

Message

From: Christopher B. Lucas [chris@bdventures.com]
Sent: 12/30/2013 4:19:19 AM
To: Elizabeth Holmes [eholmes@theranos.com]
Subject: Re: Liquidation Preference Question

Thanks for the call, Elizabeth!

Sent from my iPhone

On Dec 29, 2013, at 7:03 PM, Elizabeth Holmes <eholmes@theranos.com> wrote:

I'm at a dinner but could step out for a few minutes around 7:15 pm if that works for you. Let me know where best to reach you.

On Dec 29, 2013, at 6:49 PM, "Christopher B. Lucas" <chris@bdventures.com> wrote:

Can we talk tonight around 8:00PM? I'm flexible as to exact time. Thanks.

Sent from my iPhone

On Dec 29, 2013, at 5:34 PM, Elizabeth Holmes <eholmes@theranos.com> wrote:

Let me know if it helps you to talk tonight versus tomorrow AM. Otherwise let's plan on 10:30 AM tomorrow.

On Dec 29, 2013, at 5:12 PM, "Christopher B. Lucas" <chris@bdventures.com> wrote:

Thanks, Elizabeth.

I may want to talk to you further and about Craig Hall.

What's your availability later this evening or in the morning?

Sent from my iPhone

On Dec 29, 2013, at 2:01 PM, Elizabeth Holmes <eholmes@theranos.com> wrote:

It is not an error. It is part of the existing documents and the terms at which other investors have invested at \$75/share because the C-1 price had increased from \$15 to \$75 pre-split.

We subsequently wanted to increase the liquidation preference for investors investing at the \$75/share price, which is why we are currently working on bringing the liquidation preference up to \$75/share pre-split with other documents we are exactly putting into effect early next year.

From: Christopher B. Lucas [mailto:chris@bdventures.com]

Sent: Sunday, December 29, 2013 1:42 PM

To: Elizabeth Holmes

Subject: Re: Liquidation Preference Question

Sorry, my lawyers want to fully understand.

At the present time, this is an error which will be corrected in the next equity offering which is anticipated to be early next year.

They will reflect that this C-1 round in which we're participating will have a liquidation preference of \$15.

Sent from my iPhone

On Dec 29, 2013, at 1:05 PM, Elizabeth Holmes <eholmes@theranos.com> wrote:
Exactly -- we're working on it

From: Christopher B. Lucas [<mailto:chris@bdventures.com>]
Sent: Sunday, December 29, 2013 12:46 PM
To: Elizabeth Holmes
Subject: Re: Liquidation Preference Question

So, the \$3.00 number will be adjusted to \$15.00?

Sent from my iPhone

On Dec 29, 2013, at 12:37 PM, Elizabeth Holmes <eholmes@theranos.com> wrote:
Chris:

This is legacy from the C-1 price going from \$15 to \$75 pre-split. We are working to address it in the coming sets of documents for equity issuances at higher prices than \$75/share. I will keep you posted as those documents are effected and let you know as the associated changes are made.

Elizabeth

From: Christopher B. Lucas [<mailto:chris@bdventures.com>]
Sent: Sunday, December 29, 2013 10:06 AM
To: Elizabeth Holmes
Subject: Liquidation Preference Question

Elizabeth,

I believe that there may be a mistake in the "Amended and Restated Certificate of Incorporation."

I have copied the language below for your review. It states the various liquidation preferences for each of the series of financings post five for one split. In the case of Series C-1, it shows \$3.00 and I believe that it should be \$15.00 (\$75.00 divided by \$5.00). Or, is it that these current shares being sold at \$15.00 only have a \$3.00 liquidation preference.

“Liquidation Preference” shall mean \$0.15 per share for the Series A Preferred Stock, \$0.184628 per share for the Series B Preferred Stock, \$0.564 per share for the Series C Preferred Stock, **\$3.00 per share for the Series C-1 Preferred Stock** and, with respect to any series of Additional Preferred Stock, the per share Liquidation Preference for such series of Additional Preferred Stock set forth in the Certificate of Designation or Certificate of Amendment for such series of Additional Preferred Stock (in each case, subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

Please confirm as soon as you can as we are providing a final update to our investors.

I can also be reached on my mobile number at _____ .

Thanks,

Chris

Sent from my iPhone