

1 **Exosomes as Hedgehog carriers in cytoneme-mediated transport**  
2 **and secretion**

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34 **Running Title:** Hedgehog secretion in exovesicles.

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36 **Key words:** Hh signalling, exosomes, cytonemes, cell-to-cell communication, Hh dispersion

38 **ABSTRACT**

39 **The Hedgehog signalling pathway is crucial for development, adult stem cell maintenance,**  
40 **cell migration, and axon guidance in a wide range of organisms. During development, the**  
41 **Hh morphogen directs tissue patterning according to a concentration gradient. Lipid**  
42 **modifications on Hh are needed to achieve graded distribution, leading to debate about**  
43 **how Hh is transported to target cells despite being membrane-tethered. Cytonemes in the**  
44 **region of Hh signalling have been shown to be essential for gradient formation, but the**  
45 **carrier of the morphogen is yet to be defined. Here we show that Hh and its co-receptor**  
46 **Ihog are in exovesicles transported via cytonemes. These exovesicles present protein**  
47 **markers and other features of exosomes. Moreover, the cell machinery for exosome**  
48 **formation is necessary for normal Hh secretion and graded signalling. We propose Hh**  
49 **transport via exosomes along cytonemes as a significant mechanism for the restricted**  
50 **distribution of a lipid-modified morphogen.**

51

52 **INTRODUCTION,**

53 The Hh molecule acts as a morphogen to regulate growth and cell fate specification at a distance.  
54 In different systems Hh is secreted from a restricted group of cells and distributed in a  
55 concentration-dependent manner according to distance from the source, resulting in differential  
56 activation of target genes<sup>1</sup>. Thus, Hh production, release, transport and reception must be kept  
57 under strict spatial and temporal control to accomplish an activity gradient. Hh gradient formation  
58 mechanisms have been studied extensively in the *Drosophila* wing imaginal disc comprising two  
59 cell populations with different adhesion affinities dividing the field into a posterior (P) and an  
60 anterior (A) compartment. The P compartment cells produce Hh, which moves across the A/P  
61 compartment border, decreasing in concentration as it spreads away from the border to the A  
62 compartment. Hh is post-translationally modified by the addition of cholesterol<sup>2</sup> and palmitic acid<sup>3</sup>

63 which promote Hh association to lipid membranes but are essential for its restricted spreading<sup>4</sup>,  
64 raising the question of how its actual secretion and transfer are achieved. In both the wing disc  
65 and the abdominal epidermis of *Drosophila*, specialized filopodia called cytonemes<sup>5</sup> are crucial  
66 for establishment of the Hh gradient<sup>6</sup>. Cytonemes are easily visualized by confocal microscope in  
67 the basal part of the wing disc epithelium by expressing the Hh co-receptor Ihog<sup>6-8</sup>, which also  
68 labels punctate structures<sup>8</sup> with a size 0.1 - 0.6  $\mu\text{m}$ ; some of them seem to exceed the cytoneme  
69 diameter, suggesting they could be extracellular vesicles (EVs)<sup>6</sup>. In the chicken limb bud,  
70 particles containing SonicHh (SHh) and CDO (vertebrate homologue of Ihog) have also been  
71 shown to travel along filopodia-like extensions within the field of SHh signalling<sup>9</sup>. Here we  
72 characterize these structures and their association with Hh, determining the role of EVs in Hh  
73 distribution and gradient formation.

## 74 **RESULTS**

### 75 **Hedgehog is located in EVs that move towards recipient cells**

76 In the wing disc, Hh punctate structures (endogenous or ectopically expressed Hh-GFP) locate at  
77 the plasma membrane both apically and basolaterally (Fig. 1B), and in both P and A compartment  
78 cells near the A/P border<sup>1</sup> (Fig.1C). Importantly, these puncta can be partially labelled by  
79 extracellular *ex vivo* staining with anti-GFP antibody (Fig.1 B-C), indicating the presence and the  
80 extracellular localization of Hh on their surface. They are more abundant at the basolateral part of  
81 the disc epithelium (Fig 1 B,C red and yellow puncta), and distinct from cytoplasmic puncta<sup>8</sup>  
82 (green puncta in Fig. 1C).

83 Co-expression of Hh-GFP and Ihog-RFP reveals puncta labelled with both markers in the  
84 A compartment, as well as puncta that just contain Hh-GFP probably due to internalization of Hh-  
85 GFP vesicles by the receiving cells (Fig. 1D, see also Supplementary Movie 1). Live imaging of  
86 Ihog-RFP puncta in the abdomen, where Hh also acts as a morphogen<sup>10</sup>, confirms their presence

87 both laterally as well as basolaterally, similar to Hh (Supplementary Movie 2). Disp<sup>11</sup> and Dlp<sup>8</sup>,  
88 both essential for Hh release<sup>8</sup>, also co-localize with Ihog-labelled punctate structures and  
89 cytonemes (Fig. 1E-G). These results indicate that Hh could indeed be transported in  
90 extracellular vesicles (EVs) together with other pathway components, Ihog, Disp and Dlp, all  
91 involved in Hh release. The punctate structures localize to cytonemes in the basal side of the  
92 epithelium<sup>6</sup>; and as *ex-vivo* antibody staining marks both Disp and Hh, these proteins might all be  
93 at the surface of EVs (Supplementary Fig. 1G).

