

**From:** Elizabeth Holmes  
**To:** Steve Burd  
**Sent:** 8/22/2012 3:14:43 AM  
**Subject:** No Subject-5164.EML  
**Attachments:** P226\_Theranos\_August2012\_v1\_SWY BOD\_THE.ppt

See attached.

I didn't lock down the finger-stick process to Friday in case the consents and any possible review board issues require us to go into next week.

The capacity numbers tie to our bay area launch date goals and the schedule in the appendix,

Elizabeth Holmes  
CEO  
Theranos, Inc.

Tel: 650.470.6111  
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# Theranos Update

August 2012

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SWYSEC\_00000551

# Theranos Update

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- **Safeway readiness**
- **Theranos readiness**
- **Pace of rollout**
- **Financial implications**

Theranos\_August2012

SAFeway 

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SWYSEC\_00000552

# Preparing Safeway for Launch

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- **Complete all construction**
- **Hire and train new employees**
- **Create PR buzz to facilitate adoption**
- **Finalize logistics**

Theranos\_August2012

SAFeway 

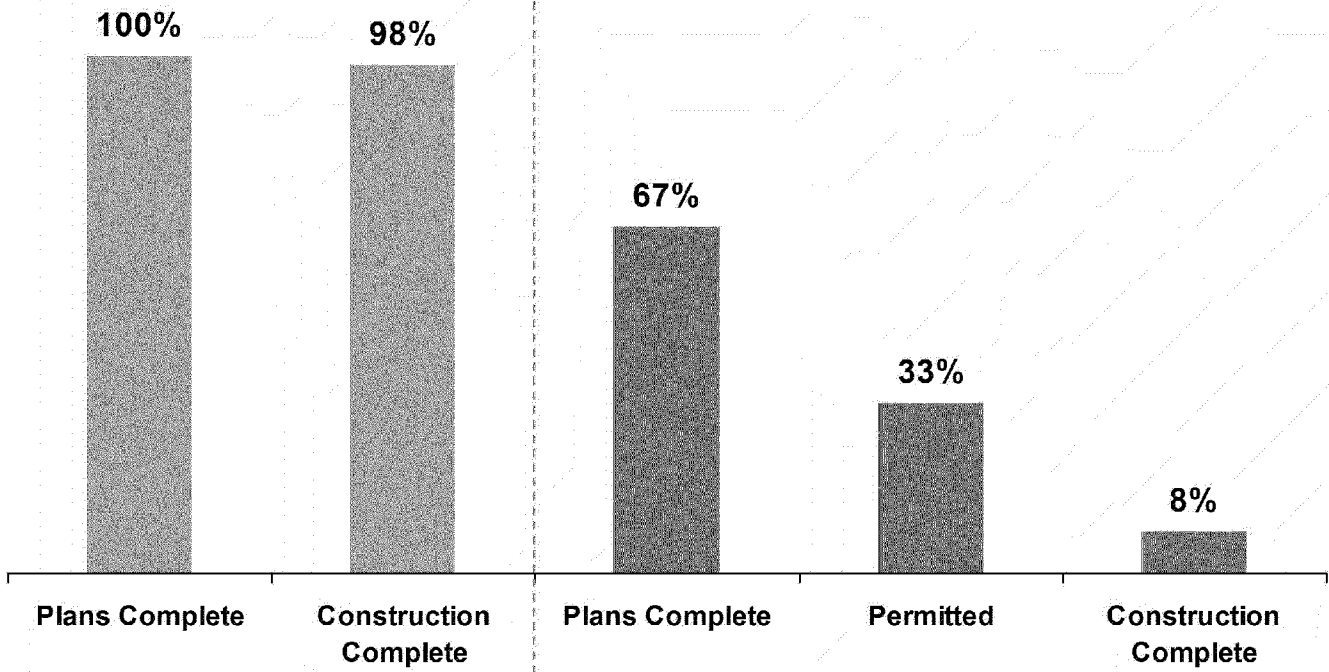
3

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SWYSEC\_000000553

**Phase I Construction  
(969 US Units)**

**Phase II Construction  
(889 US Units)**



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# Tasks To Be Completed – Final Two Weeks

