

**To:** jeffrey epstein (jeevacation@gmail.com)[jeffrey epstein (jeevacation@gmail.com)];  
jeevacation@gmail.com[jeevacation@gmail.com]  
**From:** Boris Nikolic  
**Sent:** Mon 4/15/2013 9:56:01 PM  
**Subject:** FW: Jawbone follow-up

Hi Boris,

We re-ran the model assuming that the UP band adoption curve tracks more closely to the Blackberry adoption curve. While we think this rate of adoption is more reasonable than the company's projections, it may still be much too aggressive.

Using the proposed common stock price we calculate a ~2x MOI return over a ten year period. In our view it does not make sense to pursue an investment at this price.

In addition, a secondary only transaction structure would make us uncomfortable since: a) we'd have no contractual relationship with (and no representations and warranties from) the company; and b) we wouldn't have a liquidation preference or any of the other rights enjoyed by the holders of preferred stock (e.g. information rights and rights to participate in future financings).

Please let us know if you'd like to discuss further.

We also considered how to message the reasons for passing on Jawbone. Here are the points that we think are most appropriate to share:

- In our view, the projected UP band unit sales are much too aggressive (absolutely, and in light of competing and expected new products);
- We are uncomfortable with the projected margin expansion (~15%), especially since we aren't aware of any specific drivers (value engineering is all that has been referenced) and the projected margin in 2018 is ~13% higher than the industry median; and

- We are concerned about the likelihood of making a reasonable return on this investment since the proposed entry multiple is ~5x revenue and the average trading multiple for public comps is less than 1x revenue.

Please let us know if you have comments or would like to take a different approach with the message.

We think it probably makes sense for you to contact Hosain given your prior conversations and the relationships you have with others that are involved with the company.

But we are happy to join you on a call or message directly if you'd prefer.

Thanks,

Rodi