
From: jeffrey E. <jeevacation@gmail.com>
Sent: Monday, September 28, 2015 4:16 PM
To: Richard Kahn
Subject: Re: FW: Series 8 Investment to Cover Common Investment

yes for our entire inviestment

On Sat, Sep 26, 2015 at 12:21 PM, R=chard Kahn <From: <mailto:[REDACTED] = target=> Richard Kahn <mailto:[REDACTED]>>>
Date: Friday, September 18, 2015 at 9:=1 PM
To: Jeffrey Epstein << href="mailto:jeevacation@gmail.com" target=" _blank">jeevacation@gmail.com>>
Subject: Fwd: Seri=s 8 Investment to Cover Common Investment

Andrew called this afterno=n and asked if we were going to participate in series 8. I expressed our d=spleasure that our entire investment could not be protected. He then said =hat is not true. I said this is now the third time they are changing fact =attern. He prepared attached summary for your review. He said they have 33=5 of 35mm to force black rock to invest final 50mm. Please advise if you h=ve any interest in investing. Thank you.

Richard Kahn
HBR= Associates Inc.
575 Lexington Avenue, 4th Floor
New Y=rk, NY 10022
Tel [REDACTED]
Fax [REDACTED]
Cell [REDACTED]

Begin forwarded message:

From: Andrew Lindsay <[REDACTED]</=>>
Date: September 18, 2015 at 9:27:27 PM EDT
To: R=chard Kahn <<mailto:[REDACTED]>>

Hi Rich,

It was great chatting =ith you this morning. As I noted, Mort can make an investment in Ser=es 8 to have enough liquidation preference to cover both its common and pr=ferred investments. With an investment of just \$1.25M in Series 8 wi=l result in Mort having a resulting total liquidation preference of \$11.25=, to cover the previous \$5M of common, \$5M of preferred and new \$1.25M inv=stments.

In addition to the increased liquidation=preference, for the \$1.25M, Mort will also receive an incremental 677,244 =shares with all the upside of Jawbone equity. That equates to \$1.85 p=r share.

Detail of the structure is included in t=e attached document.

I've also include= a summary of the successful launch of our recent UP2 and UP3 products.♦=A0 It's been very well received with reviews like this <<http://www.independent.co.uk/life-style/gadgets-and-tech/features/jawbone-up3-review-is-this-the-best-wearable-fitness-band-on-the-market-10495277.html>> .

Thanks,
Andrew

From: Richard Kahn <[REDACTED]<mailto:[REDACTED]>>
Date: Thursday, September 17, 2015 at 4:33 PM
To: Jeffrey Epstein <jeevacation@gmail.com <mailto:jeevacation@gmail.com>>
Subject: Jawbone

=/div>

i spoke with Andrew Linsey, =nna and Will from Code Advisors as Hosain was unavailable last week on=y 5,000,000 of investment would be covered as this can only apply to prefe=red shares

our investment in Series 5 was as foll=ws:

Preferred 695,301 x 7.19113 = 5,000,000
Common 1,260,233 x 3.96792 = 5,000,000

I =as told on call that valuation of company at time of Series 5 was 1,650,00= post Series 6, 7, 8 and Blackrock note have further dilut=d our investment and although they would not give me an exact figure our n=w breakeven without Series 8 participation appears to be 3,250,000

With Series 8 investment of 833,000 i believe believe we =ould receive the following on a sale of company post April 28 2016

1,000,000 7,5=0,000 from preferred and 0 from common (0 received without Series 8)
=div>2,000,000 7,500,000=from preferred and 0 from common (0 received without Series 8)
3=000,000 7,500,000 from =referred and 0 from common (0 received without Series 8)
3,250,0=0 7,500,000 from preferr=d and 5,000,000 from common (10,000,000 received without Series 8)

it appears Series 8 protection provides protection from 1=000,000 to 3,250,000 on liquidation

April 28 2016 is key date as =t is 1 year anniversary of Blackrock investment and if company sold before=that date they have a 3x liquidation preference

<=iv>As of last friday they have raised 33,000,000 of the 35,000,000 needed =or Blackrock to release final 50,000,000

If that is =chived they would have raised since April 28 2015:

220,000,000 Blackrock original note
40,000,000 Series 8=JPM (34) and Sequia (6)
50,000,000 Blackrock additional</=iv>
35,000,000 Series 8 (33mm raised to date)
50,0=0,000 Blackrock final
395,000,000 To=al raised

As of Sep 11, 2015 there=cash flow was as follows:

30,000,000 in cash♦=A0

85,000,000 (Series 8 and final Blackrock)

115,000,000 potential cash

Once 85,000,000 is s=cured they will finalize deal for an ABL credit line in the amount of 50,0=0,000 that will be collateralized by AR and Inventory

=div>They mentioned that Q4 would be cash flow positive however they did no= elaborate on what their loss for 2015 or 2016 would be..

When i=pressed them and said i thought they would would be out of money by mid 20=6 and we again may be further diluted with a Series 9 or 10 they responded=that they had new management that would not allow this

They said Jason Child, new CFO, has already run analysis to ensure th=t they remain cash flow positive in 2016

Not sure that is so rea=istic as they also mentioned that Fitbit already has market share and that=they will not chase market share via lower pricing or marketing

=n addition they will not build large inventories with vendors if they need=to conserve cash

Andrew stated that Hosain made poor non financi=ly focused decisions and new CFO will not allow that moving forward =/div>

Jawbone believes it will be the leader in the next phase which w=ll evolve from basic wellness to health and medical (blood pressure, respi=ation and oxidation)

Analogy was used that basic wellness market=is similar to Smartphones in the early 2000's and Symbian who was =eader disappeared

My concerns are as follo=s:

a) Jawbone is always one step behind and they keep jumping to=the next Hot idea..

b) There will inevitably be a Series 9 / 10 =ound as i believe they will again run out of cash middle of next year caus=ng further dilution to Series 8 they are asking us to participate in

=div>

Andrew also sent email with codes for free UP 2 or=UP 3 product

I will order and have for you on your next visit (d= you have a color preference - black, silver, indigo and red?)

<=r>

http://www.amazon.com/UP3-Jawbone-Activity-Tracker-Black/dp/B00N9E6DUK/ref=sr_1_1?ie=UTF8&qid=144251265&sr=8-1&keywords=up3

Please advise how you want to proceed with Series 8 proposed investm=nt of 833,000

Thank you

=br>

Richard Kahn

HBRK Ass=ciates Inc.

575 Lexington Avenue 4th Floor

New York, NY 10022tel <tel:████████>

fax

<tel:████████>

</=iv>

On Sep 17, 2015, at 2:38 PM, jeffrey E. <jeevacation@gmail.com <mailto:jeevacation@gmail.com>> wrote:

=id you check with hosssain re amount of investment covered
jeevacation@gmail.com,=and
destroy this communication and all copies thereof,
including all=attachments. copyright -all rights reserved

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please =ote

The information contained in this communication is
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