. She wanted gold for her fruit and gold she got... after she exchanged my crew chief's dollars for gold at the local gold exchange.

As you may know, President Nixon took the US dollar off the gold standard in 1971. Rather than be backed by gold, all currencies throughout the world are now backed by debt... and today we have a massive debt crisis.

Observing the fruit vendor's refusal to accept paper money was my first glimpse into the future. I was not sure exactly what I

was witnessing, but the fruit vendor's contempt for paper money was a primary event that ultimately led to the formation of The Rich Dad Company.

1973

In 1973, I returned home from the war. I was stationed in Hawaii to serve out the last year of my contract with the US Marine Corps. Returning home, I found my dad, age 54, in front of his television, out of work and out of money. He had run as a Republican for Lt. Governor for the State of Hawaii, and lost. He was also blacklisted from any level of state government employment because he had run for political office against his boss, the governor of Hawaii, a Democrat. It was my poor dad's fall from grace. It was his first major failure in life.

Although a smart, hard-working, well-educated man who attended the University of Hawaii, Stanford University, University of Chicago and Northwestern University, he was now collecting unemployment. Not being able to find a job, he cashed in his pension and savings, purchased a Swenson's Ice Cream franchise and lost everything in less than a year. After the Vietnamese fruit vendor, this was my second glimpse into the future. In today's crisis we have inter-generational unemployment, with parents and children both looking for jobs at the same time.

In 1973, I asked my poor dad for advice. I wanted his opinion on what I should do in a year, when my contract with the Marine Corps was up.

My poor dad's recommendation was to go back to school, get my masters degree, and possibly my PhD. If I did not go back to school, his recommendation was to stay in the Marine Corps and retire after twenty years. Another suggestion was to fly for the airlines or go back to Standard Oil and drive their tankers. His suggestions were to follow in his footsteps and become an employee like he had been, although he was now out of work.

I thanked my dad for his advice and drove to Waikiki, to my rich

dad's office. I was 26 years old and I knew it was time to make up my own mind and decide which dad I was going to follow.

A poem that assisted me in my decision was Robert Frost's "*The Road Less Traveled*." I quote a passage from it now:

The Road Less Traveled

TWO roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler, long I stood
And looked down one as far as I could
To where it bent in the undergrowth:

"I shall be telling this with a sigh

Then took the one less traveled by,
Somewhere ages and ages hence:

And having perhaps the better claim,

Two roads diverged in a wood, and I—
Because it was grassy and wanted wear,

Though as for that the passing there
I took the one less traveled by,

Had worn them really about the same,

And that has made all the difference."

And both that morning equally lay
In leaves no step had trodden black.
Oh, I kept the first for another day!
Yet knowing how way leads on to way,
I doubted if I should ever come back.

I shall be telling this with a sigh

Somewhere ages and ages hence:

Two roads diverged in a wood, and I—

I took the one less traveled by,

And that has made all the difference.

Although my vision of the future then was not as clear as it is today, I could sense this financial crisis coming.

In 1973, the path divided in the woods. Rather than travel down the traditional educational path my poor dad recommended, I chose the path of non-traditional education.

I signed up for my first real estate investment course, not to learn about real estate, but to learn how to manage debt.

Many people are only now discovering that, after 1971, the US dollar stopped being money backed by gold... and became a currency backed by debt. This is probably why the Vietnamese fruit vendor wanted gold, not dollars.

In 1973, I also signed up for Werner Erhard's personal-development seminar known as EST. It was highly controversial at the time. Most of my fellow



Marine pilots snickered and accused me of turning into a California fruitcake. This seminar opened my eyes to a whole new world of education. After the seminar, I found myself in a dilemma of who was right and who was wrong. Were the hippies protesting the war in Vietnam right, or was the military-industrial complex that I fought for right?

In 1973, I dropped out of the MBA program I had enrolled in and applied for sales training at Xerox and IBM. As my rich dad said, "Entrepreneurs must sell." The reason so few MBAs become entrepreneurs is because they cannot sell.



The following diagram is known as the CASHFLOW Quadrant:



E stands for employee.

S stands for self-employed or specialist,
such as a doctor or lawyer.

B stands for big business owner, 500 employees or more.

I stands for investor.

Simply said, my poor dad wanted me to become an E or S, which requires traditional education.

