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Bcc: Sunny Balwani[sbalwani@theranos.com]
From: Elizabeth Holmes
Sent: Wed 8/7/2013 8:33:20 PM
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Subject: FW: Final National Roll Out Plan
Received: Wed 8/7/2013 8:33:00 PM
[Retail Strategy Plan_vF.pptx](#)

Dear Wade,

I hope this email finds you great.

We have cemented what we believe to be the most effective rollout strategy for realizing broad national scale as fast as possible. This rollout schedule allows us to be as efficient with our operational infrastructure as possible while achieving scale in the shortest amount of time.

The geographical roll out plan was developed to maximize speed of deployment to the largest metropolitan areas, to Medicare patients, and to chronically ill populations (who currently do >13 tests/person/year). We are attaching a document that shows our rollout recommendation to locations across different regions, starting now and running through the end of 2014. This deployment plan achieves national distribution of Theranos services at Walgreens by the end of 2014.

As part of this plan, we would like to launch in New York City with Walgreens by early Q1 of 2014. We would work toward opening a new lab facility in New York City by late September, immediately after our launch in Palo Alto and Phoenix. We think we would be ready for New York City launch by January, with possible 1+ showcase stores launched in 2013 and announcements with Mayor Bloomberg this year (we have had several meetings with him on this and have also started working with the NYC Health Commission).

There is a very significant amount of work the Walgreens team will also have to do for this, including establishing a more robust and formal technician training program and preparing space for Theranos services in New York City. In line with this, the five core operational focal areas we've had the opportunity to discuss and have highlighted here below are instrumental to successfully executing our plan together.

1. The first core focal area is training. Thorough and ongoing training of our Walgreens technicians is key to our program success. After initial certification, we need to make sure our technicians receive ongoing refreshment and skill maintenance courses. Our 'train the trainer' program must ensure complete certification of trainers before those trainers begin training new technicians. We also want to be sure to include the development of 'mentors' who can provide oversight to technicians across various stores. Inherent to this training is also training on patient interaction and experience.
2. The second core focal area is the space. We would like to make an argument that Walgreens provide us either with space currently used for the photo lab at Duane Read stores, or a similar space around 150-200 ft² for a dedicated room and bathroom for lab services. We believe this investment in infrastructure will pay off very well for Walgreens given the tremendous market opportunity. As a reference, the above recommended space footprint in New York City is similar in size or smaller than the space currently allocated to photo services in Duane Read stores in New York City.
3. Our next area of focus is the ongoing investment Theranos is making and needs to make in scaling up to realize this plan. Per our discussions, in order to roll out faster nationally, Theranos would require some of the existing pre-purchase payments from Walgreens sooner than currently anticipated in our contract. Our current contract anticipates the next pre-payment of \$25M upon successful completion of pilot, and then an additional pre-payment of \$50M at the beginning of our national launch, which we previously anticipated to be around end of this year (within 30 days or so of our formal pilot success). As per our conversation, we split those outstanding pre-purchase commitments into three sequential payments starting on September 1st. In order for us to accelerate, proceed now with, and scale the national launch, we would ask for the 1st of those pre-payments of \$35M on September 1, 2013 and the 2 subsequent pre-payments of \$20m each on November 1, 2013 and December 15, 2013.
4. The fourth core focal area is the operational infrastructure. The logistics of construction for the space, supply chain security, and distribution will require management to ensure rapid scalability.
5. Finally, our fifth core focal area is marketing. Direct to consumer marketing will be critical to driving our demand and foot traffic. We have been investing heavily in the consumer content and the media partnership with Walgreens to reach consumers and drive consumers to ask their physicians to send them to Theranos will be a core tenet of our success. Fully leveraging Walgreens media and consumer reach in this context will benefit our rollout success greatly.

We look forward to discussing the above and the associated work streams with you (in as much detail as you'd like) at your convenience.

It will be wonderful to have you here next week.

With my best regards,

Elizabeth

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Walgreens deployment plan

08.01.13

executive summary.

