

Message

From: Crawford, Kermit R. [kermit.crawford@walgreens.com]
Sent: 4/29/2010 12:50:24 PM
To: Hansen, Suzanne M. [suzanne.hansen@walgreens.com]
Subject: Fw: Theranos Briefing

Suzanne,
I would like for you to attend along with Brad in my absence. Brad is already scheduled.
Thanks

Call Colin if you want to discuss Theranos but I want your unbiased opinion.
Thanks.

----- Original Message -----

From: Wade Miquelon
Sent: 04/26/2010 05:28 PM CDT
To: Greg Wasson; Sona Chawla; Kermit Crawford; Elena Kraus; Kim Feil; Bryan Pugh; Erich Reutzel; Jay Rosan; Tim Theriault; Mark Wagner; Brad Wasson; Colin Watts; Dan Doyle; Alex Jung; Mark Vainisi; awaldeck@.
Subject: Theranos Briefing

Background on Friday's 9:30 AM Theranos Meeting

As of you know, providing diagnostic services in the stores, retail clinics, worksite health centers, home care, et c. is in our strategic document and has been part of our board discussions (i.e. a key part of script like services). You also might be aware that we have been looking at various ways to accomplish this goal such as partnerships with existing labs and/or genetic testing companies or totally new technology approaches. On Friday next week we have asked a company, Theranos, who has a new technology (and we believe to potentially be the leader in the space) to present to our senior team. We already have a strong team in place analyzing this opportunity and feel it is time to introduce it to all of you.

The reasons why we are so encouraged are:

1. 50-70% cheaper than tests done at normal labs while allowing us to earn a robust gross/net profit
 - a. Disruptive technology that cuts entire infrastructure of a clinical lab
 - (1) No couriers, no expensive testing equipment, no teams of trained lab techs, no big buildings
 - (2) Pharm tech level person can run device
2. 96% of tests done at big labs (\$52B market) will be able to be done on these devices
 - a. We believe will be CLIA approved and FDA approved by year-end
3. Consumer benefits
 - a. Finger stick versus blood draw (saliva testing capability)
 - b. Results in 30 minutes instead of tomorrow
 - c. Wirelessly sent to database and/or physician
4. 7 years in development led by funding of Silicon Valley experts such as Larry Ellison with strong experienced management team (very well funded company)
5. Financials
 - a. Solves payers need to dramatically cut cost - they will help drive demand
 - (1) Giving us better than our usual margin
 - b. Only 5% of existing market worth 2.5 Billion which
 - (1) Does not even value new tests such as breast cancer and prostate cancer tests they are developing

- c. Perfect solution for Healthcare reform -
government will want to use this to cut costs (already working with the Blues, United, etc.)
- d. Will be able to do genetic testing which adds more value
- e. People who get blood tests frequently use many scripts

Net, this is a fascinating company in a fascinating space and given the time constraint we are under, I wanted to give you a little bit of perspective prior to the meeting.

Wade