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NeuroMetrix, Inc.
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Continued Progress on Quell Distribution; Proposed Offering Filed

Over the past several weeks, NeuroMetrix has demonstrated continued execution against targeted events and milestones aimed at increasing the visibility and market penetration for **Quell**[®] and advancing the launch of **DPNCheck**[®] in China. The Company has received increased media attention for **Quell** and substantially increased distribution potential for the product with the recent announcement of **Quell** availability through **Amazon.com** (Launch Pad and Prime). In addition, the Company has filed an 8K concerning **Quell** availability through Medtronic's (MDT/NYSE/\$73.65/Not rated) e-commerce website. Separately, the Company has filed an S1 registration statement for a proposed offering of units comprised of common shares, warrants and preferred stock. We recently held a "Fire-side chat" with CFO, Tom Higgins, to discuss the Company's progress.

Operational Progress

1. **CE Mark:** Key to the Company's planned expansion overseas, and into Europe in particular, last month, NURO announced **Quell**[®] received the CE Mark as a class IIa medical device, through TÜV SÜD Product Service GmbH, which is one of the Notified Bodies responsible for reviewing and approving new products. The CE mark now allows **Quell** to be marketed directly to consumers within the European Union. Management expects to launch in Europe in 2017 following the conclusion of distribution partnership discussions. Similar to the US, recent European epidemiological studies indicate that 20-40% of the adult population suffers from chronic pain, opening the way to a potentially significant new market for **Quell**.

2. **New Distribution: Amazon Launchpad and Prime, Medtronic's E-commerce site:** NURO announced on December 7th that **Quell**[®] is now available on Amazon Launchpad. Amazon Launchpad is a distribution platform oriented towards providing access to startup and early stage companies to market and sell to Amazon customers. Amazon Launchpad integrates venture capital firms, startup accelerators, and crowd-funding platforms to facilitate startup companies' product launches in the U.S., U.K., China, Germany, France, and Canada. Amazon Launchpad also provides companies the opportunity to add additional educational content over what companies may provide on a primary Amazon.com listing. Over 1,000 start-up companies have launched products through the Amazon Launchpad store platform (www.amazon.com/launchpad). Additionally, other Quell-related products, such as replacement electrodes, are also displayed and available and **Quell** is available for Amazon Prime's free shipping benefits. With the acceptance into Amazon Prime, we believe Amazon may become a significant sales channel for **Quell**.

Medtronic E-commerce Website Presence: Medtronic, as a leading device-based neurobiology company has, in our view, quietly been evolving into a more consumer/patient friendly organization. The Company in recent years has been stepping into direct-to-consumer marketing and maintains an on-line store as part of that outreach. **Quell** is now a featured (only product pictured on the site landing page) product on the Company's diabetes-related e-commerce site and **Quell** is currently the only product listed in the site's "Health and Fitness" sector. We believe this "placement" may help set the stage to reach patients with potentially supportive clinical data once NURO's trials have concluded (and assuming the data is supportive) on the use of **Quell** to replace or reduce drug treatment for chronic pain sufferers. It should also be noted that neuropathic pain is different from other types of orthopedic pain and the use of Quell in this set of consumers/patients may become instrumental in differentiating the product from a plethora of localized pain, TENS-like devices. Investors can access the Medtronic site by going to: <https://medtronicdiabetes.secure.force.com/store/health-fitness>

3. Increased Media Presence: As any student of retailing is taught, visibility is a key component to a successful retail strategy. NURO is beginning to secure media attention from a variety of sources. The Company recently updated investors on some of the recent media. In particular, one such media "touch" that resulted in increased consumer interest in **Quell** came from an in-depth report on CBS's *Innovation Nation* that aired on November 26th as *The Henry Ford Innovation Nation*. *Innovation Nation* is broadcast over CBS network affiliates on Saturday mornings as part of its "CBS Dream Team" lineup. The broadcast came following *Innovation Nation* correspondent Alie Ward's visit to the NeuroMetrix offices in Waltham, MA in June to meet with management and discuss the science around **Quell**.

A summary of media highlights include:

CBS Innovation Nation - [The Medicine-Free Pain Relieving Device](#)

MedCity News - [Arianna Huffington Takes on Consumer Wellness](#)

Pain News Network - [Quell Relieves Back Pain Without Medication](#)

National Pain Report - [My Favorite Tool for Reducing Fibromyalgia](#)

Fibromyalgia News Today - [NeuroMetrix to Test Quell Pain Relief Device in Fibromyalgia Pilot](#)

Sleep Review Magazine - [NeuroMetrix Health Cloud Collects 1 Million Hours Therapy Health Data](#)

MedCity News - [Can a 'smart' pain management system be alternative to opioids for chronic pain?](#)

