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Xhale's SMART Biotechnologies Poised to Provide Solutions for Costly Drug Development

GAINESVILLE, FL – February 21, 2013 – Xhale, Inc.

The urgent need to increase the efficiency of clinical drug trails was highlighted last Fall in the *Report to the President on Propelling Innovation in Drug Discovery, Development, and Evaluation*, written by the President's Council of Advisors on Science and Technology (PCAST). The report points to the importance of new tools and innovations in regulatory science to address the crisis in drug development caused by increasing costs and declining financial support. The SMART[®] Adherence System, developed by Xhale and being commercially launched by its subsidiary SMART Biotechnologies, is a breakthrough technology that measures, monitors, reports, and improves adherence to prescribed medication regimens. The innovative technology is poised to provide important solutions for pharmaceutical companies by increasing the efficiency of clinical trials and lowering the costs of drug development.

The PCAST report states that the "inefficiency in clinical trials" is one of the "two critical areas related to drug discovery and development that must be addressed to advance innovation." Adherence to medication regimens among participants in clinical trials has been identified as one of the problem areas that increase drug development costs. The SMART[®] Adherence system is the only technology available that definitively verifies that the right person took the right dose of the right medication at the right time. The system utilizes exhaled breath, and wirelessly reports on medication adherence of participants in clinical trials.

In a related news article published in the Financial Times on December 6, 2012- *Pharma Executives Seek To Reduce Clinical Trial Costs*- key executives with two major pharmaceutical manufacturers stated their goals of cutting the expenses associated with conducting clinical trials by 50% within five years. Franz Humer, the chairman of Roche, stated that he "believes cost-cutting can be achieved by designing, coordinating, and implementing clinical trials more efficiently." The cost of clinical trials alone is nearly 40 percent of the total R&D budget of major pharmaceutical companies.

Xhale is positioning the SMART[®] Adherence System as the gold standard for monitoring and improving medication adherence in clinical trials and in disease management and prevention. "The implementation of SMART[®] in drug development can lead to reduced development costs while providing regulators and pharmaceutical companies with better information", says Donn Dennis, CSO of Xhale. "It can directly impact the success and efficiency of drug approval, and help lower costs."



About SMART Biotechnologies

SMART Biotechnologies, a subsidiary of Xhale, has developed the SMART[®] Adherence System for the pharmaceutical industry, where it is being launched as a clinical trials tool for use in drug development. The breakthrough technology measures, monitors, reports, and improves adherence to prescribed medication regimens. The SMART[®] system is the only technology available that definitively verifies that the right person took the right dose of the right medication at the right time. The system is patient-centric and noninvasive. Utilizing exhaled breath, the SMART[®] system wirelessly reports – in real time – on medication adherence of participants in clinical trials, allowing immediate intervention when a participant misses a dose. SMART[®] technology is expected to have a direct impact on the success of drug approval, and help provide safer, more effective drug development.

About Xhale, Inc.

Xhale, Inc. is a medical technology innovator, developing products that transform healthcare and save lives. The company is a world leader in the use of sensors that analyze vapor and exhaled breath and is focused on novel patient-centric monitoring solutions. Its current product lines include SMART[®], the world's only definitive medication adherence monitoring system, and Assurance[®], a replacement for conventional finger-based pulse oximetry which will monitor multiple patient parameters from a single-point-of-contact sensor, more comfortably and conveniently than finger-based pulse oximetry with fewer false alarms.

For more information, please visit www.xhale.com or contact the company at IR@Xhale.com or 352-371-8488.