94 To further investigate the EV nature of the puncta, immuno-labelling for Hh in wing discs  
95 co-expressing Ihog-RFP and the mammalian EV marker CD63 tagged with GFP<sup>12</sup> was  
96 performed, revealing a clear co-localization of the three in punctate structures (Fig. 2A). This co-  
97 localization was also confirmed by live imaging in the abdominal epidermis of pupae co-  
98 expressing CD63-GFP and Ihog-RFP (Fig. 2B and Supplementary Movie 3). Furthermore,  
99 immunoprecipitation of the GFP-tagged CD63 shows co-immunoprecipitation of Ihog-RFP and  
100 endogenous Hh *in vivo* (Fig. 2C-E), supporting the presence of CD63 in the Hh-Ihog complex  
101 observed by confocal imaging and strongly advocating the EV nature of the puncta (Fig. 2A-B).

102 Detailed observation of movies with CD63-GFP marked puncta shows their association  
103 with cytonemes in basal regions, where they move along the cytonemes which point from the P  
104 towards the A compartment (Fig.3 A-B and Supplementary Movie 4 and 5). Live imaging of cells  
105 expressing either the membrane marker CD4-Tomato or Ihog-RFP also shows punctate  
106 structures moving along cytonemes (Fig. 3C-D and Supplementary Movie 6 and 7, see also<sup>6</sup>).  
107 Interestingly, CD4-Tomato labelling occasionally shows buckling followed by a swelling structure  
108 which might be related to direct shedding of vesicles from the cytoplasmic membrane (Fig.3C and  
109 Supplementary Movie 6), also sporadically observed in puncta labelled with Ihog-RFP (Fig. 3D  
110 and Supplementary Movie 7).

111 **Hh in MVBs, plasma membranes and EVs by Immuno-EM**

112 To analyse the distribution of Hh at the ultra-structural level, immunoelectron microscopy  
113 (Immuno-EM) was performed on thawed cryosections of wing discs expressing Hh-GFP.  
114 Supplementary Fig 1 (A-F) shows correlative light-electron microscopy of the Hh distribution on  
115 ultrathin cryosections cut orthogonal to the ventral/dorsal axis. Immunofluorescent Hh staining  
116 (Supplementary Fig. 1A) was detected along the whole apical disc lumen and at the basolateral  
117 region of the P compartment. At the EM level, apical Hh signal was found on microvilli  
118 membranes (Supplementary Fig. 1B) whereas basolateral staining on Hh producing cells was  
119 mainly detected within multivesicular bodies (MVBs) and lysosomes as well as on the basolateral  
120 membranes (Supplementary Fig. 1C,D,E). Interestingly, Hh staining was also detected on  
121 heterogeneous vesicle-like structures (size ranging from 30 to 200 nm) in basolateral extracellular  
122 spaces close to the basal lamina (Supplementary Fig. 1F,f). To further explore the extracellular  
123 distribution of Hh, wing discs expressing Hh-GFP were labelled *ex vivo* with an anti-GFP antibody  
124 before EM processing. As shown in Fig. 4A, thawed cryosections labelled with a dual fluorescent  
125 and electron-dense Fab'fragment probe showed apical staining and a basolateral punctate  
126 fluorescent pattern at the P compartment, fully consistent with the punctate labelling of external  
127 Hh observed at the confocal microscope (Fig. 1). In addition, at the EM level, immunogold  
128 staining detected Hh-GFP on apical microvilli membranes (arrows in Fig. 4B-B1) as well as on  
129 discrete regions of basolateral membranes (arrows in Fig. 4C-D), frequently associated with cell-  
130 to-cell contacts (arrows in Fig. 4D). Importantly, significant Hh labelling was detected on clusters  
131 of vesicle-like structures at the basolateral extracellular spaces (arrows in Fig. 4C, E and F) and  
132 some of these vesicles appear also localized in association with cell protrusions (arrows in Fig.  
133 4E, insets). Finally, Immuno-EM confirmed the presence of Hh, Ihog and Disp at MVBs and  
134 exovesicles (Supplementary Fig. 1G,H, I) in cryosections of wing discs expressing Ihog-CFP and  
135 Disp-YFP, respectively. Altogether, these results support the notion that all these Hh signalling  
136 pathway components share the same secretion mechanism in exovesicles at basolateral spaces.

137           Due to the size of some of these EVs (30-150 nm) and their association with MVBs, they  
138 could comprise *bona fide* exosomes<sup>13</sup>, defined as extracellular vesicles enriched in cholesterol,  
139 sphingomyelin, ceramide and components of membrane raft microdomains<sup>14</sup>. Exosomes originate  
140 from MVBs and are released to the extracellular space following fusion with the plasma  
141 membrane, containing proteins implicated in trafficking, membrane fusion and signalling<sup>15</sup>. Hh  
142 has been shown to traffic from apical to basolateral plasma membranes<sup>6-8</sup> and this recycling  
143 process might actually localize Hh in MVBs. Both processes, Hh release<sup>8</sup> and MVB formation,  
144 require Rab5, Rab4, and Rab8 function<sup>16,17</sup>.

