



January 15, 2017

Happy New Year from ProLung!

2016 has been a spectacular year.

To achieve our research goals more rapidly, we assembled the most extensive team of clinical investigators of lung cancer in pulmonology.

This speeds the clinical evaluation required for FDA market approval, sets the stage for rapid commercial rollout, insurance reimbursement and commercial growth. The quality of the physician investigators in the US and in Europe is beyond what we could have imagined at this point last year. These clinics, now active in ProLung's pivotal trial, have choices in what to research. As shareholders, we are deeply grateful for each clinic's commitment. Today, lung cancer remains the leading cause of cancer death for men and women. With the help from these champion clinicians, a better pathway is just around the corner. 2016 brought the golden age of pulmonology. Here are the clinics that are bringing ProLung and their patients into that age by participating in ProLung research or offering the ProLung test to patients (Europe):

Azienda Ospedaliera Universitaria San Martino di Genova (*pulmonology*)

Azienda Ospedaliera Universitaria San Martino di Genova (*thoracic surgery*)

Azienda Ospedaliera Universitaria Maggiore della Carità di Novara

Azienda Ospedaliera Universitaria Careggi

Chicago Chest Center Interventional Pulmonology and Thoracic Disease

Greater Baltimore Medical Center

Harvard University at Beth Israel Deaconess Hospital

Henry Ford Hospital

Huntsman Cancer Institute at the University of Utah

Intermountain Healthcare

Johns Hopkins School of Medicine

Loyola University, Providence Health Center

Lungenklinik Löwenstein

M D Anderson Cancer Center

Medical University of South Carolina

Northwestern Memorial Hospital

Stanford Healthcare

Università Politecnica della Marche

Universitätsspital Basel

University of California at Los Angeles (*pulmonology*)

University of California at Los Angeles (*radiology*)

University of California at San Diego

University of Geneva
University of Minnesota Masonic Cancer Center
Wake Forest Baptist Health

The physicians serving in the clinics above include the Vice Chairperson of the *National Lung Cancer Screening Trial*, the President of *Chest*, and the President, *World Congress of Bronchology and Interventional Pulmonology*.

In the US, 282 of 350 target patients have been enrolled in our pivotal trial. The rate of recruitment is approximately 20 new patients per month. Having already completed the FDA's substantive review, these data will be submitted following analysis.

In Europe, in 2016, 153 patients were enrolled in a registry and ProLung released preliminary results showing for those patients that were properly selected for testing, 85% of cancers were identified correctly. In tests offered for sale, where no ProLung clinical controls are present, about 78-80% of the cancers were correctly identified. While Europe has yet to adopt low dose CT screening initiatives, in June of 2016, the University of Liverpool announced that in 35,370 patients, screening for lung nodules (that could be tested by ProLung's test), increased survival by 73% using the current standard of care. Results like these are likely to compel public policy in Europe to adopt the screen for lung nodules, greatly expanding our potential market in Europe. ProLung's potential to make a difference in time with European patients could enable an earlier biopsy, expand the time to treat and lower the cost versus the current standard of care.

In the US, the lung cancer screen marches forward. ProLung estimates that 22 million patients will complete the reimbursed screen and become candidates for the ProLung test. An estimated 4% of these would no longer wait 3 months to 3.5 years of CT surveillance for the determination of cancer risk. All stakeholders gain from the introduction and use of the ProLung test: interventional pulmonology, thoracic radiology, thoracic surgery, oncology, hospitals and health care plans.

ProLung has appeared regularly in medical conferences. In October 2016, ProLung made its first presentation outside the Rocky Mountain region to an investor conference in Phoenix. By November, ProLung had presented at key investor/innovator conferences in San Francisco, Los Angeles and New York. Last week, ProLung presented at the Biotech Showcase and the Wuxi – Medtronic Innovation conferences held in conjunction with the massive JP Morgan biotech conferences in San Francisco. ProLung's story has been embraced and and has been invited to present at BIO CEO & Investor Conference in New York, the Cavendish Global Health Impact Forum for Innovators in the Life Sciences in San Diego and the Swedish American Life Science Summit in Stockholm. ProLung is not a secret, it has been discovered and it is poised for success in 2017.

2016 was an exceptional financing year for ProLung. Not only have we raised adequate funds for research operations, we have done so without the sale of any preferred stock or the issuance of debt. ProLung has never made a public market for its stock, but the option to list

and trade is ours. Such liquidity tends to further improve valuation as does FDA market approval, insurance reimbursement and widespread adoption. Because ProLung is a member of the digital health community, strategic interest and opportunity are growing. ProLung belongs to the predictive analytic class of innovative companies that promises a bright future in non-invasive applications, with improved results and lower cost.

Until January 31, 2017, ProLung will continue to offer the sale of a unit consisting of one share of common stock and one warrant for the purchase of an additional share at \$1.50 for three years. Beginning in February, ProLung will no longer offer the warrant, but may offer the sale of shares of its Common Stock. Qualified shareholders that have an interest in additional participation in this Offering can contact me directly at 801.631-7288 or sce@prolungdx.com to obtain subscription applications.

Welcome to the golden age of pulmonology! Please join with me in the excitement and discovery of 2017.

Wishing each of you a happy and prosperous New Year,



Steven C. Eror
President and CEO
ProLung