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- **Brand the Wellness Center**
- **Install the specimen pass through window**
- **Install Theranos platform**
- **Install iPads and other screens**
- **Hang the artwork**

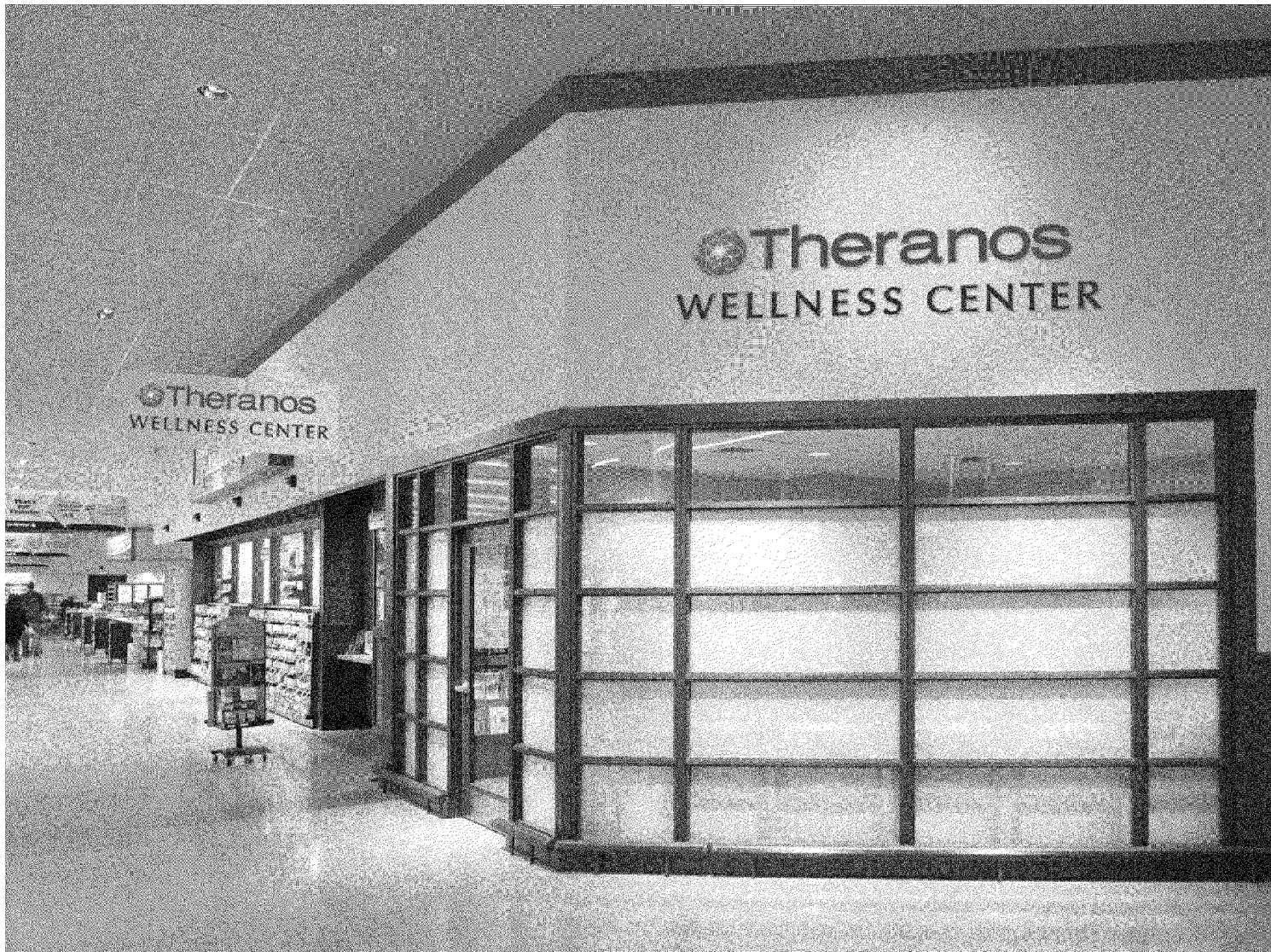
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SAFEWAY 