#### 145 **Hh-loaded exovesicles in culture cells**

146 Further characterization using *Drosophila* cultured wing disc cells, CI8, as well as transfected S2  
147 cells expressing Hh-GFP also show the presence of endogenous Hh or Hh-GFP in EVs. These  
148 EVs have exosome-like features based on flotation density and protein markers (Fig. 5 and  
149 Supplementary Fig. 2A-B). Characterization of the vesicular fraction by isopycnic density gradients  
150 shows co-fractioning of the Hh protein with membrane (TSG101, Rab11, Rab8 and Syntaxin),  
151 and luminal (Hsp70) exosomal associated proteins<sup>18</sup> (Fig. 5B) and the Hh co-receptor Ihog  
152 (Supplementary Fig. 2C). Previously, it has been described that Hh is associated to lipoproteins  
153 (*Drosophila* apolipoproteins; Lipophorins (Lp-I and Lp-II<sup>19</sup>) for transport<sup>12</sup>. Lp-II has also been  
154 detected in EV preparations in the presence of fly extracts (source of Lps in the *Drosophila* cell  
155 culture medium) but Lp-II does not co-fractionate with Hh-containing exosomes (Fig. 5A,B).  
156 Moreover, Hh loaded EVs were able to activate the *Ptc::luciferase* reporter (Fig. 5C-D), further  
157 showing that the Hh protein present in these EVs is functional.

158           Finally, interfering with proteins involved in the production/secretion of EVs, TSG101 and  
159 Rab27<sup>20-22</sup> in *Drosophila* wing disc cells (CI8 cells) leads to a significant reduction in the levels of  
160 Hh protein associated to EVs (Supplementary Fig. 2D). However, in our *in vitro* model,

161 interference with the ESCRT independent exosome production protein nSMase does not show a  
162 significant decrease in the Hh levels within EVs (Supplementary Fig. 2D). Together, results  
163 obtained from cell cultured EV analysis support the notion that at least a fraction of functional Hh  
164 is secreted in exosome-like vesicles in *Drosophila* cells.

### 165 **Exovesicle formation genes are needed for Hh release *in vivo***

166 From an *in vivo* perspective, preliminary observations have shown a reduction of the Hh gradient  
167 when blocking EVs formation via RNAi treatment<sup>6</sup>. Further, *in vivo* RNAi screening confirmed the  
168 previously observed role of genes involved in EV formation and release, identifying new proteins  
169 involved in the graded secretion of Hh via EVs. Five RNAi treatments show an effect on the Hh  
170 gradient by the analysis of the *Ptc::GFP-Enhancer-Trap* expression, a recognized reporter for  
171 both, short- and long-range Hh responses: the ESCRT complex components Vps22 (ESCRT-II  
172 component) and Vps24 (ESCRT-III component), the ESCRT independent sorting protein  
173 SMase<sup>23</sup>, the SNARE complex component Ykt6 and the *Drosophila* homologous for the P4-  
174 ATPase (CG31729), TAT-5 in *C. elegans* shown to regulate the budding of EVs from the plasma  
175 membrane (shedding vesicles/ectosomes/microparticles)<sup>24</sup> (Fig. 6A a-d). All these proteins are  
176 involved in EV secretion pathways and Ykt6 has also been shown to be involved in the release of  
177 exosomes containing Wingless (Wg)<sup>25</sup>. In addition, in order to confirm the requirement of EV  
178 formation during Hh signalling, we have quantified the effect of knocking down a fraction of the  
179 genes identified over the long-range target Cubitus interruptus (Ci), and a significant decrease in  
180 activation was also observed (Fig 6A e-h). These experiments then endorse the necessity of the  
181 molecular machinery for EV formation and release for both short- as well as long-range Hh  
182 signalling.

183 To further analyse the effect of knocking down EVs production genes over Hh-loaded  
184 EVs *in vivo*, we ectopically expressed Hh-GFP or Ihog-RFP in producing cells, quantifying the

185 visible punctate structures only in the A compartment (Fig.6B and for methods Supplementary Fig  
186 3). We tested RNAi treatments with a clear effect in Hh signalling (Fig. 6A and<sup>6</sup>) including the  
187 ESCRT-0 protein Hrs<sup>26</sup>, the accessory ESCRT protein ALiX<sup>26</sup>, the EV component Anx B11<sup>27</sup>, the  
188 endosomal sorting protein Rab11 implicated in EV targeting<sup>28</sup>, and the lipid raft component Flo2  
189 also found in EVs<sup>29</sup>. All RNAi treatments tested result in significantly fewer Hh-GFP puncta in the  
190 A compartment (Fig. 6Ba-c), showing an effect on actual Hh secretion. Similar reduction effects  
191 were also observed for Ihog-RFP puncta, confirming again the role of these genes in the  
192 regulation of the Hh pathway (Fig 6Bd). Moreover, interfering with EV production decreases the  
193 externalized levels of endogenous Hh (see Fig 6Cc expressed in levels of ratio change), shown  
194 by *ex vivo* staining after depletion only in the dorsal compartment of the disc while the ventral part  
195 retains wild type conditions (Fig. 6C a-b). Importantly, all RNAis used did not have a significant  
196 apoptotic effect after treatment (Supplementary Fig. 4A). In addition, quantitative RT-PCR  
197 experiments for four of these treatments confirmed the significant reduction of targeted RNA  
198 levels induced by the RNAis expression (Supplementary Fig.4B).