My rich dad suggested I become a B or an I, which requires different, non- traditional education.

Today, The Rich Dad Company provides education for those who want to become B's and I's.

1974

In 1974, I drove off the Marine Air Station and went to work for the Xerox Corporation in Honolulu.

Xerox sent me to Leesburg, Virginia, to begin a three-week intensive sales-training program. My training to become an entrepreneur had begun.

Today, I am known as a best-selling author, but not a best-writing author.

✉ 1977

In 1977, after becoming number one in sales at Xerox's Honolulu branch, I started the nylon-and-Velcro surfer wallet business with two friends. By 1978 my wallets became the hottest new product in the sporting-goods industry.

✉ 1980

In 1980, the wallet business failed. After international success, I was nearly a million dollars in debt. Success had gone to the heads of the three partners. We got cocky, bought fast cars and began dating faster women.

My real business education now began. I had to rebuild a broken company. I had to learn from my mistakes.

✉ 1981

In 1981, I met Dr. Buckminster Fuller as a student at Kirkwood, California, at an event entitled "The Future of Business." Dr. Fuller was a futurist, considered by many as one of the greatest geniuses of our times,



This event changed my life. I knew I could no longer be a manufacturer with factories in Taiwan and Korea, manufacturing my nylon wallets, hats, and bags. The problem was, I did not know what was next in my life.

✉ 1983

In 1983, Dr. Fuller released his book, *Grunch of Giants*. "Grunch" stands for "Gross Universal Cash Heist." Once the subprime crisis broke in 2007, the names of the giants of Grunch were revealed, names such as Goldman Sachs, AIG, Citigroup,

the Federal Reserve, Bank of International Settlements, the IRS, S&P, Moody's, Lehman Brothers, Merrill Lynch, and Bear Stearns.

I did not know it at the time, but the incident with the fruit vendor, my dad's unemployment, and Grunch were all leading me to my future and the crisis we are in today. Dr. Fuller, a futurist, was teaching me how to see the future.

1984

In 1984, I met my wife-to-be, Kim, and we set a goal to be financially free in ten years.

I shut my factories in Hawaii, Taiwan, and Korea. Kim and I set out to begin our own education company teaching entrepreneurship, investing, and social responsibility. We used games as the method for teaching. We were teaching our adult students to learn by playing specialized games, to first make mistakes and then learn from their mistakes... rather than fear mistakes, which traditional education teaches.

In ten years the business grew to have offices in the US, Canada, Singapore, Australia, and New Zealand.

1994

In 1994, Kim and I retired, financially free. Kim was 37 and I was 47. We had achieved financial freedom without traditional jobs or traditional retirement plans such as a 401(k). We simply put into action the lessons my rich dad had taught me earlier in life.



Kim and I also have the distinction of achieving financial freedom during the financial crisis which followed the 1987 stock-market crash and during the real estate crash, caused by the collapse of the Savings-and-Loan industry.

Our investments continue to do well even after the subprime crisis that began in 2007.

BETWEEN 1994 AND 1996



During these two years of retirement, Kim and I began working on our next entrepreneurial venture... the birth of The Rich Dad Company.

1996



In 1996, the commercial version of CASHFLOW[®], the financial-education board game, was played first in Las Vegas and the next month in Singapore.

The board game was designed to teach players the lessons from rich dad, the lessons that allowed Kim and me to retire in ten years.

CASHFLOW[®] is the first game that teaches the principles of accounting, business, and investing. The game was created to make learning fun and exciting. It was also designed to make learning simple, regardless of the player's past academic success or failure. CASHFLOW[®] was designed, like Monopoly[®], to be a financial-educational game for the masses. The only prerequisite is the desire to learn.

The CASHFLOW[®] game is important because most people without financial education do not know the difference between cash flow or capital gains. Most people invest for capital gains, which is why most people think investing is risky. A person who invests for capital gains hopes stock prices go up, since their retirement plan is invested primarily in stocks. These same people panic when stock prices go down, again because they invest for capital gains.

What does this mean today?

On October 9, 2007, the Dow hit 14,164, a historic high.

On March 10, 2009, the Dow fell to 6,547.

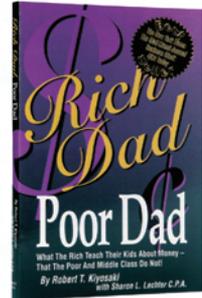
People who invest for capital gains panicked with this crash.

