

March 31, 2010

Ms. Elizabeth Holmes
President and CEO
Theranos Inc.
3200 Hillview Avenue
Palo Alto, CA 94304

Dear Elizabeth:

I enjoyed our meeting last week, and was impressed with the capabilities of the Theranos blood analyzer. I would like to work toward an arrangement where Safeway helps Theranos launch the blood analyzer into broad circulation. In return, Safeway secures exclusive retail rights for a finite period of time. Here is what I have in mind.

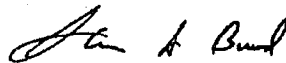
- First, we will arrange a meeting between you and UCSF (under a CDA) so that they can verify that the blood analyzer can perform at least 85% of the blood work done by a standard retail lab today. UCSF will assess the early-stage cancer detection capabilities of the analyzer.
- Next, assuming UCSF confirms the capabilities discussed in our meeting, Safeway would deploy the Theranos blood analyzer in 150 pharmacies in our Northern California (NorCal) division. Once the analyzer is in place and staff is properly trained, we would run a 90-day test to determine its marketability to consumers. This test will confirm if there is sufficient demand for the analyzer at an attractive price point for the consumer, Safeway and Theranos. During this 90-day period, Theranos will agree to not market this product to other retailers.
- Assuming we achieve a successful result in the NorCal test, we will roll out the Theranos blood analyzer to all of our U.S. pharmacies (1,134 in 22 states). You would grant Safeway a one-year exclusive for all retail stores in this geography.

Safeway Inc.
5918 Stoneridge Mall Road
Pleasanton, CA 94588-3229

- Finally (and simultaneously with the rollout to all our U.S. pharmacies), we would begin developing through the Blackhawk Network a nationwide network of pharmacies deploying the Theranos blood analyzer that would be comparable to, or exceed, the geographic scope of any of the major national drug chains. This would potentially put the blood analyzer in thousands of pharmacies nationwide. If we are able to build this network, during the 12 month Safeway exclusive, Theranos would grant Safeway and its network partners an additional period of exclusivity to be negotiated for all retail stores nationwide.

Please give me a call when you would like to discuss this concept further.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven A. Burd". The signature is fluid and cursive, with the first name "Steven" being more prominent.

Steven A. Burd
Chairman, President and
Chief Executive Officer