199 On the other hand, immunolabelling for total endogenous Hh levels of wing discs  
200 expressing the RNAi constructs only in the dorsal compartment, and compared to the wild type  
201 ventral compartment, show no significant change, excluding potential effects of RNAi treatments  
202 over production or degradation of intracellular Hh (Supplementary Fig. 4C). The only exceptions  
203 to the latter observation were the RNAi treatment for the ESCRT-I component TSG101 and the  
204 ESCRT-II component Vps22, which show significant accumulation of total Hh on the P  
205 compartment (paired t-test,  $t = -5.19$ ,  $df = 7$ ,  $p < 0.01$ ) (Supplementary Fig. 4Cc). However, despite  
206 this accumulation both TSG101 and Vps22 RNAi treatment still lead to a reduction in the  
207 extracellular levels of Hh (Fig. 6C). Thus, and taking into account all data from RNAi treatments,  
208 EV production is required for the normal release levels of Hh to the extracellular space in the wing  
209 disc and consequently for the normal graded signalling pattern.



## 210 **DISCUSSION**

211 Our previous research showed a requirement for cytonemes extending from Hh producer cells  
212 towards receptor cells for Hh gradient formation, while Hh was also observed in punctate  
213 structures<sup>6</sup>. Here, we characterized these puncta confirming their EV nature and role during Hh  
214 signalling. These Hh-loaded exovesicles are a heterogeneous group, differing in size and  
215 potentially in origin. *In vivo* imaging shows puncta moving along cytonemes, suggesting a route of  
216 Hh secretion and restricted dispersion where Hh-containing EVs are transported by cytonemes.  
217 Nevertheless, to date we still do not know the precise mechanism used for Hh release and  
218 transport along the cytoneme. Ultrastructural analysis confirmed the presence of Hh in MVBs on  
219 the A compartment, supporting an ESCRT dependent route of exovesicle formation and release.  
220 Thus, it is possible that MVBs fuse to the plasma membrane releasing vesicles at the same time  
221 as cytonemes are elongating, and that these smaller vesicles either travel within the cytoneme  
222 (that could be small MVBs) or on the cytoneme. However, live imaging of these structures also  
223 shows puncta shedding directly from the cytonemes, and these might correspond to membrane-  
224 derived vesicles known as shedding vesicles or ectosomes/microvesicles<sup>30</sup>.

225 Ectosome EVs were described as bigger than exosomes and more heterogeneous in  
226 size, ranging from 200 nm to greater than 1  $\mu$ m in diameter, and are originated by shedding  
227 preceded by the budding of small cytoplasmic protrusions, which then detach by fission of their  
228 stalk<sup>30</sup>. Although shedding vesicles/ectosomes seem to have a different origin<sup>31</sup>, the mechanisms  
229 of their sorting process remain obscure and might also be dependent on the ESCRT complex<sup>24</sup>.  
230 In addition, studies have shown a crucial role for cholesterol-rich microdomains of the plasma  
231 membrane for shedding vesicle formation<sup>32</sup> as well as for biogenesis of exosomes<sup>14</sup>. In our *in vivo*  
232 experiments, we have observed a decrease in Hh signalling by knocking down Vps22, an  
233 ESCRT-II complex component described as dispensable for vesicles derived directly from the  
234 plasma membrane<sup>33,34</sup>, but required for MVB formation<sup>35</sup> (reviewed in <sup>36</sup>) supporting an MVB

235 fusion origin. However, we have also observed a decrease in signalling and Hh release when  
236 interfering with P4-ATPase (CG-31729), the *Drosophila* ortholog of TAT-5 specifically involved in  
237 the formation of ectosomes in *C. elegans*<sup>24</sup>. Thus, as it is difficult to account for the considerable  
238 differences between the two types of vesicles, the result of knocking down Vps22 and P4-ATPase  
239 together with the EM data and the *in vivo* imaging indicate that Hh might be released in both  
240 ectosomes/microvesicles and exosome-like vesicles. Determining which process might be the  
241 main one regulating Hh secretion or whether both processes are linked is a future challenge.

242 *In vitro*, functional tests demonstrate that Hh loaded exovesicles fractionate together with  
243 classical exosomal markers (Fig 5B), and are able to activate Hh dependent transcription in cell  
244 culture (Fig 5D). Furthermore, interference with genes involved in the formation and release of  
245 EVs *in vivo* has a decreasing effect on the release of Hh to the extracellular space, altering the  
246 Hh gradient formation during signalling (Fig 6). In our experimental model (the *Drosophila* wing  
247 imaginal disc) all RNAi treatments behave similarly, independently of their individual function  
248 within the EVs formation pathways. The only exceptions were given by the silencing of ESCRT-I  
249 component TSG101 and the ECRT-II component Vps22, which resulted in a significant  
250 accumulation of total Hh in the P compartment (Supplementary Fig. 4C) but still impaired Hh  
251 secretion to the A compartment (Fig. 6B,C); probably due to a simultaneous impairment of the  
252 route for Hh degradation as they both play a key role in MVB formation<sup>26,35</sup>. Differential outputs  
253 after down regulation of different EVs formation genes have been reported, including an  
254 increment in EVs release (eg ALiX RNAi)<sup>26</sup>. However, there is increasing evidence of the  
255 heterogeneous nature of EVs in size, protein content and origin<sup>18</sup>. Depletion of a gene involved in  
256 the formation pathway might either affect EVs release in general or might alter the proportion of  
257 the different vesicles formed<sup>26</sup>. Thus, quantifying the effects over those vesicles containing Hh or  
258 Ihog might not detect potentially distinct changes in the distribution of different size vesicles or  
259 protein content.

