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Veracyte Presents Preliminary Data for Molecular Classifier to Improve Early, Non-Surgical Diagnosis of Idiopathic Pulmonary Fibrosis

Classifier shows promise for differentiating IPF from other interstitial lung diseases

SOUTH SAN FRANCISCO, Calif., May 20, 2014 /PRNewswire/ -- [Veracyte, Inc.](#) (Nasdaq: VCYT) announced the presentation of the first proof-of-concept data demonstrating the company's ability to develop a molecular classifier to differentiate interstitial lung diseases (ILDs), including idiopathic pulmonary fibrosis (IPF) and its histological hallmark, usual interstitial pneumonia (UIP). The data were presented today at the *American Thoracic Society (ATS) 2014 International Conference in San Diego, Calif.*

Each year in the United States, approximately 200,000 patients are suspected of having an ILD, including IPF. These diseases, which cause progressive lung scarring, are frequently difficult to differentiate and diagnose without invasive, risky and expensive thoracic surgery. Veracyte is developing a molecular test to enable less invasive, more accurate and less costly diagnoses using samples obtained through bronchoscopy. The company is focusing first on IPF because rapidly and definitively determining whether or not a patient with suspected ILD has IPF can dramatically alter the treatment path and outcome.

"The potential to apply genomic-based testing to aid in distinguishing IPF from other ILDs would be a major advance for physicians and patients," said Fernando J. Martinez, MD, executive vice chair of medicine at Weill Cornell Medical College, one of the clinical sites involved in the development of Veracyte's test. "This ability becomes especially important for patients diagnosed with IPF, as new therapies on the horizon offer potential for improved outcomes."

Preliminary results presented today show that the molecular classifiers developed by Veracyte using whole-genome analyses on surgical tissue samples offer promise in differentiating ILDs. In a series of statistical analyses, Veracyte classifiers consistently distinguished IPF from multiple ILDs, including non-specific interstitial pneumonia (NSIP) and hypersensitivity pneumonitis (HP).

"These findings demonstrate that our preliminary classifier accurately differentiates IPF from other ILDs when compared against pathology results alone or in combination with diagnoses by expert, multidisciplinary reviews at our ILD-center study sites," said Giulia C. Kennedy, PhD, chief scientific officer of Veracyte, who presented the data. "We will continue working with leading experts in pulmonology, radiology and pathology - a virtual multidisciplinary team - as we proceed in developing a molecular test for use on bronchoscopy biopsies."

About Veracyte

Veracyte (Nasdaq: VCYT) is pioneering the field of molecular cytology, focusing on genomic solutions that resolve diagnostic ambiguity and enable physicians to make more informed treatment decisions at an early stage in patient care. By improving preoperative diagnostic accuracy, the company aims to help patients avoid unnecessary invasive procedures while reducing healthcare costs. Veracyte's first commercial solution, the Afirma[®] Thyroid FNA Analysis, utilizes the proprietary Gene Expression Classifier (GEC) to resolve ambiguity in thyroid nodule diagnosis. Each year, of the more than 525,000 thyroid nodule FNAs performed in the U.S., approximately 115,000 patients undergo diagnostic thyroid surgery, with 70% to 80% of nodules proving benign and thus the surgery unnecessary. Veracyte commercially launched Afirma in January 2011. As of March 31, 2014, the company has received nearly 100,000 FNA samples for evaluation using Afirma and has performed nearly 20,000 GECs to resolve indeterminate cytopathology results. Backed by multiple, peer-reviewed, published studies and included in leading medical guidelines, Afirma is covered by Medicare and major commercial payers, which collectively represent more than 125 million covered lives. Afirma is marketed and sold through a global co-promotion agreement with Genzyme Corporation, a subsidiary of Sanofi. Veracyte intends to expand its molecular cytology franchise to other clinical areas and is in late biomarker discovery for its first product in pulmonology. For more information, please visit www.veracyte.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the company's ability to develop a test to differentiate ILDs; the potential benefits and attributes of a molecular classifier for ILDs, and specifically IPF; the need for such a classifier; and the company's intent to

expand its molecular cytology business into other clinical areas. Forward-looking statements involve risks and uncertainties, which could cause actual results to differ materially, and reported results should not be considered as an indication of future performance. These risks and uncertainties include, but are not limited to: our limited operating history and history of losses; our ability to increase usage of and reimbursement for Afirma and any future products we may develop; our dependence on a few payers for a significant portion of our revenue; the complexity, time and expense associated with billing and collecting from payers for our tests; laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our dependence on strategic relationships; our ability to develop and commercialize new products and the timing of commercialization; the occurrence and outcome of clinical studies; the timing and publication of study results; the applicability of clinical results to actual outcomes; our inclusion in clinical practice guidelines; our ability to compete; our ability to expand into international markets; our ability to obtain capital when needed; and other risks set forth in the company's filings with the Securities and Exchange Commission, including the risks set forth in the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements.

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