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-0862
Date Entered
Mark Busby, Clerk
By: , Deputy Clerk
Δ DEFENDANT Δ

From: Shivon Zilis <shivon@neuralink.com>
To: Elon Musk <erm@spacex.com>
Subject: Fwd: OpenAI
Date: Fri, 8 Mar 2019 03:24:17 -0800
Importance: Normal

Elon,

Bumping this back up. Did you have feedback for Altman / would you like to discuss this with him over the phone?

In addition to his TL;DR, note the callout at the end clarifying your involvement:

- Elon Musk left the board of OpenAI Nonprofit in February 2018 and is not involved with OpenAI LP

Altman said they did this in hopes of saving you media pain but it can say anything you'd like.

Shivon

Begin forwarded message:

From: Sam Altman <[redacted]>
Date: March 6, 2019 at 3:12:20 PM PST
To: Elon Musk <erm@spacex.com>
Cc: Sam Teller <steller@spacex.com>, Shivon Zilis <shivon@neuralink.com>
Subject: OpenAI

Elon—

Here is a draft post we are planning for Monday. Anything to add/edit?

TL;DR:
*We've created the capped-profit company and raised the first round, led by Reid and Vinod.
*We did this is a way where all investors are clear that they should never expect a profit (see purple box below).
*We made Greg chairman and me CEO of the new entity.
*We have tested this structure with potential next-round investors and they seem to like it.

Speaking of the last point, we are now discussing a multi-billion dollar investment which I would like to get your advice on when you have time. Happy to come see you some time you are in the bay area.

Sam

We've created OpenAI LP, a new "capped-profit" company that allows us to rapidly increase our investments in compute and talent while including checks and balances to actualize our mission.

Our mission is to ensure that artificial general intelligence (AGI) benefits all of humanity, primarily by attempting to build safe AGI and share the benefits with the world.

Due to the exponential growth of compute investments in the field, we've needed to scale much faster than we'd planned when starting OpenAI. We expect to need to raise many billions of dollars in upcoming years for large-scale cloud compute, attracting and retaining talented people, and building AI supercomputers.

We haven't been able to raise that much money as a nonprofit, and though we considered becoming a for-profit, we were afraid that doing so would mean giving up our mission. Instead, we created a new company, OpenAI LP, as a hybrid for-profit and nonprofit — which we are calling a "capped-profit" company.

The fundamental idea of OpenAI LP is that investors and employees can get a fixed return if we succeed at our mission, which allows us to raise investment capital and attract employees with startup-like equity. But any returns beyond that amount — and if we are successful, we expect to generate orders of magnitude more value than we'd owe to people who invest in or work at OpenAI LP — are owned by the original OpenAI Nonprofit entity.

Going forward (in this post and elsewhere), "OpenAI" refers to OpenAI LP (which now employs most of our staff), and the original entity is referred to as "OpenAI Nonprofit".

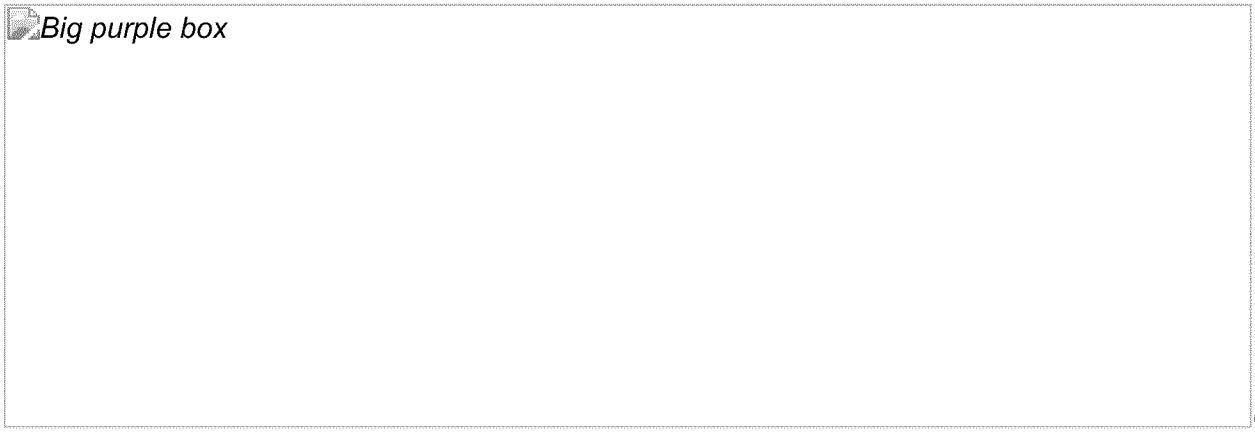


OpenAI team and their families at our November 2018 offsite.

