

**To:** jimmattis@jimmattis.com[jimmattis@  
**From:** Elizabeth Holmes  
**Sent:** Thur 2/12/2015 4:45:05 AM  
**Importance:** Normal  
**Subject:** RE: Thoughts on tomorrow / BOD Committee  
**Received:** Thur 2/12/2015 4:45:04 AM

Thanks for this ...

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**From:** jimmattis@ [mailto:jimmattis@  
**Sent:** Wednesday, February 11, 2015 8:46 PM  
**To:** Elizabeth Holmes  
**Subject:** Re: Thoughts on tomorrow / BOD Committee

Thanks, Elizabeth. Tracking on all, looking forward to this mtg. No questions about your approach; look forward to fleshing out this approach. See you in the morning. Best, Jim

On Feb 11, 2015, at 8:27 PM, Elizabeth Holmes <eholmes@theranos.com> wrote:

Dear Jim,

I hope all is wonderful with you.

I am looking forward to our meeting.

I've included a few thoughts on the committee and objectives for our meetings below for background; I'm sending this to Riley and George as well:

- First from an administration standpoint, with this committee owning the compensation committee function, the committee will determine CEO and COO compensation. Tomorrow, we will review CEO and COO compensation for 2014. Both Sunny and I want our compensation for 2014 to be entirely in stock options in the company. What is important to us is maintaining our percentage ownership, especially in the context of the client/strategic deals we are doing with equity components (ie buying hospital system labs like Cedars-Sinai's for Theranos stock).
- We will also issue stock options for employees and advisors. The employee equity grants we'll issue reflect our current policy of performance-based equity awards for a relatively large number of high performance employees. This will shift as we develop our organization and consolidate our shareholder base. Ultimately equity will be issued only to senior management.
- Now, where I'd like to spend the bulk of our time: I would like to use this committee as a vehicle for discussing the development and succession of senior leadership, including their compensation. I think of these discussions in the context of how we build our company - our ultimate 'product' – for the very long term. I have had the opportunity to spend a bit of time with each of our committee members on our leadership/organizational development focus, and would like to delve into this in the context of the systems we are putting in place for it, and, as above, our longer term objectives in building our company.

I anticipate tomorrow's meeting will run about an hour to an hour and a half, and is first and foremost intended to inaugurate this new vehicle.

See you soon,  
Elizabeth

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