

To: Steven Sinofsky [REDACTED]
From: Jeffrey Epstein
Sent: Wed 4/3/2013 9:51:59 PM
Subject: Re:

removing means only talking to me and not to jay, so that i can filter and highlight,

On Wed, Apr 3, 2013 at 5:18 PM, Steven Sinofsky [REDACTED] wrote:

of course this is all good. there's no blame to go around.

couple of thoughts:

- not sure what me "removing myself" does but up to you
- my view is that they offered a "random \$5m" and I came back with make me whole for leaving and not asking to rest and vest ("the andy lees treatment" as lisa Brummel/HR calls it). Brad will say this is a cost to me of being removed because was toxic. So is andy. But \$10 seems like a random number halfway between a logical number and another random number (\$5).
- I would prefer not to name Samsung as instead say "Aside from this list of companies, Steven and other former Microsoft employees can join any organization without litigation". I want to push on other people and not have them name Samsung or any other company (box.net for example) a no fly zone *because* of me.
- I don't want to be reciprocal in unenforceable things like non-disparagement. I want all of that to be one sided. the goal is to make this as petty as possible.
- I have been beyond reproach. It is my style. I just don't do stuff like that about competitors or just people I don't like.

Ovitz says hi. We had lunch.

Sent from Surface RT

Check out <http://blog.learningbyshipping.com>

From: Jeffrey Epstein
Sent: Wednesday, April 3, 2013 1:17 PM
To: Steven Sinofsky

Brad is really at 10. being gracious and above reproach in this negotiation will go a long way to stopping steve from trashing you. you are right about the pr and i am very sensitive to it. I will handle it moving forward with jay, you can always blame jay, we will tell brad that you have removed yourself. I will charge you a one million dollar fee (i will not get insulted if you choose not to). Right at the end, not for jay, I will attempt to specifically get samsung approved. letting steve feel good that he fucked you already, will minimize the moving

forward , so i do not want to give up the higher amount demadn until the very last minute

On Wed, Apr 3, 2013 at 9:59 AM, Steven Sinofsky [REDACTED] wrote:

My gosh, I am sooo sorry that I was not explicit in showing my appreciation. I am deeply appreciative from the moment of referral to you checking in on things to the side dialogs you've had. I'm terribly sorry I did not express that in a way that made it clear.

Thank you.

I'm more than happy to turn this over to you. Any fee you want is fine. That isn't an issue for me at all. Or if you don't want to be involved that is fine too. I would rather be friends more than anything.

I'd like you to be involved. I just want you to understand a little more about the situation. It is more nuanced than a money negotiation i think.

We've both done lots of contracts and have both been more involved with lawyers tons more than we would have liked. But in very different ways and with different business situations. Together we bring almost too much experience. :)

For me, the currency in this negotiation isn't money. Steve doesn't care about the money because he knows I am not motivated by the money. The most important thing for Steve is foreclosing options for me. That is why he did the negative stuff about me. The second most important thing is just feeling like he won. That means he gets to brag about something. Me being a vc is a victory for him. Me being a startup CEO is a victory. Samsung is a clean loss.

I have been part of a dozen lawsuits filed after Microsoft people went to competitors. It is nasty, public, and ultimately Microsoft prevailed in all of them. Either the person backed down or ended up so tarnished they were ineffective. The suits are filed regardless of the work--"inevitable leakage of trade secrets".

PR is part of foreclosing options. People do remember pr. Read about "Kai Fu Lee". He was branded ineffective and then left google as ineffective. He was a traitor then and is now a traitor to China. Maybe he is all of those in reality, but he was also a leading Carnegie Mellon computer scientist.

This goes back to the 80's and is always done. Senior people leave and there is a lawsuit if they go to a competitor. Always.

If I choose to be a manager of people, especially a large group, then that group will know about me almost exclusively through what they read about me. I don't get a chance to charm

them. And because of the lag time from start to releasing a new product it means i have to change an organization and manage it with a cloud of doubt or worse. Getting the most out of a team becomes impossible. That's the failure cycle. It is real.

Managing a large team when they get all of their information about their manager from the web or launching a product when the press thinks they know you is all impossibly hard with bad "personal pr".

The "sightings" are real. Just like the conference I signed up for this is what impacts negotiation. I do believe in sharing that with counsel which might be different between us. Both ways can work (or not).

But the truth is people went straight to Steve and Steve went straight to brad. Just like how steve fired off panic mail after i signed up to speak at the conference.

It was a "material" event. Samsung is, in Steve's words, "our new biggest competitor". Microsoft depends on hardware and only two companies that make hardware are executing--apple and Samsung. Lenovo steals windows and all the others from hp to dell to asus are betting on android big.

I don't think I have been flip flopping or erratic. I have been frustrated at jays lack of engagement after the New York meeting. I think this is just like your frustration with his worries. I have no worries not closing but dragging it out isn't good for anyone since everything that happens in public changes the negotiation. Even Windows Blue(next release) gives Steve more confidence he doesn't need to signs this.

His second concern is me stealing people. That's why he wants a gag order.

The only tool they have is money or suing me. Suing me is hard but hardly impossible. The only variable is that suing me means a deposition for Steve. But if they don't sue me then they have to sue everyone who leaves with me. That they don't prefer.

I think:

- \$15m to me is fair and reasonable since it was comp i earned modulo the proxy bullshit which drops 125,000 or so shares. For negotiation more than happy to say "plus 5m cash". I don't care about the timeline. Id set up an automatic escrow account so I don't have to go back to them.
- Not working at apple, google until 2014 is fine
- Cooperating and not poaching is fine
- The timeline doesn't matter so long as jay is driving and not letting brad stall. That's new since jay is dragging now.

I can say yes to Samsung with an agreement. If we don't have an agreement I will get sued going to Samsung. They know it and i know it. If not then tell me why not?

I think they should agree not to sue other microsoft people who leave to the same company as me. That's new. That's added because of the way they structured the gag order. If I can't talk to them about stuff then i can't be recruiting them. If i go to Samsung they can't now declare that a competitor because of me. People can quit and join other companies.

On Apr 3, 2013, at 4:34 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

no secret I texted melz. I would like you to succeed, which means only to get what you want, that is for you to decide. I think it is a sensitive negotiation, therefore even more important to decide on your personal priorities. get it closed, is ok, but if that message comes out in the wrong way, it will do you more harm than good. One moment you say it has to get closed and the next you say im not impatient. If I can help I will, It appears as if you think i am beating up on you, no thanks. thank you, or the merest sign of appreciation, I will play any role you choose, except for the villain. I will take total control and leave you out if thats what you prefer. you are too close, and worried about press, lawsuits, gossip, perceived slights. I actually know how difficult this is for you, and if i were a girl would give you a hug,. This is not life and death, things will be ok,

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