The mission comes first

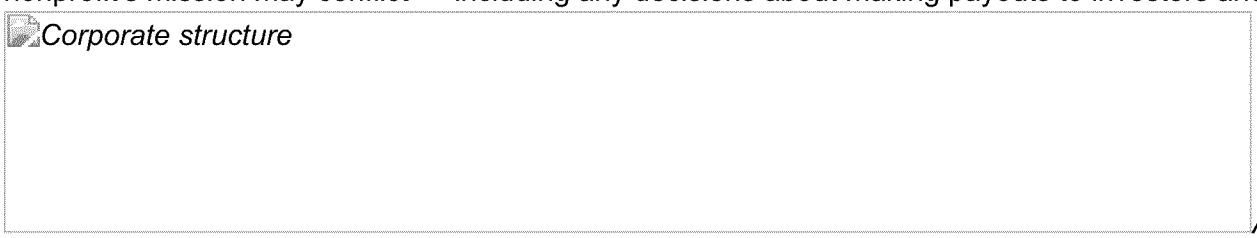
We've designed OpenAI LP to put our overall mission — ensuring the creation and adoption of safe and beneficial AGI — over generating returns for investors.

To minimize conflicts of interest with the mission, OpenAI LP's primary fiduciary obligation is to advance the aims of the OpenAI Charter, and the company is controlled by OpenAI Nonprofit's board. All investors and employees sign agreements that OpenAI LP's obligation to the Charter always comes first, even at the expense of some or all of their financial stake.



Our employee and investor paperwork starts like this. The general partner refers to OpenAI Nonprofit (whose official name is "OpenAI Inc"); limited partners refers to investors and employees.

Only a minority of board members can hold financial stakes in the partnership. Furthermore, only board members without such stakes are allowed to vote on decisions where the interests of limited partners and the nonprofit's mission may conflict — including any decisions about making payouts to investors and employees.



Another provision from our paperwork specifies that the nonprofit retains control. (The paperwork uses OpenAI LP's official name "OpenAI, L.P.".)

As mentioned above, economic returns for investors and employees are capped (with the cap negotiated in advance on a per-limited partner basis). Any excess returns are owned by the nonprofit. Our goal is to ensure that most of the value we create if successful is returned to the world, so we think this is an important first step. Returns for our first round of investors are capped to 100x their investment, and we expect this multiple to be lower for future rounds.

What OpenAI does

Our day-to-day work remains the same. Today, we believe we can build the most value by focusing exclusively on developing new AI technologies, not commercial products. Our structure gives us flexibility for how to make money in the long term, but we hope to figure that out only once we've created safe AGI (though we're open to non-distracting revenue sources such as licensing in the interim).

OpenAI LP currently employs around 100 people organized into three main areas: capabilities (advancing what AI systems can do), safety (ensuring those systems are aligned with human values), and policy (ensuring appropriate governance for such systems). OpenAI Nonprofit governs OpenAI LP, runs educational programs such as Scholars and Fellows, and hosts policy initiatives. OpenAI LP is continuing (at increased pace and scale) the development roadmap started at OpenAI Nonprofit, which has yielded breakthroughs in reinforcement learning, robotics, and language.



Safety

We are concerned about AGI's potential to cause rapid change, whether through machines pursuing goals misspecified by their operator, malicious humans subverting deployed systems, or an out-of-control economy that grows without resulting in improvements to human lives. As described in our Charter, we are willing to merge with a value-aligned organization (even if it means reduced or zero payouts to investors) to avoid a competitive race which would make it hard to prioritize safety.

Who's involved

- OpenAI Nonprofit's board consists of OpenAI LP employees Greg Brockman (Chairman & CTO), Ilya Sutskever (Chief Scientist), and Sam Altman (CEO), and non-employees Adam D'Angelo, Holden Karnofsky, Reid Hoffman, Sue Yoon, and Tasha McCauley.
- Elon Musk left the board of OpenAI Nonprofit in February 2018 and is not involved with OpenAI LP.
- Our investors include Reid Hoffman and Khosla Ventures.

We are traveling a hard and uncertain path, but we have designed our structure to help us positively affect the world should we succeed in creating AGI. If you'd like to help us make this mission a reality, we're hiring :)!