

Subj: Theranos notes
Date: 10/27/2006 8:35:08 AM Central Standard Time
From: BTobert@
To: challhfg@

Craig,

Attached are my notes from the conference call re: Theranos yesterday. I'm waiting on additional information from them later this morning.

Regards,

Bryan

Monday, October 30, 2006 America Online: Challhfg

SEC-HBD-E-0000308

USAO-SEC-0001755

THERANOS

Contacts:

Elizabeth Holmes and eholmes@theranos.com
Gary Nordheimer and cell
Chris Lucas and cell

3 Trends:

Concept of wireless home moves healthcare into the home, remote patient care (database HL7 compliant?)
Systems which allow a patient to interact in a consumer electronics environment
Personalized medicine

Investors:

Donald Lucas – current Chairman of the Board. Is the uncle of Chris Lucas who owns Black Diamond Ventures. Black Diamond is being allowed to participate by virtue of relationship with Donald Lucas.
ATA Ventures
Black Diamond Ventures
Continental (MD Anderson)
Reid Dennis (Institutional Venture Partners)
Dixon Doll (Doll Capital Management)
Draper Fisher Jurvetson
Druker Capital
Esoom Taipei (Asian biotech manufacturing fund)
Jupiter Partners (Bryan and Edwards)
Don Lucas and affiliated funds
Victor Palmieri
Robert Shapiro (former Pharmacia Chairman)
Tako Ventures (Larry Ellison) - \$10 million 1st round
Avie Tevanian (former Apple CTO) - \$2 million?
Westway Capital

First raise was \$16 million. This round is \$30 million with a \$125 million pre-money valuation. Expects this to be final raise pre-IPO. IPO is anticipated in 1Q 2008. Expect IPO to be valued around \$1 billion. \$30 million to be used for 1) manufacturing – moving from a manual assembly infrastructure to a fully automated system and 2) continue to fund successive iterations of the technology including decreasing amount of blood required in the pinprick and number of assays in the cartridge.

Elizabeth Holmes:

Finished High School at 17. Spent 6-9 months a year in Beijing and completed her university degree at University in Beijing in Mandarin. She dropped out of Stanford's Chemical and Electrical Engineering Phd program on the advice of her mentor Channing Robertson.

Has 27 patents, 1 granted, 26 pending

Financials

Current burn rate \$1 million/month

\$3 million in revenues should be received for 2 contracts which have already been shipped.

Has signed/in negotiations contracts through 2007 for \$30-\$50 million.

Expects to be cash flow positive by 4Q '07

Their contracts are for \$7500/patient for 4 months.

The cartridge they charge \$80/per with manufacturing costs dropping from \$65 to \$10 now.

Drug Monitoring trials

Phase I – 50-250 patients for 6 months to 1 year.

Phase 2 – 5000-7500 patients for 1-2 years.

Investment through Black Diamond Ventures – fund started in 1999

2.5% annual management fee on committed funds and 16% of the upside.

We have a window for up to \$2 million and Gary Nordheimer is putting in \$500,000.

BTW – Gary Nordheimer claims as his best friend Tom Boggs – lobby lawyer.