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VISIONGATE CLOSES \$2 MILLION FINANCING AND ANNOUNCES COLLABORATION TO EVALUATE ITS 3D CELL IMAGING PLATFORM FOR EARLY LUNG CANCER DETECTION

—Study at Sheba Medical Center Is Assessing Ability of VisionGate's LuCED™ Test In Conjunction with CT Screening to Address Key Limitation of Landmark NCI Lung Cancer Screening Study—Managing False Positive Results—

—Company Completes First Tranche of Financing Round—

Phoenix, AZ – October 19, 2011 – VisionGate, Inc., a company developing a revolutionary non-invasive test for the early detection of lung cancer, today reported that it has raised approximately \$2 million in the first tranche of a financing round. The company also announced that it has entered into a collaboration with the Sheba Medical Center in Israel to evaluate whether VisionGate's LuCED™ test can reduce false positive results when used in conjunction with x-ray computed tomography (CT) screening for early lung cancer.

LuCED is used in tandem with VisionGate's automated 3D cell imaging platform, the Cell-CT™, which generates high-resolution biosignatures from intact cells using a sputum sample. These biosignatures are automatically analyzed using the company's proprietary predictive analytics to indicate the presence or absence of cancer cells.

The proposed first application of LuCED is as an adjunct to x-ray CT lung cancer screening. The National Cancer Institute's (NCI) landmark National Lung Screening Trial (NLST) of more than 53,000 current and former smokers showed that low-dose helical CT screening of these high-risk individuals reduced lung cancer deaths by 20% compared to standard chest x-rays. However, the broad utility of the approach is hampered by the high rate of false positive results seen in the study—according to the NCI, more than 96% of the positive results from low-dose CT screening over three rounds of testing turned out to be false positive findings. These false positive test results are especially problematic because they require follow-up care that results in unnecessary invasive procedures for many patients and significantly higher costs for the healthcare system as a whole, as well as causing potential psychological trauma to patients. These results were reported in the August 4, 2011 edition of the *New England Journal of Medicine*.

In the collaboration with Sheba Medical Center, VisionGate's LuCED is being evaluated along with other non-invasive measures to determine whether they can be used in conjunction with x-ray CT lung cancer scans to reduce the number of false positive results. Nir Peled, MD, PhD, FCCP, who is Head of the Thoracic Cancer Research and Detection Center at Sheba, is conducting the study with 200 patients with pulmonary nodules detected by x-ray CT scans where the diagnosis remains unclear.

Dr. Peled noted, "The NLST study results confirm that x-ray CT scanning can detect lung cancers at their earliest stage and save lives; however, the associated high rate of false positive findings is likely to restrict its broad use. Our clinical study is exploring whether VisionGate's LuCED technology used in conjunction with x-ray CT scanning can be used to distinguish true positive from false positive results. I look forward to helping to determine whether LuCED has the potential to serve as an adjunct to improve the accuracy of CT lung cancer screening results and thereby help make its life-saving potential available to many more patients."

VisionGate also reported that it is entering into additional strategic partnerships for the clinical assessment of the LuCED technology. These include a collaboration with Paul Zarogoulidis, MD, PhD,

pulmonary physician at G. Papanikolaou General Hospital, Aristotle University in Thessaloniki, Greece to evaluate LuCED as a primary screening test in 200 lung cancer patients who have undergone surgery and are at risk of developing second primary cancers.

“We are delighted to be working with prominent researchers around the globe to evaluate LuCED’s potential in the early detection of lung cancer,” said Scarlett Spring, president of VisionGate. “We believe our strategy of establishing multiple collaborations to assess promising applications for the LuCED platform will provide us with important data and invaluable insight into the potential broad utility of this important new diagnostic technology.”

In a presentation at the International Academy for the Study of Lung Cancer (IASLC) 14th World Conference on Lung Cancer in July 2011, VisionGate showed how LuCED harnesses the power of 3D imaging to accurately detect cancer cells in sputum samples from individuals at high-risk of lung cancer, without the use of x-rays. LuCED works with the company’s automated Cell-CT platform to produce detailed 3D images of the cells contained in sputum samples, which the system automatically analyzes to identify key features, or biosignatures, associated with potential malignancy. The analysis yields a score that indicates whether or not cancer cells are present in the sample. The Cell-CT system produces strikingly clear and comprehensive 3D images of the cells, enabling extremely accurate classifications.

Separately, VisionGate reported that it has closed the first \$1.96 million tranche of a projected \$3 million equity financing. The financing included both existing and new investors.

Alan Nelson, PhD, chairman and CEO of VisionGate, commented, “We view the enthusiastic response to our current financing round as a testament to the broad potential of our innovative 3D cell imaging technology. These funds will enable us to continue to rapidly advance the clinical and regulatory development of LuCED and our 3D cell imaging platform.”

About The Sheba Medical Center

The Sheba Medical Center at Tel Hashomer is a university-affiliated tertiary referral hospital that serves as Israel's national medical center in many fields. Adjacent to Tel Aviv, it is the most comprehensive medical center in the Middle East, renowned for its compassionate care and leading-edge medicine. It is also a major medical-scientific research powerhouse that collaborates internationally with the biotech and pharmaceutical industries to develop new drugs, treatments and technologies, and a foremost global center for medical education. For more information, visit <http://eng.sheba.co.il/>.

About VisionGate

VisionGate, Inc. is developing a revolutionary non-invasive test for the early detection of lung cancer, using its automated 3D cell imaging platform, the Cell-CT™, which generates high-resolution 3D biosignatures from intact cells using a sputum sample. The company’s LuCED™ test is initially being developed for adjunctive use with low dose x-ray computed tomography (CT) screening for the early detection of lung cancer in high risk individuals. Adjunctive use of LuCED to better manage the high rate of false positive results in CT screening could increase the utility and cost effectiveness of the approach, which has been shown to decrease lung cancer deaths in former and current smokers. For more information, visit www.visiongate3D.com.

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