

30 July 2013

Mr. Jeffrey Epstein
9 East 71st Street
New York, NY 10021-4102

Dear Mr. Epstein,

It is a privilege for Sotheby's to present you with our recommendation for the sale of your magnificent platinum and diamond ring. We were delighted to meet with Richard Kahn yesterday and to view your D color, emerald-cut diamond of 32.73 carats. Its exceptional beauty and the superb quality of the diamond makes it ideally suited to our global audience of discerning collectors.

To follow up on our conversation with Mr. Kahn, this letter outlines our proposed sale and marketing plan and our beneficial terms of sale. Our objective is to maximize your financial return and to provide you with a seamless consignment experience. While we are presenting our sale recommendation in a bulleted format as per Mr. Kahn's request, please know that we are happy to elaborate further on any details described herein.

Sale Recommendation

- We propose the 11 December 2013 sale of Magnificent Jewels in New York. The timing of this sale allows us to exhibit the diamond ring around the world for two months prior to the auction and capitalizes on cross-marketing opportunities with Sotheby's most powerful buyers.
- Our recommended auction estimate is \$2,750,000-3,750,000. The estimate is designed to attract the greatest number of bidders to compete at the sale, and should be viewed as a starting point from which the price would rise. The protective reserve price may be discussed closer to the auction.

Global Marketing Plan

- The international traveling exhibition this October and November will include viewings and events in key markets -- Hong Kong, London, Geneva, Los Angeles, and potentially the Middle East. At each venue we will feature your diamond ring as a highlight of the December sale and ensure that

prospective buyers have the opportunity to discuss it with a senior jewelry specialist.

- The diamond ring will be exhibited in New York at the time of our fall Impressionist, Modern, Contemporary and 19th Century European Art presale exhibitions, promoting the ring to a global group of collectors who routinely spend at the highest levels of the art market.
- We will feature your diamond ring in the winter issue of *Sotheby's at Auction*, our international publication promoting the very best pieces to our most active clients – including 10,000 of our most significant bidders, whose combined purchases represent nearly \$9 billion in sales over the last three years.
- The ring will be prominently presented in a double-page spread in the printed catalogue distributed to thousands of collectors in 76 countries. The Magnificent Jewels catalogue is also available on our website and our bespoke iPad catalogue app.
- Additional sale promotion includes the press release distributed to financial, lifestyle and general interest journalists, building signage, and at VIP client events in New York, London, Hong Kong and Geneva.
- Our global team will contact collectors on a one-to-one basis to promote the diamond ring as soon as you have agreed to proceed with its sale.

Terms of Sale

- Given our enthusiasm to potentially offer your diamond ring for sale at Sotheby's, there will be no commission or expenses associated with the sale of the diamond.
- Sotheby's will cover all costs for marketing, our assumption of the liability for risk of loss or damage, transit to worldwide exhibition venues, and recertification of the diamond at the GIA.
- If the diamond exceeds the presale high estimate and is sold for more than \$3,750,000, Sotheby's will earn a success fee of 2% of the hammer price, provided that you net no less than \$3,750,000.

The consignment deadline for the December Magnificent Jewels sale is: August 16th. This date allows us to obtain a current gemological certificate and commence with

the marketing of the diamond ring. Of course, should you wish to consign the ring earlier, we are happy to receipt the ring at an earlier date.

I hope this letter conveys the dedication with which Sotheby's would undertake the sale of your diamond ring. Nothing would please us more than to present this diamond to our international audience of collectors and realize for you the highest possible price. Should you have any questions about our sale recommendation, I am happy to discuss them with you at any time. I would also be happy to discuss our recent successes with other exceptional diamond rings.

Thank you again for asking Sotheby's to provide you with our sale proposal. We very much look forward to working on your behalf.

Sincerely,



Gary H. Schuler
Senior Vice President
Director, Jewelry Department

[Redacted]
[Redacted]

cc: Mr. Richard Kahn