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Theranos  
Financials

# Theranos

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## Theranos Mini Blood Lab Deal

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- **The Network**
- **Fee Structure**
- **Safeway's Financial Commitment**
- **Financials**

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## Theranos Network

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- **Theranos will have two launch partners for the first 6 months**
  - Walgreens (900+ units)
  - Safeway and its network (3,500 + units)
- **Safeway will own the grocery network and Theranos will commit to completing the network in approximately 12 months**
- **All labs will be branded as Theranos and be required to meet certain standards**
- **Safeway and Walgreens will have a 90 day exclusive on all new diagnostic and predictive tests**

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## Theranos Fee Structure

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- **Walgreens and Safeway will be guaranteed to have the lowest cost of goods**
- **Safeway will be guaranteed an average \$10 gross margin per test**
- **Safeway will earn a fee (estimated at \$1.50) per test from all of its network partners**

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## **Safeway's Financial Commitment - \$85 Million**

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- **\$55 million cash investment**
  - \$25 million in notes convertible to equity
  - \$30 million for pre-purchase of inventory
- **\$30 million of additional money to remodel our existing pharmacies**
- **Timing of cash outlays**
  - \$10 million at signing secured by a letter of credit
  - \$20 million at time of Regulatory Approval secured by a letter of credit
  - \$25 million at successful completion of the pilot
  - \$30 million of remodel costs from signing until the end of the Qtr 1

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## Pilot Tests

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- **January 2011 scheduled for initial test**
  
- **Rural Washington State market selected due to lack of retail lab competitors – 20 miles to nearest Quest / Labcorp**
  
- **Stores expected to be picked based on several success criteria**
  - Presence of in-store pharmacy
  - Physical space layout appropriate for testing
  - Pharmacists with strong consumer relations skills

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## Theranos In-Store Lab

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- **Requires dedicated retail space**
  - Testing room of approximately 80 sq.ft.
  - Adjacent to Pharmacy and restroom
  - Waiting area for 6 - 8 customers
  - Average cost of \$25,000 per store Requires dedicated retail space
  
- **Test stores completed by 12/31/10**

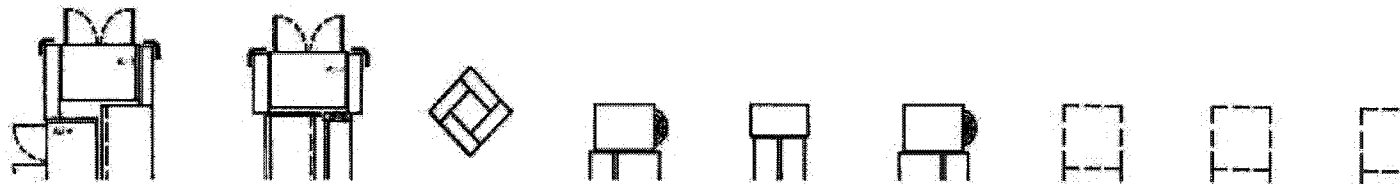
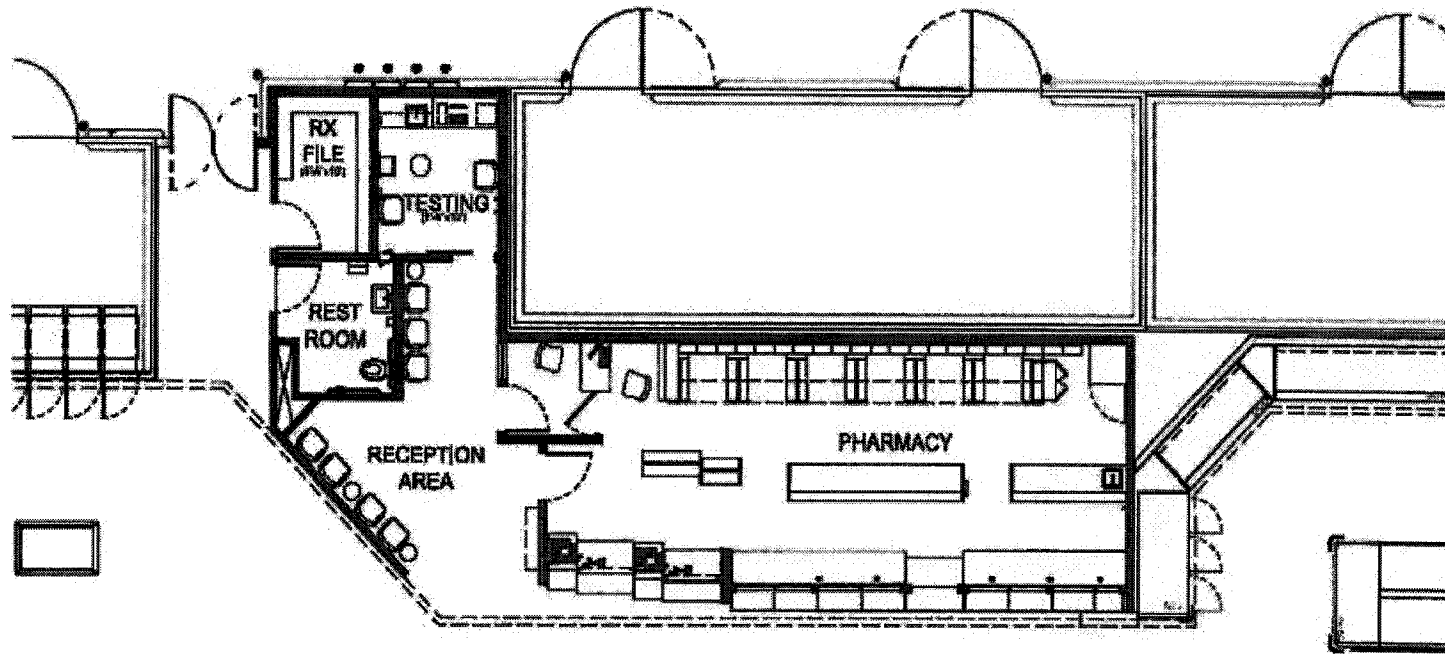
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# Proposed Real Estate Remodel