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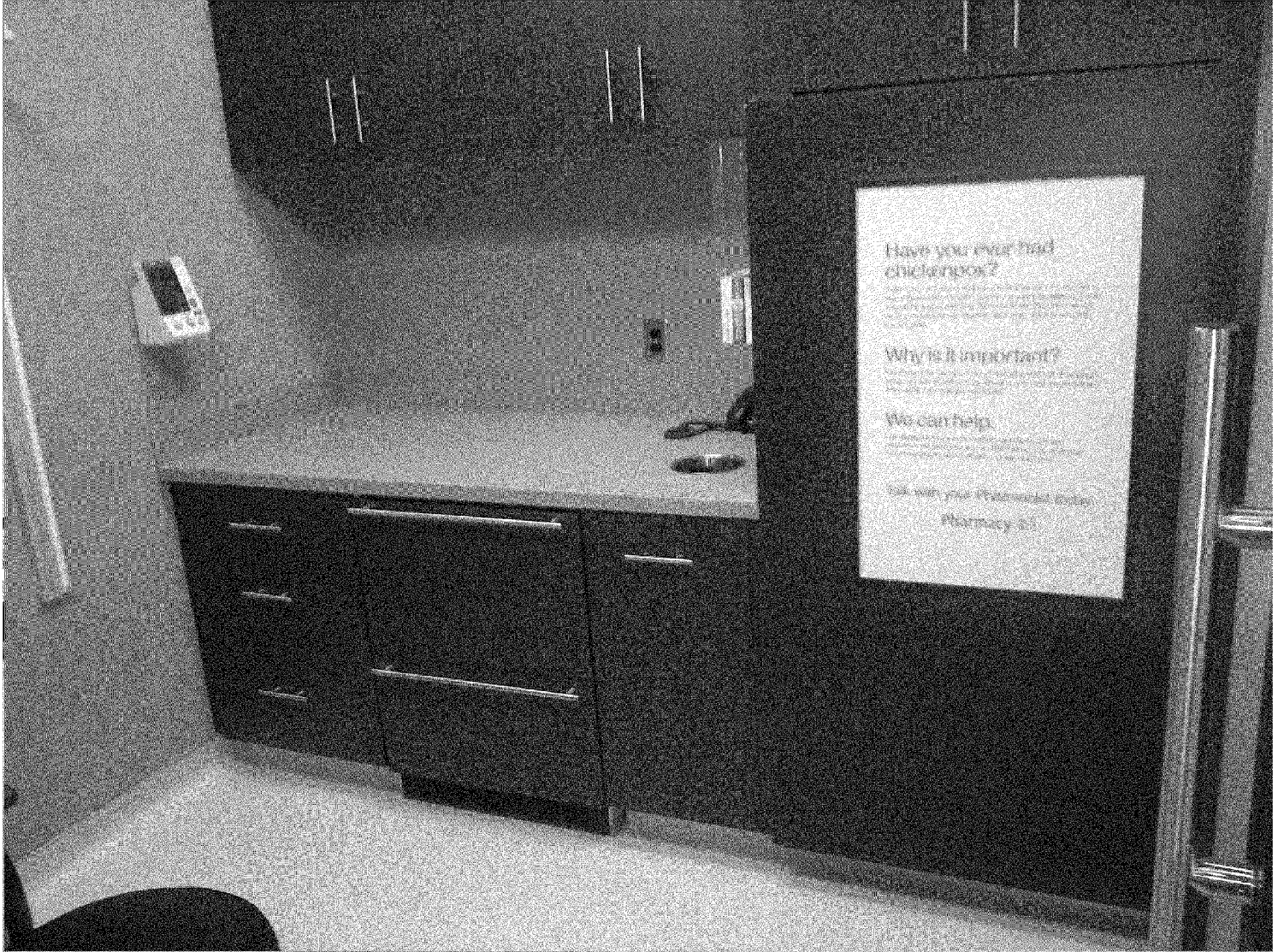
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SWYSEC\_00000558

## Hiring & Training New Staff

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- **Outside agency currently screening 4,000 candidates to secure 400 quality hires**
- **Elected to use all certified phlebotomists**
- **Internal pharmacy techs will dominate the supervision ranks**
- **Training will commence one week prior to launch**

