

From: "jeffrey E." <jeevacation@gmail.com>
To: Hosain Rahman <[REDACTED]>
Subject: Re: Confidential Proposal - For Settlement Discussions Only
Date: Thu, 16 Aug 2018 19:16:29 +0000

Hosain,

I received your August 9, 2018 email to which I respond as follows:

1. If I understand your email correctly, Jawbone Health Hub is offering to make me a "Strategic Advisor to the Company" and issue to me shares of its Series A Preferred Stock through which I would hold a .40% interest in the new Company on a fully diluted basis after the closing in September 2018 of the Company's Series A Preferred Stock financing. Taking you at your word, in light of what you assert is the new Company's \$50 MM pre-money valuation, after the closing of the Series A Preferred Stock financing in the amount of \$45 MM, my holdings of Series A Preferred Stock in Jawbone Health Hub would be worth \$380,000, a miniscule 3% of my more than \$12 MM investment in AliphCom.
2. Although I understand why you might make such a proposal, \$380,000 worth of initial stage stock of a company that is being pieced together from a failed venture that only a few years ago you told me was valued at \$3.2 B does not provide a basis to resolve a fraud claim worth more than \$12 MM. You suggest I should take comfort in this offer because it increases my percentage holdings from .33% at the time of that venture's wholesale collapse to .40% of the new venture and my interest will be at the "top of the capitalization stack" and "will not be sitting underneath any debt." Those are the same representations you made when you wrongfully induced me to make my initial \$10 MM investment in AliphCom. You also are proposing that I resolve my claims against both AliphCom and you personally in exchange for an investment in a company that will be run by the very same person who misled me about my prior investment.
3. Given your central role in this matter, it is important to me that you make good on your obligations to me personally, regardless of whether the Company has the ability to compensate me. I understand, however, that you are experiencing financial hardship and are not currently in any position to immediately make good on your obligations to me.
4. Therefore, as a counterproposal to resolve my claims against you and AliphCom, I would propose the following:
 - a. Subject to the completion of satisfactory due diligence to determine the legal and financial status of the Jawbone Health Hub, including its current valuation and the basis therefor, current assets, current debt, current capitalization, and any additional debt and stock issuance contemplated in the foreseeable future, as a resolution of Mort, Inc.'s claims against AliphCom, I would be prepared to accept appointment as a strategic advisor to the Company with appropriate exculpation and indemnities and an irrevocable issuance by the new Company to my designee of Series A Preferred Stock through which my designee would hold no less than a .40% interest in the new Company on a fully diluted basis after the closing in September 2018 of the Company's Series A Preferred Stock financing.
 - b. As a resolution of Mort, Inc.'s claims against you, individually, I would be prepared to accept your personal promissory note that matures in 5 years and is payable to me or my designee in a principal amount equal to 10% of the then current fair market value of all of your direct and indirect holdings of capital stock of Jawbone Health Hub or its successors or assigns, as constituted on the date of maturity ("HR's Jawbone Stock"), provided that no amount shall be due

and payable under that promissory note until the fair market value of HR's Jawbone Stock is at least \$10 MM (in which case the maturity date of the promissory note would be extended until such time) and that the maximum principal amount payable under that promissory note, regardless of the then current fair market value of HR's Jawbone Stock, shall not exceed \$13 MM. The promissory note must be secured by a pledge of and first priority lien in all of HR's Jawbone Stock. For purposes hereof, HR's Jawbone Stock shall include, without limitation, assets, obligations, instruments, agreements, understandings or other arrangements, whether written or oral, owned by, issued to, and/or made with you, directly or indirectly, in connection with, as a result of, or in lieu of your directly or indirectly receiving or holding shares of capital stock of Jawbone Health Hub or its successors or assigns.

5. The foregoing proposal is an eminently fair exchange for my forbearance and better aligns our interests, so that I might have some assurance that I will eventually be compensated for the complete loss of my investment in AliphCom. Please advise me of your response so that we can have our attorneys prepare the necessary paperwork to document this settlement proposal.

6. This confidential settlement proposal is being made pursuant to Rule 408 of the Federal Rules of Civil Procedure to resolve disputed claims, and nothing provided herein shall be used in any way in any legal or administrative proceeding, or otherwise, including to establish or limit any claims, defenses, admissions and/or liability of any person or entity in any such proceedings.

Jeffrey

On Thu, Aug 9, 2018 at 9:28 PM, Hosain Rahman <[REDACTED]> wrote:

Jeffrey,

Thanks for the conversation last week. I appreciate you sharing your perspective candidly and I want to apologize for the bad communication during that period of time. We should have been better regardless of the circumstances and challenges we were facing.

In terms of how we move forward I propose the following:

- We give you 40bps (0.40%) of Series A Preferred stock in the new company, Jawbone Health Hub, on a pro forma basis, so this would be the fully diluted ownership level after the Series A financing is completed. This is more than what you (Mort) owned in the old company, fully diluted. Our records indicate that Mort had 33bps (0.33%) fully diluted in the old company in 2017.
- We would give you this stock for being a "Strategic Advisor to the Company" where you would give us advice time to time. For example you could give us insight on we should navigate the Middle Eastern markets as we seek to expand our distribution beyond Dubai, etc.
- This grant would effectively crease your ownership relative to before and unlike the old company this new stock will not be sitting underneath any debt or anything once the Series A is done. You will be at the top of the capitalization stack.

By way of background on the Jawbone Health Hub:

We are now building a personalized subscription healthcare service that uses continuous health data and combines machine intelligence with human medical insight to catch diseases and issues early and provides daily personal guidance for how users should manage themselves to mitigate issues and be their best. It's almost like personal health as server management. In phase 1 of the offering we screen folks for diabetes,

hypertension, different types of arrhythmias, sleep apnea, obesity, and stress. We have completed clinical trials with Stanford, UCSF, Mayo, etc. with strong results and are rolling out the service already on a limited basis.

We are currently closing our Series A, legal docs are done and out for a \$45M raise at a \$50M pre-money valuation with a targeted first closing in mid September. We've also already closed about \$8M with a bunch of angels into a 20% discount convertible note to the Series A (so \$40M pre) - this note will remain open until the first close of the Series A. You are obviously welcome to participate in any of these financing instruments of course if you want to but regardless we will give you the aforementioned pro-forma share grant of 0.40%.

Please let me know if you have any questions - I believe this proposal gives you a legitimate opportunity for capital recovery and a possibility for a return if we are successful. I do hope we can resolve things and be partners again.

Thanks,
Hosain

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please note

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