People who invest for cash flow saw the crash as a good thing.

The CASHFLOW® 101 and 202 games are designed to teach participants how to invest and profit from both cash flow and capital gains. Ultimately, a person with a sound financial education is not concerned about the ups and downs of the economy or the stock and real estate markets.

1997

In 1997, *Rich Dad Poor Dad* was published. One of the more prophetic and controversial statements in RDPD is, “Your house is not an asset.” Today, millions of homeowners are finding out the hard way that their home is not an asset, but a giant liability.



2000

In 2000, *Rich Dad Poor Dad* made the New York Times bestseller list. It is the only self-published book on the list.

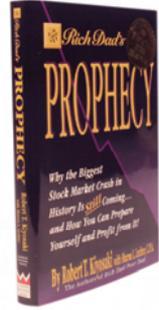
In 2000, Oprah called and I appeared on her program for an hour. The Rich Dad message spread world-wide.



Rich Dad Poor Dad remained on the New York Times List for over six years.

2002

In 2002, *Rich Dad's Prophecy* was published. This book forecast the biggest stock-market crash in history which would wipe out retirement plans of millions of baby-boomers. The cause of the crash was attributed to the aging of the world's baby-boom population and to the flaws in government guidelines on retirement plans, such as the 401(k) in America.



On October 9, 2007, the Dow Jones Industrial Average hit an all-time high of 14,164 points.

By March 10, 2009 the DJIA slid to 6,547-- a 50% loss in value in less than two years.

Again, for individuals investing for capital gains, any crash is breathtaking, especially a 50% slide.

According to *Rich Dad's Prophecy*, this is just the prelude to the bigger crash coming between 2012 and 2016.

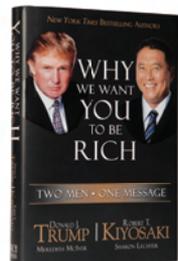
This is why there is a growing fear among baby-boomers that they will run out of money during retirement. This fear is because most people invest for capital gains, rather than cash flow.

2004

In 2004, the New York Times published an article about CASHFLOW® Clubs and estimated the number of clubs to be over 3500 world-wide.

2006

In 2006 Donald Trump and I released our book, *Why We Want You To Be Rich*.

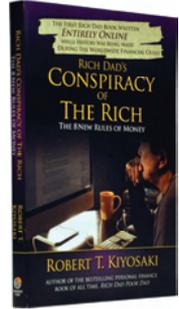


It is a book about the disappearing middle class, hence the title. In other words, given the choice between being rich or poor, both of us want you to be rich.

It is the first time Donald Trump has ever shared a book cover with another author.

2008

In 2008, *Conspiracy of the Rich* was available for free online. The book is written in two parts. The first part is about the causes of the financial crisis, which is not an accident, and explains why we have no financial education in our schools. Part two is about what you can do to not be a victim of the Conspiracy.



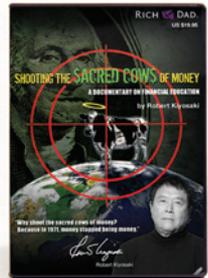
2009

In 2009, *Conspiracy of the Rich* was released in bookstores and immediately made the New York Times bestseller list.

2010

In 2010, a DVD entitled *Shooting the Sacred Cows of Money* was released. The DVD is about how the rules of money changed after 1971.

Prior to 1971, the sacred cows, the old rules of money, were: “Go to school, get a job, work hard, live below your means, save money, buy a house, get out of debt, and invest for the long-term in a well diversified portfolio of stocks, bonds, and mutual funds.” After 1971, those sacred cows of money became obsolete.



Unfortunately, due to lack of financial education, most people think these sacred cows are still sacred.

JULY 4, 2010 *The New York Times*

In 2010 on the Fourth of July, Independence Day, the New York Times ran a number of articles that reflect the era we live in.

An article entitled “*The Great Rupture*” described the struggles of the unemployed middle class and gave the following statistics.

The percentages of those who found work after losing their jobs:

26% of women

18% of men

29% of those ages 18 to 29

21% of those ages 30 to 49

12% of those ages 50 and older

In earlier times, age was a sign of experience and respect. If you were older in the middle class, and a man, you could expect to earn more money because age was more desirable in the Industrial Age. In the Information Age, as technology changes the work environment monthly, every year of age is not an asset. Age is a liability in the Information Age.