260 Association of Hh to EVs and thus membranes supports the transport mechanism initially  
261 proposed by Greco et al<sup>37</sup> for the spread of Wg protein; Wg secreted and moved while contained  
262 in membrane fragments called argosomes. Vesicular release of SHh has also been described in  
263 the determination of left-right asymmetry in vertebrates<sup>38</sup>. Moreover, Hh has been found in  
264 exosomal structures for its apical secretion in *C. elegans*<sup>39</sup>. We have found a functional Hh  
265 associated to heterogeneous EVs, either originated from MVBs or/and directly shedding from the  
266 plasma membrane of cytonemes, and that are essential for Hh gradient formation.

267 Recent reports also show Wg and Wnt to be released in exosomes at the wing disc, in  
268 the zebrafish and tissue culture cells<sup>21,22,25,40</sup>. During patterning of the zebrafish neuroectoderm,  
269 Wnt8a localizes to membrane-associated punctate structures in live tissue and these puncta are  
270 found on filopodial cellular processes<sup>40</sup>. In *Drosophila*, Wg has also been visualized *in vivo*  
271 moving along cellular extensions by Evi-exosomes<sup>18</sup> or released as exosomes from MVBs at  
272 synaptic terminals<sup>22</sup>. The release of exosomes and further activation of the Hh pathway in an  
273 epithelium might then require a synaptic process with a potential complex association of various  
274 proteins. Thus, *in vitro* experiments with cultured cells might not be able to reproduce the  
275 signalling process in an epithelium, leading to the relatively low representation of Hh in exosomes  
276 and Hh dependent transcription activation.

277 Overall, our results support a route for morphogen transport that involves vesicle  
278 transport and secretion along cytonemes to accomplish proper spatially restricted signalling. Still,  
279 key unanswered questions regarding the final transfer or release of morphogens like Hh remain.  
280 Supporting a conserved mechanism in vertebrates, SHh and CDO (vertebrate homologue of  
281 Ihog) in vesicle-like structures have been observed moving along specialized filopodia in the  
282 chick limb bud<sup>9</sup>. Further elucidation of the origin, structure and function of the EVs implicated in  
283 this process as well as the mechanism of their release is likely to be essential to understand Hh  
284 cell-cell signalling. However, our results do not totally exclude a potential combinatorial effort with

285 other secretion routes or extracellular forms of Hh, such as lipoprotein particles<sup>12,41</sup> or Hh  
286 multimers<sup>42</sup>. Comprehending how signalling molecules like Hh are distributed will improve  
287 knowledge of developmental processes and their role in diseases like cancer, revealing a wider  
288 set of mechanisms and genes involved in the regulation of their signalling.

## 289 **METHODS**

### 290 **Fly mutants.**

291 A description of mutations, insertions and transgenes (Supplementary Table 1) is available at Fly  
292 Base (<http://flybase.org/>). Gal80<sup>ts</sup>, FLP122 (Bloomington *Drosophila* Stock Centre (BDSC),  
293 Indiana, USA; <http://flystocks.bio.indiana.edu>).

### 294 **Overexpression experiments**

295 The *Gal4* drivers were: *hh.Gal4*<sup>44</sup>, *ap.Gal4*<sup>45</sup>, *tub.Gal4* (BDSC). The *pUAS*-transgenes were:  
296 UAS.Hh-GFP<sup>46</sup>, UAS.Ihog-RFP<sup>8</sup>, UASCD63-GFP<sup>12</sup>, and UAS.*CD4-tdTom*<sup>47</sup>.

297 UAS-RNAi lines targeting TSG101 (35710), ALiX (33417), Hrs (33900), Rab27 (37774), Vps 22  
298 (38289), Vps 24 (38281),  $\alpha$ Smase (25283) and Ykt6 (38314) were all from BDSC. Flo2 (31525),  
299 AnxB11 (29693), Rab11 (108382), P4-ATPase (CG31729) (105987) and Vps4 (105977) were  
300 from the IMP Vienna *Drosophila* RNAi Centre (VDRC; <http://stockcenter.vdrc.at>). 30 hours of  
301 transient expression of the UAS-constructs using Gal4; Tub-Gal80<sup>ts</sup> drivers was achieved by  
302 maintaining the fly crosses at 18°C and inactivation of Gal80<sup>ts</sup> at the restrictive temperature  
303 (29°C) before dissection.

