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Data Demonstrating Cost-Effectiveness of Veracyte's Percepta® Bronchial Genomic Classifier Published in "Journal of Thoracic Oncology"

-- Findings suggest that test's use reduces invasive lung-cancer diagnostic procedures by 28 percent and is cost-effective --

SOUTH SAN FRANCISCO, Calif., May 11, 2017 /PRNewswire/ -- Veracyte, Inc. (NASDAQ: VCYT), a genomic diagnostics company focused on reducing unnecessary surgeries and healthcare costs by resolving diagnostic uncertainty, announced that data demonstrating the cost-effectiveness of the Percepta Bronchial Genomic Classifier were published for the first time today in the *Journal of Thoracic Oncology* (JTO). These data suggest that use of the Percepta classifier in lung cancer screening and diagnosis can meaningfully reduce invasive procedures and associated costs, and is cost-effective across a range of assumptions.

The Percepta classifier is used to resolve inconclusive bronchoscopy results in patients undergoing evaluation for potentially cancerous lung nodules or lesions. Among the estimated 350,000 patients who undergo such a bronchoscopy each year, up to 70 percent receive results that are inconclusive. This frequently leads to patients undergoing potentially risky, expensive and unnecessary invasive procedures, including transthoracic needle biopsy (TTNB) and surgical lung biopsy (SLB), to obtain a more definitive diagnosis.

"Unnecessary invasive procedures in lung cancer diagnosis can expose patients to procedural risks and discomfort, and create an additional cost burden to the healthcare system," said David Feller-Kopman, M.D., associate professor of medicine at the Johns Hopkins School of Medicine, and lead author on the *JTO* paper. "Our findings suggest that use of the Percepta classifier can significantly reduce unnecessary procedures in a cost-effective manner, making it a high-value strategy for the diagnostic work-up of patients with possible lung cancer."

To conduct their analysis, Dr. Feller-Kopman and colleagues evaluated data for 101 lung-nodule patients from the multicenter, prospective AEGIS-1 and -2 studies, which investigated the clinical performance of the Percepta classifier. All patients had a pre-test intermediate risk of lung cancer based on clinical factors. Using a commonly accepted health economics framework (a Markov model), they found that use of the Percepta classifier following an inconclusive bronchoscopy reduced invasive procedure rates by 28 percent at one month and 18.3 percent at two years, compared to use of bronchoscopy alone. They also found that the incremental cost-effectiveness ratio (ICER) - the primary metric used in health economics to assess the value of an intervention - was $15,052 per quality-adjusted life years (QALY). According to the authors, ICER values up to $50,000 per QALY are considered "good value."

"These new data underscore the tremendous value that the Percepta classifier brings to patients and the healthcare system by reducing unnecessary invasive procedures in lung cancer screening and diagnosis," said Bonnie Anderson, chief executive officer and chairman of Veracyte. "They also reinforce our commitment to providing genomic tests that answer clear clinical questions and have a direct impact on physicians' patient-care decision making."

About Percepta
The Percepta Bronchial Genomic Classifier is the first genomic test to receive Medicare coverage for improved safety and accuracy in lung cancer screening and diagnosis. The 23-gene classifier identifies patients with lung nodules who are at low risk of cancer following an inconclusive bronchoscopy result, making it possible to monitor these patients with CT scans in lieu of invasive diagnostic procedures. The Percepta classifier's performance is proven in clinical validation studies enrolling more than 1,000 patients, including strong data published in *The New England Journal of Medicine*. The classifier uses proprietary genomic technology to detect molecular changes that occur in the epithelial cells lining the lung's respiratory tract in current or former smokers with lung cancer. These changes can be detected in cells obtained from standard cytology brushings taken during bronchoscopy from the mainstem bronchus, and indicate the presence of malignancy or disease processes from distant sites in the lung. Thus, the test is designed to determine a lung nodule's or lesion's likelihood of cancer, without the need to sample the nodule or lesion directly. The Percepta classifier is performed at Veracyte's CLIA-certified laboratory in South San Francisco, California. For more information, view the Percepta video.

About Veracyte
Veracyte (NASDAQ: VCYT) is a leading genomic diagnostics company that is fundamentally improving patient care by resolving diagnostic uncertainty with evidence that is trustworthy and actionable. The company's products uniquely combine genomic technology, clinical science and machine learning to provide answers that give physicians and patients a clear path

forward without risky, costly surgery that is often unnecessary. Since its founding in 2008, Veracyte has commercialized three genomic tests, which are transforming the diagnosis of thyroid cancer, lung cancer and idiopathic pulmonary fibrosis, and collectively target a $2 billion market opportunity. Veracyte is based in South San Francisco, California. For more information, please visit www.veracyte.com and follow the company on Twitter (@veracyte).

Cautionary Note Regarding Forward-Looking Statements
This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "expect," "believe," "should," "may," "will" and similar references to future periods. Examples of forward-looking statements include, among others, our ability to successfully scale the company and our belief that we are well positioned for profitable growth. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, anticipated events and trends, the economy and other future conditions. 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: the applicability of clinical results to actual outcomes; laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; the size of the market opportunity for our products; our ability to successfully achieve adoption of and reimbursement for our products; the amount by which use of our products are able to reduce invasive procedures and misdiagnosis, and reduce healthcare costs; the occurrence and outcomes of clinical studies; the timing and publication of clinical study results; 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, 2017. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements.