

UptakeMedical™

November 16, 2011

Dear Valued Uptake Medical Stockholders,

It's hard to believe another great year in Uptake's history is coming to an end. But the final weeks of 2011 mark new beginnings for Uptake Medical, as the company transitions from R&D and clinical research and development into commercialization of the InterVapor™ system. However, before launching into the excitement ahead, we would like to share with you the great accomplishments and progress the Uptake team achieved in 2011.

The Opportunity

- InterVapor™ is a simple, minimally invasive treatment for patients with severe emphysema.
- The clinical data is very compelling with a highly favorable benefit to risk profile.
- InterVapor™ serves a large, addressable market in Western Europe and the rest of the world. Our initial target market represents a \$2.5B opportunity.
- A limited number of alternative, successful devices exist to treat emphysema patients.

A look back on 2011:

1. **Uptake Medical received CE Mark approval** for the marketing and sale of InterVapor™ in September 2011 in countries that recognize CE Mark. This is a huge milestone for Uptake and truly sets in motion Uptake's transition from an early-stage R&D operation to a commercial company. We are launching the product initially in Germany in 2011.
2. **Uptake applied for approval from the Therapeutic Goods Administration ("TGA") in Australia in October to commence commercialization efforts.** Regulatory approval from TGA is expected in Q1-2012. In anticipation of TGA approval, we have a highly experienced medical device distributor in place, Aurora Bioscience, who is excited and ready to market the InterVapor™ system.
3. **Uptake's 2nd generation of the InterVapor™ generator and catheter ("NexGen") was transferred into production and the first commercialization units were delivered into inventory in Q3-2011.** The NexGen systems are more advanced than the 1st generation systems, building on the feedback we gained from our clinical trial physicians and designed for routine manufacturing.
4. **The VAPOR Trial concluded in October and, as reported earlier, our 6 month results were first in class!!** At one year, patients continued to receive benefit from InterVapor™. Subgroup analyses have shown that those with the most severe disease (GOLD Stage IV), who have the greatest medical need, appear to gain the most benefit at a full year following treatment.

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5. **Uptake plans to submit its IDE application to the FDA before year end for the pivotal trial.** In September, we met with the FDA to discuss our overall trial design, endpoints, inclusion/exclusion criteria and timing.
6. **Uptake continues to attract great, new talent with the hire of Lloyd Mencinger, General Manager – Europe.** Lloyd has nearly 3 decades of experience across a broad spectrum of organizations including Boston Scientific, Baxter and Edwards Lifesciences. During his time with BSI, Lloyd was based in Europe for more than 8 years as VP of Endoscopy/Endosurgery, new Business and Strategy and Vice President of Sales, Marketing, Clinical Economics and Government Affairs.
7. **Uptake Medical added a new director to the Board in March - Scott Huennekens.** Scott has been President and CEO of Volcano Corp (NASDAQ: VOLC) since April 2002. And prior to that, Scott served as President and CEO for Digirad Corp. We are extremely fortunate to have Scott's leadership and practical industry experience on our Board.

A look ahead to 2012– new beginnings!

1. As mentioned above initial product launch for InterVapor™ is focused in Germany. During 2012, we plan to expand our presence across Europe initially focusing on approximately 60 pulmonary centers who have demonstrated an interest in adopting new interventional pulmonology treatments. We plan to utilize a combination of direct sales and distributors in the various markets.
2. In Q1-2012, we plan a controlled release of InterVapor™ in Australia and New Zealand working with our distributor, Aurora Bioscience. We will build on the great experience achieved with The Alfred Hospital and Prince Charles Hospital. Uptake plans a formal launch of InterVapor™ in Feb-2012.

Financing Update

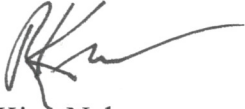
In July, we communicated our plans to raise approximately \$70-80M in an IPO on The Australian Securities Exchange (“ASX”) before FYE’2011. We raised \$4.9m from the existing investor group in the form of convertible promissory notes to help fund the company through to the IPO. We engaged two investment bankers, Shaw Corporate Finance and Moelis & Co, to assist with this process. In late September, it became evident the volatility in the global financial markets was making its impact on prospective investors and fund managers. Therefore, we made the decision to delay the IPO indefinitely until we see the global IPO markets positively return. We are now working hard to raise a Series C financing of approximately \$20M-\$30M. We will keep you informed of our progress.

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Summary

2011 has been very rewarding and productive for Uptake Medical. The transition from discovery to execution as a company is a great step forward. We are thrilled to be entering the commercial stage in Germany, with Australia and New Zealand to follow very soon. We thank you for your continued support and look forward to updating you soon on the status of our Series C financing.

All the best,



King Nelson
President and CEO

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