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SWYSEC\_000000559

## Launch with Heavy PR Effort

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- **Elizabeth will meet with the editorial boards of all local newspapers**
- **A WSJ article will be released the day of our launch**
- **We expect to be on all local TV stations and the top radio programs**
- **A 60-Minute piece will be produced and aired when we launch more broadly**

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SWYSEC\_000000560

## Operational Logistics

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- **One cartridge will satisfy 95% of all CPT codes**
- **The remaining specialty and esoteric tests will be done with cartridges manufactured to the need**
- **Stores will carry two days of inventory and the warehouse will carry 10 days**
- **Trucks will make daily deliveries and backhaul from the Theranos facility in Newark**
- **We will supplement with a courier service**

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# Theranos Readiness on Key Tasks

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- **On-campus facility**
- **Status of online adjudication**
- **Production rate of processing platform**
- **Production rate of cartridges**
- **Theranos technology in place at UCSF and Children's Hospital of Oakland**

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SWYSEC\_000000562

# On-Campus Theranos Facility

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- **Infrastructure for finger-stick process on campus ready and in place**
- **As of August 24, employee lab work for on-campus employees must be at our lab**

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SWYSEC\_000000563

# Online Adjudication Status

	<u>Market Share*</u>	<u>Online Adjudication</u>
<b>Medicare</b>	<b>16%</b>	<b>Y</b>
<b>Medicaid</b>	<b>17%</b>	<b>Y</b>
<b>Blues</b>	<b>38%</b>	<b>Y</b>
<b>United</b>	<b>10%</b>	<b>Y</b>
<b>Aetna</b>	<b>12%</b>	<b>In Process</b>
<b>Cigna</b>	<b>4%</b>	<b>In Process</b>
<b>Others</b>	<b>3%</b>	

\*Market share is for insured market only

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# Online Adjudication Efforts

(Aetna & Cigna)

- **Have been working through multiple third parties**
- **Recently engaged the CEO's of both companies**
- **Expect CEO's to make online adjudication a real priority**
- **Fall back position is to assume the potential economic/bad debt risk**

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# Production Rate Demand

## ■ Daily needs

<u>Assumed Needs</u>	<u>Phase I</u>	<u>Phase II</u>
– 60 units/day	4,860	58,140
– 100 units/day	8,100	96,900
– 150 units/day	12,150	143,350

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SWYSEC\_000000566

## Production Capability

For all test types: including esoteric and specialty tests

- **20,000 samples per day minimum Safeway capacity for Bay Area launch**
  - 80 stores
  - 200 samples per day
- **200,000 sample per day minimum Safeway capacity for national deployment**

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# Bay Area Theranos Hospital Installation

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- **UCSF**

- Oncology

- Childrens

- **Childrens Hospital of Oakland**

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SWYSEC\_00000568

## Projected Pace of Rollout

	<u>Urban/Suburban</u>	<u>Rural</u>	<u>Target Date Post Phase I</u>
NorCal	110	23	Within 30 days
SoCal	140	7	Within 60 days
Seattle	76	64	Within 90 days
Portland	44	52	Within 90 days
Phoenix	69	24	Within 90 days
Eastern	84	2	Within 120 days
Denver	59	57	TBD
Texas	97	1	TBD
Chicago	45	-	TBD
	<u>724</u>	<u>30</u>	



## What Could Slow Us Down?

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- **Adoption rates are slower than expected**
- **Quest and LabCorp throw some roadblocks our way**
- **Theranos infrastructure cannot keep pace with growth**

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SWYSEC\_000000570



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# Preparing Safeway for Launch