“*The Great Rupture*” also found that, of those who found a job by March 10, 2010:

55% took a cut in pay

59% were concerned about job security

61% took a job to get by while looking for something better

As more and more jobs migrate to lower-wage countries, the

idea of job security or a high-paying job are dangerous ideas.

In the same 4th of July issue of the New York Times, there was an article about the threat to a safe, secure retirement.

In the article entitled “*A Market Forecast That Says ‘Take Cover,’*” Robert Prechter of Elliot-Wave fame predicts a stock-market crash worse than the crash of 2008, 1929, or 1873. In this article, Prechter envisions a Dow below 1000 in five years or less.

So much for the financial planners’ advice: “Buy, hold, and pray.”

A Dow of 1,000 will mean that most retirement plans will be wiped out. Retirement will be a thing of the past, save for but a few people.

IN SUMMARY

In 1972, I caught a glimpse of this coming crisis when the Vietnamese fruit-seller would not accept piasters or dollars. She wanted gold.

Today, millions of people are buying gold due to the same fear the Vietnamese fruit-seller was feeling.

In 1973, I returned home from the war to find my dad, at age 54, out of work and out of money.

Today, millions of people are out of work or working at jobs that barely cover life’s expenses. Millions who have jobs are afraid of losing their jobs.

In 1973, following Robert Frost’s poem, I took the road less traveled and followed in my rich dad’s footsteps. And that has made all the difference.

THE PRESENT

The Rich Dad Company was created for this crisis, which is much more than an ordinary financial crisis. This crisis is an evolutionary event, the transition from the Industrial Age to the Information Age. Unfortunately, without financial education, millions will perish financially in this transition.

As I learned in Sunday School, “My people perish for lack of knowledge.”

Rich Dad was created to provide financial knowledge for the future.

Thank you for following this chronology.



Robert and Kim Kiyosaki
Founders of The Rich Dad Company



I AM THE RICH DAD COMPANY.

Welcome to my world. A world of possibilities, a world of learning, a world of understanding. A take charge world. Through me, people of all walks of life, from around the globe have a shot at their dreams. See, I am not just a company, I am an awakener. I am a teacher. I am a community builder... an empowerer that has changed lives, and is resolute to keep changing lives for decades to come. I won't stop. I am the Rich Dad Company and my mission on this earth is to elevate the financial well-being of humanity.

Is my task daunting? Hell, yes. Am I afraid? At times. But I don't allow fear to stop me. Because the Rich Dad Company thrives on leaps of faith. These leaps are the fires that ignite me and the catalysts of change. And with change comes growth. I believe following the status quo is what got so many people into the mess they are in. It's going to take unwavering, fearless actions and words to awaken the hearts and minds of people who unknowingly have been following the blind, with the hope and belief that they have been following the enlightened.

I know otherwise. I've lived through the lies and have seen the future with my own eyes. I am the Rich Dad Company and I don't believe hope gets anyone anywhere. Why hope when you can learn, understand, take action, achieve results and get stronger? I am not a helper. I am a teacher, a tough teacher that some won't be able to handle. I don't mince words, I rock most boats, I profess action, and I demand hard work today for freedom and happiness tomorrow. But I also simplify the path and keep it fun, entertaining, experiential, and unforgettable. That's what good teachers do.

I know some people won't step up. They are simply too lazy, too scared, too comfortable, or are basking in the lull of false security to take charge of their lives. Some will come around. And when they do, I'll be there with lots of entry points: Books they can read. Games they can play. Videos they can watch. Seminars they can attend. Coaches they can hire – just to name a few. I have many doors, and every one of them is open to the willing, no matter their standing in life. Taking control all starts with a dream.

Like those whom I teach, I am learning and growing, too. I recognize that finding true happiness means expanding beyond a mission of financial well-being to a mission of complete well-being: in health and wellness, spiritual awakening, philanthropy, business building, and purpose. In essence, a Rich Life. And that is my next transformation. Because if we are not growing, then we are dying. Those who have transformed their lives through me, have tremendous stories to tell. They are stories of strength, optimism, power, spirit, and winning. These people are going beyond the basics of the Rich Dad principles. They are emerging into The Rich Life, and so am I.



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