### 304 **Immunostaining of imaginal discs**

305 Immunostaining was performed according to standard protocols<sup>48</sup>. Imaginal discs from third instar  
306 larvae were fixed in 4% paraformaldehyde/PBS for 20 min at room temperature (RT) and washed  
307 in PBT before incubating with PBT 0.2% BSA for blocking (1 hour at RT) and primary antibody

308 incubations (overnight at 4°C). Incubation with fluorescent secondary antibodies (1/200 Jackson  
309 laboratories and Invitrogen) was performed for 2 hours at RT for posterior washing and mounting  
310 in mounting media (Vectashield). Antibodies were used at the following dilutions: rabbit polyclonal  
311 anti-Hh (1:800 or 1:500, raised in this work); rat monoclonal anti-Ci<sup>50</sup> (1:20 dilution, a gift from B.  
312 Holmgren); rabbit polyclonal anti-GFP antibody (1:500, Molecular Probes, A-6455); and rabbit  
313 polyclonal anti-Caspase 3 antibody (1:50 dilution, Asp-175 from Cell Signalling). The protocol for  
314 the *ex-vivo* labelling using anti-GFP antibody is described in<sup>46</sup>. Imaginal discs from third instar  
315 larvae were dissected on ice, transferred immediately to ice-cold M3 medium containing anti-Hh  
316 (1:30 dilution; rabbit antibody raised for this work), or anti-GFP (1:50 dilution, rabbit antibody A-  
317 6455; Invitrogen), or anti-Disp<sup>8</sup> (1:50 dilution, guinea pig antibody), or anti-Dlp (1:5 dilution;  
318 mouse antibody, Hybridome bank, Iowa) antibodies and incubated at 4°C for 30 minutes. The  
319 incubation with the primary antibody under these 'in vivo' conditions, without detergents prior to  
320 fixation, rendered the antibody incapable of penetrating the cells. They were then washed in ice-  
321 cold PBS, fixed in PBS 4% PF at 4°C, washed in PBT and incubated with secondary fluorescent  
322 antibody as above.

### 323 ***In vivo* imaging of the abdomen**

324 Pupae were filmed through a window in the pupal case and analysed as described previously<sup>6</sup>.  
325 White prepupae were attached to double-sided adhesive tape to remove the operculum with  
326 forceps. The prepupa was removed from the adhesive in a solution of 1 mM levamisole in water  
327 and moved to a new slide mounting between three bands of Parafilm "M" arranged in a U-shape  
328 to ensure minimal squashing. A total of 30 µl of 1 mM levamisole was used to surround the  
329 prepupa. A coverslip was placed over the sample, and the open part of the chamber was filled  
330 with 100 µl voltalef oil to ensure an oxygen supply. All imaged flies developed into pharate adults  
331 and many hatched. Z-stacks of around 40 µm with a step size of 2.5 or 3 µm were recorded  
332 every 150-180 seconds using a Leica SP8 confocal microscope at room temperature.

333 Number (*N*) of recorded pupae: Supplementary movie 2+7, *N* = 8; Supplementary Movie 3, *N* = 3;  
334 Supplementary Movie 4+5, *N* = 9; Supplementary Movie 6, *N* = 6.

### 335 **Microscopy and image processing of imaginal discs**

336 Laser scanning confocal microscopes (LSM510 or LSM710 Vertical; Zeiss) were used for  
337 confocal fluorescence imaging of imaginal discs. ImageJ software (National Institutes of Health)  
338 was used for image processing and for determining fluorescence levels.

### 339 **Quantification of EVs and Hh levels**

340 Vesicle number (Fig. 6B) was quantified using ImageJ. A defined rectangular area of 170x75  $\mu\text{m}$   
341 was chosen, which was located in the A compartment in the vicinity of the P compartment  
342 (Supplementary Fig. 3A,B). The edge limit of the P compartment cells was defined after blurring  
343 of the projected image and by creating a shaped selection to delimit edges (Supplementary Fig.  
344 3a,b) also confirmed by the immuno-labelling of the A compartment Ptc expression  
345 (Supplementary Fig. 3C). Within the selection a mean filter of 1 pixel radius was used to smooth  
346 the image and remove noise. To remove particles that were of low fluorescence intensity, the  
347 lower threshold for pixel intensities was set to 60, whereas the upper was kept at 255. Finally, the  
348 “Analyse Particles” tool was used to count puncta within 0-4.5 pixels of size (Supplementary Fig.  
349 3a,b). Quantifications were performed using individual Z slices taken every 1  $\mu\text{m}$ . All images were  
350 treated identically. For all RNAi treatments a control for potential cell death due to RNAi treatment  
351 was performed by immune-staining with anti-Caspase antibody (see Supplementary Fig. 4A); no  
352 significant increment of cell death due to treatment was detected.

353       Levels of externalized Hh (Fig. 6C) and total Hh (Supplementary Fig. 4C) were quantified  
354 by determining the Mean Gray Value in ImageJ. A rectangular area of approximately 14,400  
355 pixels within the wing pouch on each side of the dorso-ventral border marked by GFP expression  
356 driven by the *ap.Gal4* was used.

357 **Quantification of gradient length**

358 Gradient lengths were determined as described in <sup>6</sup> and then expressed as a proportion of the  
359 wing pouch length (Fig. 6 A).

