United States District Court
Northern District of California
Case No. 4:24-CV-04722-YGR
Case Title Musk et al. v. Altman et al.
Exhibit No. DX-0509
Date Entered
Mark Busby, Clerk
By: , Deputy Clerk
Δ DEFENDANT Δ

From: Elon Musk
To: Greg Brockman
Cc: Sam Altman
Subject: Re: follow up from call
Date: Tuesday, November 24, 2015 2:09:53 AM

I think we need a very simple comp structure, which you pretty much have in the offer letters, apart from how one should value the stock of YC companies. At the risk of sounding pessimistic, I think we are going to see a lot of startup death in the next few years and the value of equity in general will drop massively. We are already in the early part of the down cycle.

In order to know what comp makes sense, it would be helpful to understand what comp each candidate is being offered by other companies. We don't have to match Google, but we also can't be an order of magnitude off. Ilya was very clear that the current offer wouldn't cut it. I don't know how the others feel, as they didn't say anything explicitly and I haven't talked to everyone.

Despite what SpaceX is doing, since this is located in the valley, I'd go with straight four vesting evenly distributed. That's what we do at Tesla to match market conditions. However, make the initial cash vest grant much lower and commit to do anywhere from 50% to 200%+ of the initial grant every year, depending on whether they have an ok or an amazing year. These would naturally stack over time.

If we don't have differential comp, we risk losing at least some great people as soon as they do something notable and get a giant offer from the usual suspects. They will blame on their spouse :~

We absolutely shouldn't differentiate between engineers and "researchers". The latter is just an engineer with ego issues. SpaceX is at the absolute forefront of the advancement of space -- far beyond what any so-called research professor is doing -- but no one is called anything but an engineer.

I have a crazy packed day tomorrow, but am free to talk on Wed.

> On Nov 24, 2015, at 1:14 AM, Greg Brockman <[redacted]> wrote:
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> BTW, no urgency, but here's one angle for a more public facing post:
> https://quip.com/UF6cAcBJby4C. Would be curious if it resonates.
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> On compensation framework, below are some of the questions I've been
> thinking about, in rough order of importance. This is definitely not
> my field, so I'm sure I'm completely off-base in how I'm thinking
> about some of these. Apologies for the length, but would love to hear
> any thoughts from either of you!
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> - **What's the right total 5-year compensation package?** My thoughts:
> if we discount the YC stock value by 25% annually and assume 9 years
> to liquidity, after 5 years of the current offer you'd have a value of
> $2.4M [1]; at 35% it's only $1.6M. So something in that range seems
> about right. Also, entry-level market rate for our researchers seems
> to be about $250k-$300k. I haven't done a super thorough
> investigation, but one combination of numbers (see [2] for a few) that
> works reasonably well is a $175k salary + $1.5M cash bonus vesting on
> the SpaceX schedule:
> - Year 1: $150k bonus ($325k total)
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> short term, I think everyone just needs to be completely awesome, and
> we should be focused completely on putting this group on the map. In
> the medium term, we'll need a more rigorous story. By default, we'll
> be committed to this bonus schedule up-front (unlike, if I understand
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>>> - AI Summer
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>>> Curious if any of those appeal (no worries if you think they are all bad :)).
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>>> Yep, fair. I'll try drafting something along those lines today to get a feel for it.
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>>>> We need to go with a much bigger number than $100M to avoid sounding hopeless relative to what Google or Facebook are spending. I think we should say that we are starting with a $1B funding commitment. This is real. I will cover whatever anyone else doesn't provide.
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>>> Lastly: I'm very excited about where this is going. Your involvement adds a ton of energy to what we're doing, and I feel even more optimistic about our ability to really get this done with you aboard.
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>>> Thanks so much, and looking forward to working together,
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>>>> Hey Elon,
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>>>> Nice chatting earlier.
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>>>> As I mentioned on the phone, here's the latest early draft of the blog
>>>> post: https://quip.com/6YnqA26RJgKr. (Sam, Ilya, and I are thinking
>>>> about new names; would love any input from you.)
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>>>> curious what you think of that kind of messaging. I don't want to pull
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>>>> Assignment and Arbitration Agreement
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>>>> forgive any bumpiness along the way, and please let me know if
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Please let me know if you have any questions — I'm available to chat any time! Looking forward to working together :).
"""

- gdb

From: Greg Brockman
To: Elon Musk
Cc: Sam Altman
Subject: follow up from call
Date: Sunday, November 22, 2015 6:11:13 PM
Attachments: YCR offer letter (template).pdf

Hey Elon,

Nice chatting earlier.

As I mentioned on the phone, here's the latest early draft of the blog post: https://quip.com/6YnqA26RJgKr. (Sam, Ilya, and I are thinking about new names; would love any input from you.)

Obviously, there's a lot of other detail to change too, but I'm curious what you think of that kind of messaging. I don't want to pull any punches, and would feel comfortable broadcasting a stronger message if it feels right. I think it's mostly important that our messaging appeals to the research community (or at least the subset we want to hire). I hope for us to enter the field as a neutral group, looking to collaborate widely and shift the dialog towards being about humanity winning rather than any particular group or company. (I think that's the best way to bootstrap ourselves into being a leading research institution.)

I've attached the offer letter template we've been using, with a salary of $175k. Here's the email template I've been sending people:

"""
Attached is your official YCR offer letter! Please sign and date the your convenience. There will be two more documents coming:

- A separate letter offering you 0.25% of each YC batch you are present for (as compensation for being an Advisor to YC).
- The At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement

(As this is the first batch of official offers we've done, please forgive any bumpiness along the way, and please let me know if anything looks weird!)

We plan to offer the following benefits:

- Health, dental, and vision insurance
- Unlimited vacation days with a recommendation of four weeks per year
- Paid parental leave
- Paid conference attendance when you are presenting YC AI work or asked to attend by YC AI

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Please let me know if you have any questions — I'm available to chat

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