- Theranos will open its first patient service center in downtown Palo Alto right after Labor Day of 2013, followed by the opening of 10 retail locations in the Phoenix area
- Q4'13 will see the expansion of our retail presence in the Phoenix area market to 40 total patient service center locations. In addition, we will begin preparations for our launch in New York City, expected in Q1'14
- Throughout 2014, Theranos and Walgreens will execute the national rollout strategy with new geographies added quarterly
- Our rollout plan prioritizes densely populated metropolitan/suburban areas and high Medicare population regions in which Walgreens has a substantial retail presence and strong market share

Q3'13

- + Palo Alto
- + Phoenix area

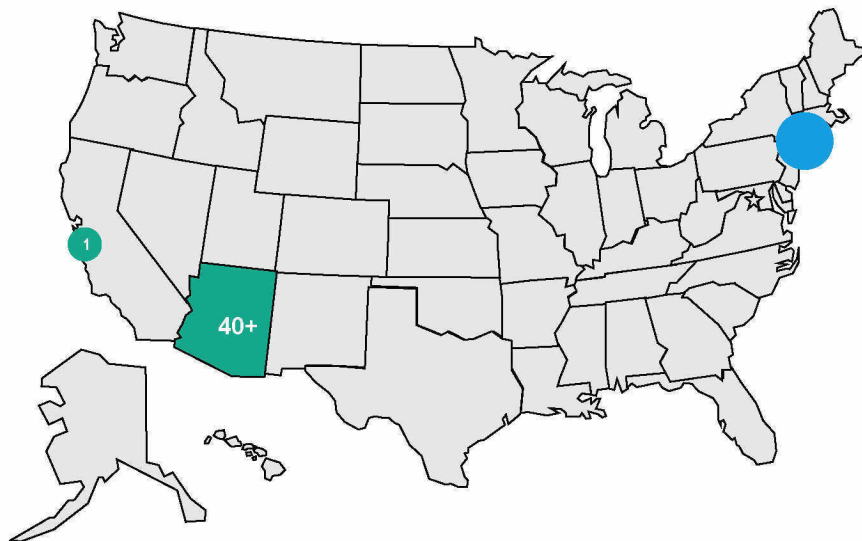


Cumulative Coverage

Walgreens Locations:	11
Population Served:	4.3 million

Q4'13

- + Arizona
 - + New York City (preparation)
- Palo Alto

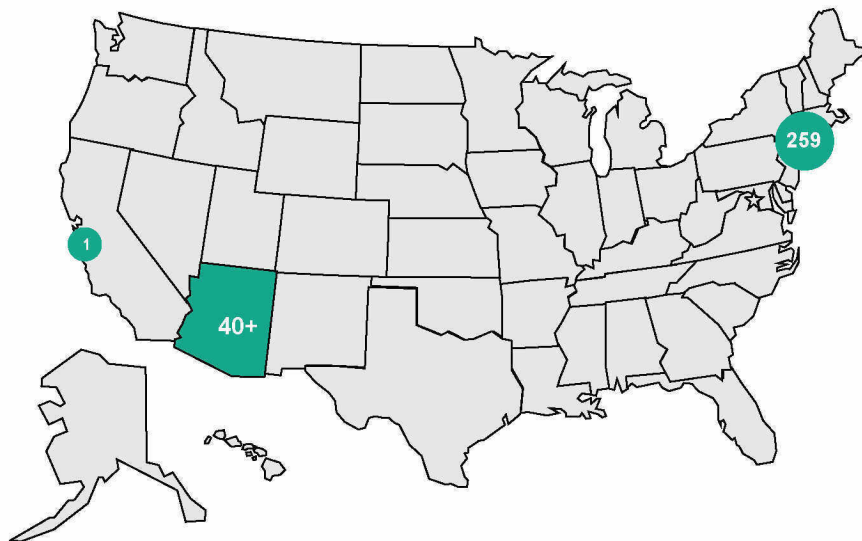


Cumulative Coverage

Walgreens Locations: 41
Population Served: 4.3 million

Q1'14

Arizona
+ New York City
Palo Alto

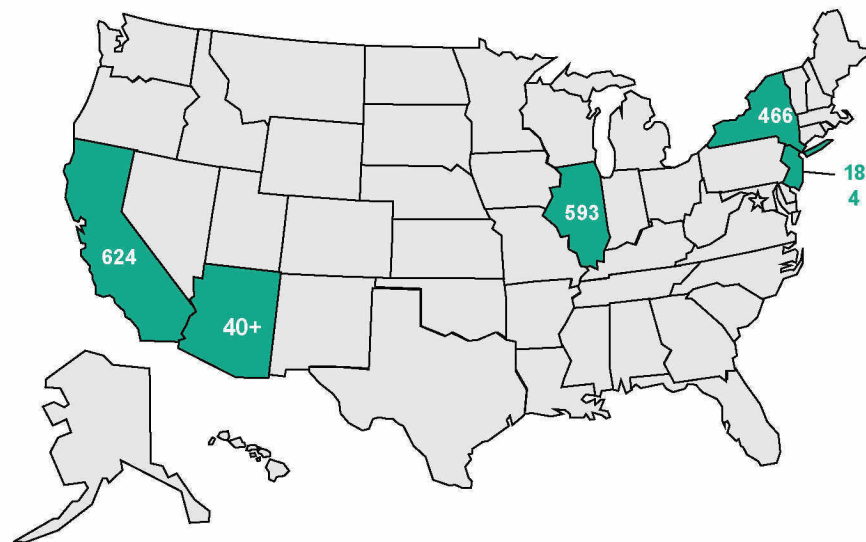


Cumulative Coverage

Walgreens Locations: 300+
Population Served: 15.0 million

Q2'14

- Arizona
- + California
- + Illinois
- + New Jersey
- + New York (state)