360 **Quantitative RTqPCR**

361 The RNAis' ability to down regulate their target genes in the transgenic flies was already tested  
362 by the manufacturer (BDSC Trip toolbox stocks). Four RNAi treatments were tested  
363 (Supplementary Fig. 4B). Three independent biological replicate assays were produced for  
364 TSG101-, Flo2-, Rab11-, and the control EGFP-RNAi constructs, and six replicates in the case of  
365 HRS- and its control EGFP-RNAi. For RNA extraction *Drosophila* third instar larvae expressing  
366 RNAi constructs or not were collected and kept at -80°C. Larval tissues were homogenized in  
367 500µl Trizol (Invitrogen), 100µl Chloroform (Merck). After a 15 min 12000 rpm centrifugation at  
368 4°C the upper phase containing total RNA was collected and precipitated with 250µl 2,3-propanol  
369 (Merck). The dry pellets were resuspended in 40µl sterile water and stored at -80°C. For the RT-  
370 qPCR reaction, RNA concentration was measured using the Nanodrop ND-1000 and RNA  
371 integrity was confirmed using the "Total RNA Analysis ng sensitivity (Eukaryote)" assay of the  
372 Agilent 2100 bioanalyzer. cDNA was generated using Super Script III First-Strand Synthesis  
373 SuperMix for qRT-PCR from Invitrogen (PN 11752250), 800 ng of total RNA were used for each  
374 replicate in a final volume of 20 ul (final concentration of 40 ng/µl). qPCR reactions (95°C for 10  
375 min., followed by 40 cycles of 95°C for 15sec. and 60°C for 30sec.; and 1 cycle of 95°C for  
376 15sec, 60°C for 15sec and 95°C for 15sec) were run on the CFX 384 (Biorad) according to the  
377 manufacturer's instructions.

378 *Primers used in RTqPCR:*

379 **Flo2\_1F** 5'-GGCGATGCAGCAATTATGA-3', **Flo2\_1R** 5'-TCATCGGTTTTGGCCAGT-3',  
380 **Flo2\_2F** 5'-GACGCAAGCAGATCGAGATT-3', **Flo2\_2R** 5'-GATGGTCTGACATTGCTTGG-3',  
381 **Rab11\_1F** 5'-GACATTGCCAAGCATCTGAC-3', **Rab11\_1R** 5'-GTTCTGGTCGGCATGGTC-3',

382 **Rab11\_2F** 5'-AGCCACAGTTTGTTCATGTGC-3', **Rab11\_2R** 5'-TCTGATGATGGTGGTGGTGT-3'  
383 **Hrs\_1F** 5'-AAGATGAACTCGCCCAACC-3', **Hrs\_1R** 5'-GCAGTTCTTGACGATGCTCTC-3',  
384 **Hrs\_2F** 5'-TCACTCCCAAGAATGCCTTT-3', **Hrs\_2R** 5'-GAGGGAATAGCAGGAGGAGTG-3',  
385 **TSG101\_1F** 5'-GACCTGCAGAGGTTTCGTGTT-3', **TSG101\_1R** 5'-  
386 CGGGAATAGTGCCCTGTATG-3', **TSG101\_2F** 5'-CTTATATGCCTCAGCCTGGTG-3',  
387 **TSG101\_2R** 5'-GCTGTGGGATAAGGCAGAAA-3', **Actin-F** 5'-  
388 CACCTGCACACCATCATCATTAT-3', **Actin\_R** 5'-CACACAACATGCGCCCAA-3', **Tub\_F** 5'-  
389 TCCAATCGCAACAAAAAATTCA-3', **Tub\_R** 5'-TCGTTTTTCGTATGCTTTTCAGTGT-3', **RP49\_F**  
390 5'-GACGCTTCAAGGGACAGTATCTG-3', **RP49\_R** 5'-AAACGCGGTTCTGCATGAG-3'

### 391 **Statistical Analysis**

392 All statistical analysis was carried out in R<sup>51</sup>. Data were tested for normality using Shapiro-Wilk  
393 tests (data were logged for normality where required), and for homogeneity of variance using  
394 Bartlett tests.

### 395 **Models for treatment effects on gradient length**

396 For the Ptc reporter a Kruskal Wallis test of gradient length against treatments related to  
397 exovesicle production (Wildtype, *UAS-aSmase-RNAi*, *UAS-Vps22-RNAi*, *UAS-Vps24-RNAi*, *UAS-*  
398 *Ykt6-RNAi*, *UAS-CG31729 (P4ATPase)-RNAi*) (n=65) showed a significant effect of treatment  
399 ( $\text{Chi}^2=34.11$ ,  $\text{df}=5$   $P<0.001$ ). Pairwise Wilcoxon tests adjusted for multiple comparisons were  
400 used to test for differences between control and each treatment (Fig. 6 Ad). For the Ci reporter a  
401 Kruskal Wallis test of gradient length against treatments related to exovesicle production  
402 (Wildtype, *UAS-Hrs-RNAi*, *UAS-Vps22-RNAi*, *UAS-Vps4-RNAi*, *UAS-Anxb11-RNAi*, *UAS-*  
403 *TSG101-RNAi*, *UAS-Vps24-RNAi*, *UAS- $\alpha$ Smase-RNAi*), (n=87) showed a significant effect of  
404 treatment ( $\text{Chi}^2=36.89$ ,  $\text{df}=7$   $P<0.001$ ). Pairwise Wilcoxon tests adjusted for multiple comparisons  
405 were used to test for differences between control and each treatment (Fig. 6Ah).



