

From: Richard Kahn <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Fwd: SharesPost - access to preferred Dropbox fund
Date: Thu, 29 Jan 2015 14:23:52 +0000

not sure if you have interest in investing in Dropbox
if so i can obtain more details on previous valuations and potentially financial information
please advise
thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
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Begin forwarded message:

From: Geno Zawrotny <[REDACTED]>
Date: January 29, 2015 at 3:36:59 AM EST
Subject: Re: SharesPost - access to preferred Dropbox fund
To: Richard Kahn <[REDACTED]>

Here are my notes:

Dropbox details:

Dropbox announced partnership today with MSFT integration into Office!

<http://www.theverge.com/2014/11/4/7153975/dropbox-microsoft-partnership-microsoft-office>

Chat with COO Dennis Woodside

<http://fortune.com/2014/11/04/dropbox-dennis-woodside/>

- we have access to DB via a partner who has been approved to be on the cap table (DB does not allow any secondary trades).
 - our investment LLC will be an LP in the fund
- 490M Estimate fully diluted shares

Market share information:

According to OPSWAT's market share report from April (link and graphic below) Dropbox has ~35% of the cloud storage market:

<http://www.opswat.com/about/media/reports/advanced-threats-backup-p2p-april-2014>

Market Share

33.8% Dropbox

25.1% Google Drive
19.3% OneDrive
5.8% Norton Online Backup
3.1% SugarSync
1.8% iCloud
11.1% Other

Competition - Box

There are many concerns with Box - they are burning cash at an alarming rate, their expenses are almost double their revenue, and they cannot raise the amount of money they need to fight off the competition and, importantly, make acquisitions. Box has made two acquisitions since 2014 for a total of ~\$5mm and only six in their history. Dropbox has made 9 acquisitions in the last year and 19 in total (made a \$100mm acquisition today, link below). Dropbox could raise \$500M to \$1B right now in the private market while Box is struggling to even raise \$150M at a \$1.6B valuation in an IPO.. Dropbox also has access to \$1B in unsecured credit facility from the top investment banks.

This is a great article which addresses many of Box's issues.

<http://pando.com/2015/01/09/ipo-of-last-resort-box-has-no-choice-but-to-go-public-despite-its-ugly-numbers/>

I also think the market is being more discerning right now (somewhat binary) and giving higher multiples to the higher quality names with better cash positions/burn rates. We saw this with HortonWorks and New Relic's recent IPO pricing as they were priced at a steep discount to their previous financing rounds (have since recovered).

Quick shot on Dropbox, they are expected to have \$1B+ in revenue this year and grow at a 95% CAGR into 2017 (from previous financing round diligence).

<http://techcrunch.com/2015/01/21/dropbox-cloudon-purchase-another-move-in-evolving-enterprise-strategy/>

Regards,

Geno Zawrotny | Vice President, Private Securities Group

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On Wed, Jan 28, 2015 at 9:59 AM, Richard Kahn < > wrote:
do you have a report on dropbox that i can send to my principal

range of capacity for an investment?
thank you

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On Jan 26, 2015, at 6:37 PM, Geno Zawrotny <[REDACTED]> wrote:

Hello,

Please let me know if you are interested in indirect access to Dropbox preferred shares at an estimated \$25 per share, possibly slightly better. Estimated fully diluted shares is 510M, therefore approximate valuation is \$12.75b range. Call me for additional details.

Indicate your level of interest and timing if interested.

Best,

Geno Zawrotny | Vice President, Private Securities Group

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