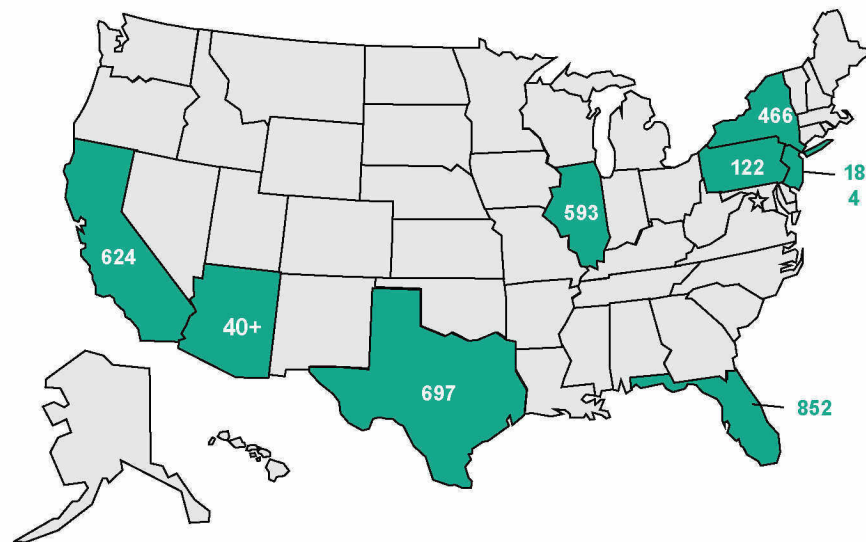


Cumulative Coverage

Walgreens Locations: 1,900+
Population Served: 85.9 million

Q3'14

- Arizona
- California
- + Florida
- Illinois
- New Jersey
- New York
- + Pennsylvania
- + Texas

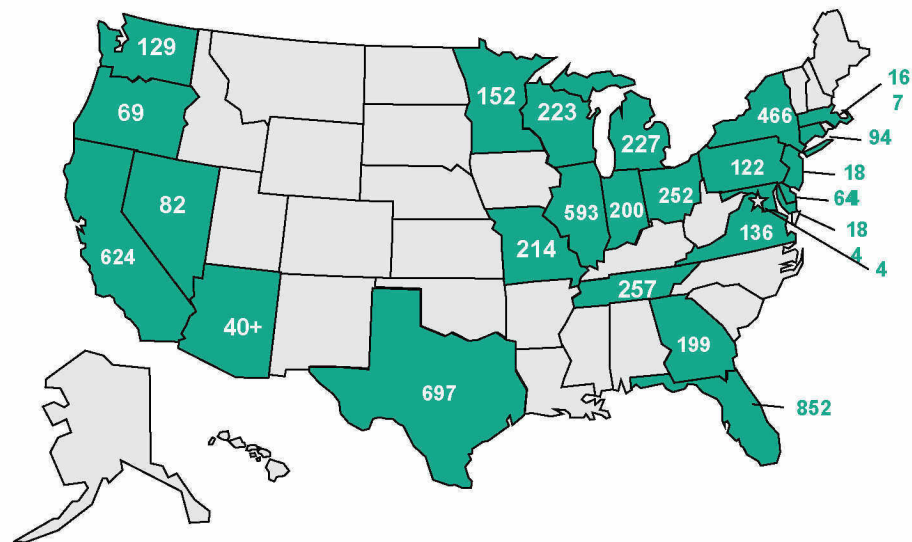


Cumulative Coverage

Walgreens Locations: 3,600+
Population Served: 144.0 million

Q4'14

- Arizona
- California
- + Connecticut
- + Delaware
- Florida
- + Georgia
- Illinois
- + Indiana
- + Maryland
- + Massachusetts
- + Michigan
- + Minnesota
- + Missouri
- + Nevada
- New Jersey
- New York
- + North Carolina
- + Ohio
- + Oregon
- Pennsylvania
- + Tennessee
- Texas
- + Virginia
- + Washington (state)
- + Washington, DC
- + Wisconsin



Cumulative Coverage

Walgreens Locations: 6,250+
Population Served: 245.9 million