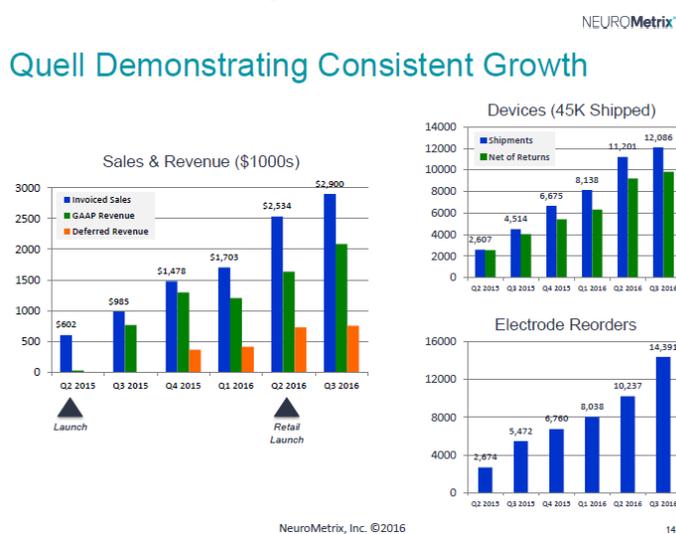
Quell was also awarded the 2016 SXSW (South by Southwest) Innovation Award for Best Wearable Technology.

4. Continuing visibility in the academic community: NeuroMetrix is currently conducting three clinical trials to support, what the Company hopes, will be unique product differentiating claims related to reduced pharmacological (drug) pain treatment for chronic pain, improved overall pain reduction and in lay man's terms, improved quality of life. To that end, the Company has continued to be present at key academic meetings and in November was present at the American Society for Regional Anesthesia's Annual Pain Medicine in San Diego, CA. This was the second year **Quell** attained a featured product status.

"Since we introduced **Quell** to the ASRA community a year ago, we have made significant progress against our healthcare professional strategy," said Shai N. Gozani, M.D., Ph.D., President and Chief Executive Officer of NeuroMetrix. "In the past 12 months, NeuroMetrix has captured over 2,000,000 hours of user data in the **Quell** Health Cloud, published results in the [Journal of Pain Research](#), and initiated several clinical evaluations that we are excited to discuss with this year's meeting attendees."

5. China Launch Underway: Following a China-focused seminar in the UK that introduced high-end Chinese physicians to **DPNCheck**, the product was “soft launched” at the 20th Scientific Meeting of the Chinese Diabetes Society during November 16-19, 2016, in Xiamen, Fujian, China. **DPNCheck** received approval as a Class II Medical Device by the China Food and Drug Administration(CFDA) earlier this year and is being marketed in China by Omron Beijing Ltd. Omron is proceeding with initial market roll-outs in the largest cities (Shanghai and Beijing) during Q4 with a broader product roll-out planned for Q1 2017. According to a recently published study in the *Journal of the American Medical Association (JAMA)*, the prevalence of diabetes in the Chinese population has risen dramatically over the past decades to nearly 12% today. The International Diabetes Federation (IDF) estimated in 2014 that over 96 million people in China had diabetes.

6. Financial Results Demonstrate Steady Growth. The adjacent slide from NeuroMetrix’s December corporate presentation and FWP filed with the SEC summarizes sales progress. Third quarter total revenue rose 65% year-over-year to \$3.4 million, of which GAAP revenue was reported at \$2.1 million, up 28% sequentially. **Quell** contributed 62% of the total revenue. Gross margin came in at 40.1%, still below management’s target of the mid-50%’s, but continued engineering effort to improve cost of goods should become evident in improved margins during 2017. Net loss was reported at \$3.9 million for the Sept. 2016 quarter compared to \$3.2 million in Q3 of 2015. The increased net loss largely reflected increased sales and marketing, including TV promotion, for **Quell**. Based upon the Q3 metrics, NURO management stated **Quell** was shipping at just under a 50,000 device rate on an annualized basis. We would like to point out the more significant rise in electrode reorders as we believe this indicates the population who is finding long-term pain relief is growing. This group may become an important word-of-mouth driver of **Quell** sales.



Proposed Offering

NeuroMetrix has filed with the SEC a proposed offering of \$30 million. The securities to be offered will be comprised of up to 3,398,058 Class A Units, consisting of 1) one share of common stock and 2) a common stock warrant exercisable at 110% of the Class A unit price and 26,500 Class B Units (25,728,156 shares of Common Stock underlying the Series E Convertible Preferred Stock) consisting of 1) one share of Series E convertible preferred stock convertible into common stock at the Class A unit price, and 2) an equivalent number of warrants as if Class A units had been purchased. The Company intends to use the proceeds to support **Quell** advertising and promotion, product innovation, the repurchase of Series D convertible preferred shares and general corporate purposes.

NeuroMetrix continues to make progress against management stated milestones and events. Going forward, we expect investors will look for improved sales metrics as **Quell** distribution expands. The Company’s clinical trials, data due later in 2017, may provide additional product differentiating claims that could drive market penetration. The stock had begun to come off of recent yearly lows, but the proposed financing may limit any near-term upside. *SG*



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Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	2	33%	1	50%
Market Perform (Neutral)	0	0%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Rating Suspensions*	4	67%	4	100%
Total	6	100%	5	83%

*Suspensions are ratings under review for possible change due to unusual market-moving news, and/or analyst departure/change

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