Block X

TX1	**Input 1:** Signs Output 0	**Output 1:** Spends Output 0

Block Y

TX2	**Input 2:** Signs Output 1	**Output 2:** Spends Output 1

Block Z

TX3	**Input 3:** Signs Output 2	**Output 3:** Spends Output 2

Alice

Private Key: k1 → Public Key: P1

Bob

Private Key: k1 → Public Key: P2

Output 0			
	TX1	**Input 1:** Signs Output 0	**Output 1:** Spends Output 0 to P1

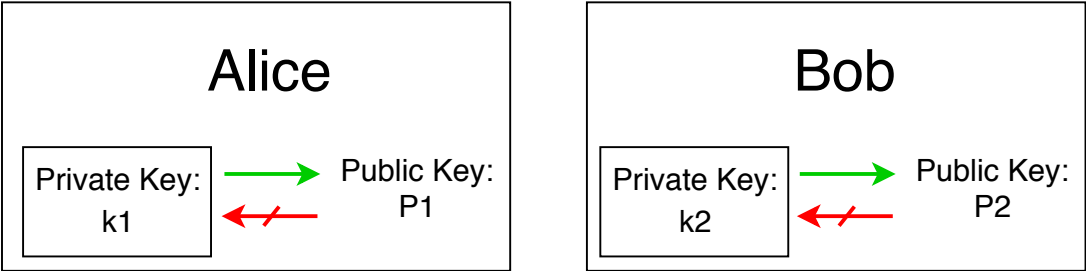|			
TX2	**Input 2:** Signs Output 1 with k1	**Output 2:** Spends Output 1 to P2	

Output 0 is referenced as the
input of this transaction and is
paid to Alice. This transaction
input is signed by whoever
paid Alice

Unspent transaction.
Spendable by anyone who
can produce a valid
signature corresponding to
P2

Alice

| Private Key: k1 | → ← | Public Key: P1 |

Bob

| Private Key: k2 | → ← | Public Key: P2 |

| TX1 | Input | Output: Spendable by owner of P1 |

| TX2 | Input | Output: Spendable by owner of P2 |

| TX2 | Input 0: Points to TX1 output and is signed by A using k1 | Output: 2-of-2 Multi-signature output that requires signatures from owners of the private keys corresponding to P1 and P2. |
| | Input 1: Points to TX2 output and is signed by B using k2 | |

| A | | B |

| 10 | 5 |
| 2-of-2 Multisig | |

| A | | B |

| 10 | 5 |
| 2-of-2 Multisig | |

| Signed by **A** | |
| 9 | 6 |

```
        ┌─────────┐                          ┌─────────┐
        │    A    │                          │    B    │
        └─────────┘                          └─────────┘
              │                                    │
              └──────────┐            ┌────────────┘
                         ▼            ▼
                    ┌──────────┬──────────┐
                    │    10    │    5     │
                    ├──────────┴──────────┤
                    │   2-of-2 Multisig   │
                    └─────────────────────┘
                              │
                              ▼
                    ┌─────────────────────┐
                    │  Signed by A and B  │
                    ├──────────┬──────────┤
                    │    9     │    6     │
                    └──────────┴──────────┘
                     ◄──┘            └──►
```

```
        ┌─────────┐                          ┌─────────┐
        │    A    │                          │    B    │
        └─────────┘                          └─────────┘
              │                                    │
              └──────────┐            ┌────────────┘
                         ▼            ▼
                    ┌──────────┬──────────┐
                    │    10    │    5     │
                    ├──────────┴──────────┤
                    │   2-of-2 Multisig   │
                    └─────────────────────┘
                     ┌──────────┘       │
                     ▼                   │
            ┌─────────────────────┐      │
            │  Signed by A and B  │      │
            ├──────────┬──────────┤      │
            │    9     │    6     │      │
            └──────────┴──────────┘      │
             ◄──┘            └──►        │
                                         ▼
                              ┌─────────────────────┐
                              │  Signed by A and B  │
                              ├──────────┬──────────┤
                              │    8     │    5     │
                              └──────────┴──────────┘
                               ◄──┘            └──►
```