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## Anticipated Program Roll-Out

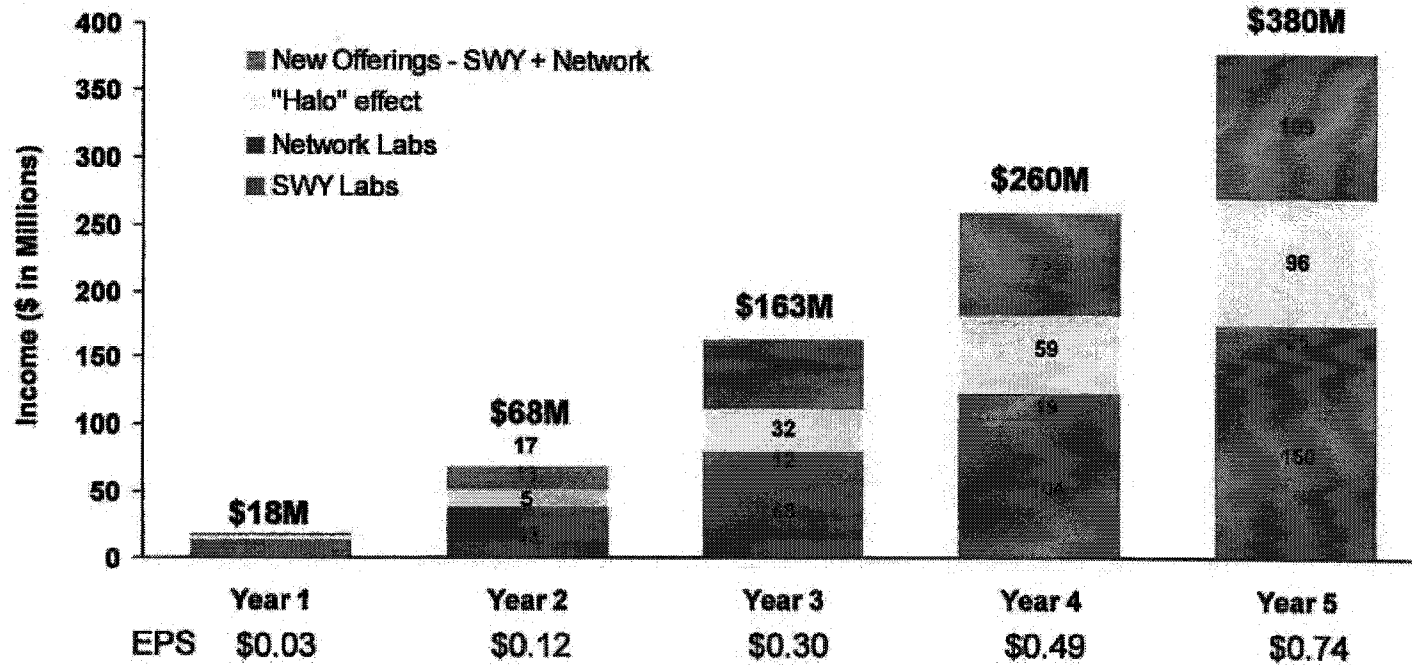
Activities/Worksteps	Quarter							
	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
<b>Close Deal</b>								
<b>Reimbursement Negotiations</b>								
<b>Pilots</b>								
<b>SWY Chain Roll-out</b>								
<b>Network Roll-out</b>								

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# SWY Contribution Total

Increase Rx contribution (currently at \$280M) by 100 - 130% over 5 years



Test/Day/Store	Year 1	Year 2	Year 3	Year 4	Year 5
SWY	6	14	29	43	57
Network	0	6	11	17	23

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