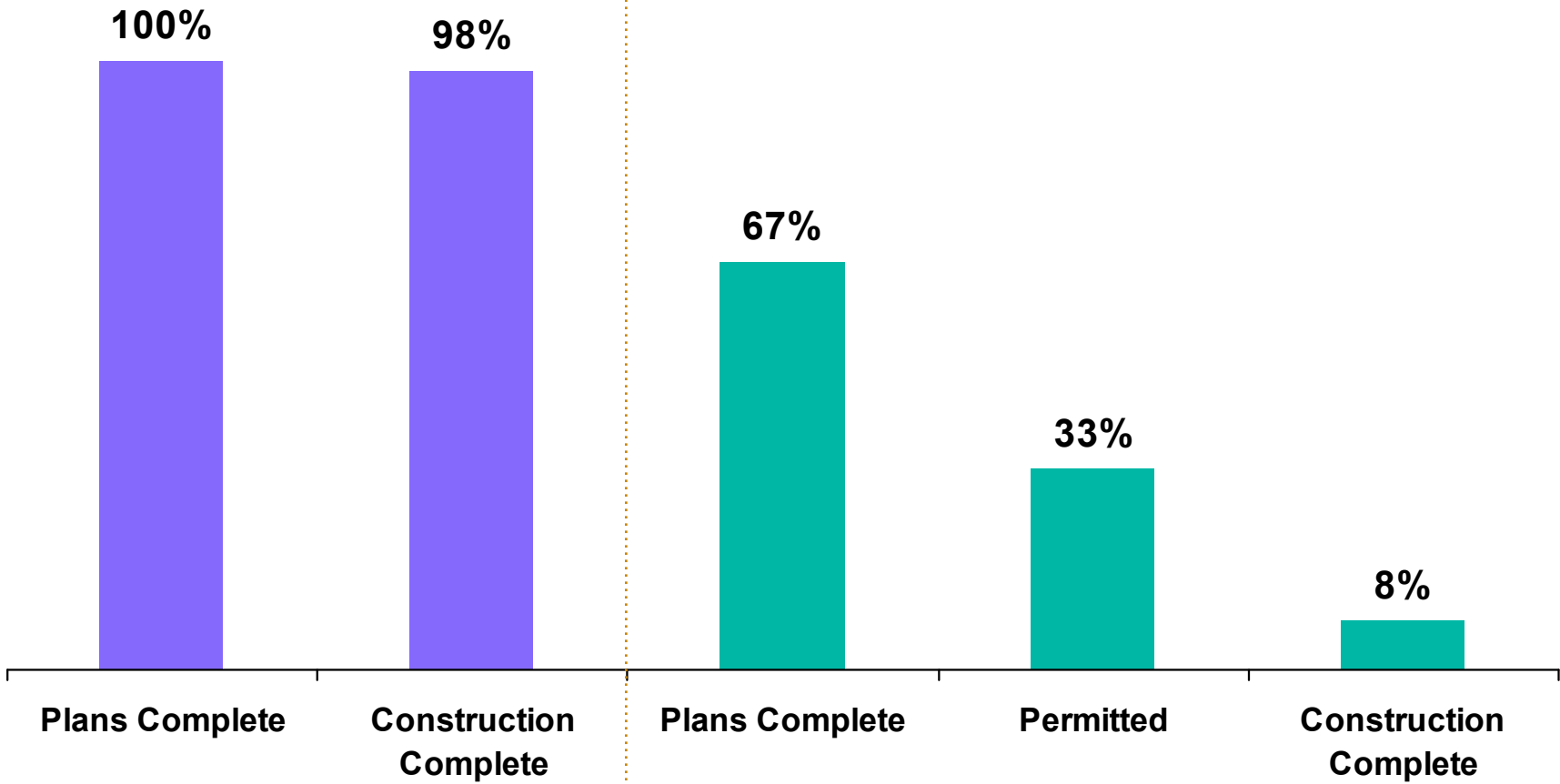
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### Phase I Construction (969 US Units)

### Phase II Construction (889 US Units)



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**Theranos**  
WELLNESS CENTER

**Theranos**  
WELLNESS CENTER

## Have you ever had chickenpox?

If you have, or if you've had the chickenpox vaccine, you are at risk of developing shingles. Shingles is a painful, blistering rash caused by a virus affecting the nerve roots. The rash can last up to a month and can result in nerve pain that can stay with you for years.


## Why is it important?

The Centers for Disease Control estimates that half of all people living until age 80 will develop shingles. The best way to prevent this painful virus is to get vaccinated.

## We can help.

Our pharmacists are immunization specialists. We can administer the shingles vaccine, ZOSTAVAX. The vaccine is recommended for adults 60 years of age and older.

**Talk with your Pharmacist today.**

Pharmacy 



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