406 **Models for treatment effects on number of EVs released**

407 A Kruskal Wallis test of the number of Hh-GFP puncta released for the control (*UAS-Hh-GFP*)  
408 and ten EVs related treatments (*UAS-ALIX-RNAi*, *UAS-AnxB11-RNAi*, *UAS-CG31729*  
409 (*P4ATPase*)-*RNAi*, *UAS-Rab11-RNAi*, *UAS-Hrs-RNAi*, *UAS-Vps4-RNAi*, *UAS-Flo2-RNAi*, *UAS-*  
410 *TSG10-RNAi*, *UAS-YKT6-RNAi*, *UAS-aSmase-RNAi*)(n=103) showed a significant effect of  
411 treatment ( $\text{Chi}^2=54.67$ ,  $\text{df}=10$   $P<0.001$ ). Pairwise Wilcoxon tests adjusted for multiple  
412 comparisons were used to test for significant differences between control and each treatment (Fig  
413 6Bc).

414 A Kruskal Wallis test carried out for the number of Ihog<sup>RFP</sup> puncta released for the control (*UAS-*  
415 *Ihog-RFP*) and seven treatments related to exosome production (*UAS-Alix-RNAi*, *UAS-TSG101-*  
416 *RNAi*, *UAS-AnxB11-RNAi*, *UAS-Rab11-RNAi*, *UAS-Hrs-RNAi*, *UAS-Vps4-RNAi*, *UAS-Flo2-RNAi*)  
417 (n=76) showed a significant effect of treatment ( $\text{Chi}^2=31.18$ ,  $\text{df}=7$ ,  $P<0.001$ ). Pairwise Wilcoxon  
418 tests adjusted for multiple comparisons were used to test for significant differences between  
419 control and each treatment (Fig 6Bd)..

420 **Models for treatment effect on endogenous levels of external Hh**

421 A paired t-test comparing the relative fluorescence (mean gray values) for WT tissue and for  
422 RNAi treated tissue (*UAS-TSG101-RNAi*, *UAS-Rab11-RNAi*, *UAS-Hrs-RNAi*, *UAS-Vps22-RNAi*)  
423 (n=56) showed a significant difference ( $t = 13.18$ ,  $\text{df} = 55$ ,  $P<0.001$ ). The Ratio WT:*ap* was tested  
424 for difference between RNAi expressing wing discs and discs without RNAi treatment or Control,  
425 using Anova ( $F_{4,51}=7.79$ ,  $P>0.001$ ). Tukey's Honest significant difference tests were used to test  
426 for differences between control and each treatment (Fig 6Cc).

427 **Models for treatment effect on endogenous levels of total Hh**

428 Paired t-tests comparing the relative fluorescence (mean gray values) for WT tissue and for RNAi  
429 treated tissue (*UAS-TSG101-RNAi*, *UAS-Hrs-RNAi*, *UAS-AnxB11-RNAi*, *UAS-Flo2-RNAi*, *UAS-*  
430 *Vps22-RNAi*, and *UAS-CG31729-RNAi* (*P4-ATPase*) (n=49) showed non-significant differences,

431 except for the TSG101 ( $t = -5.19$ ,  $df = 7$ ,  $p < 0.01$ ) and Vps22 ( $t = -5.50$ ,  $df = 7$ ,  $p < 0.001$ ) treatments.  
432 The Ratio WT:*ap* was tested for difference between RNAi expressing wing discs (*ap*) and discs  
433 without RNAi treatment or control (WT), using Anova ( $F_{6,42} = 11.7$ ,  $p < 0.001$ ). Tukey's Honest  
434 significant difference tests showed that the only significant differences with control were for  
435 TSG101 ( $p < 0.05$ ) and Vps22 ( $p < 0.001$ ) (Supplementary Fig. 4Cc).

#### 436 **Models for treatment effects on target RNA levels**

437 Welch two sample T-tests comparing the normalized values for RNA expression for WT tissue  
438 and for each RNAi treated tissue (*UAS-TSG101-RNAi*, *UAS-Flo2-RNAi*, *UAS-Rab11-RNAi*, *UAS-*  
439 *Hrs-RNAi*) showed significant differences between RNAi expressing larvae and larvae without  
440 RNAi treatment or Control (Supplementary Fig. 4B). Values for each treatment are: TSG101  
441 RNAi against Control ( $n=6$ ) ( $t=3.63$ ,  $df=3.6$   $p < 0.05$ ), Flo2 RNAi against Control ( $n=6$ ) ( $t=9.19$ ,  
442  $df=2.5$   $p < 0.005$ ), Rab11 RNAi against Control ( $n=6$ ) ( $t=18.2$ ,  $df=2$   $p < 0.005$ ), HRS RNAi against  
443 Control ( $n=12$ ) ( $t=4.08$ ,  $df=8.3$   $p < 0.005$ ).

#### 444 **Immunoelectron Microscopy**

445 Larvae were inverted in PBS and fixed in 2% (w/vol) paraformaldehyde (PFA) and 0.2% (w/vol)  
446 glutaraldehyde (GLA) or 4%PFA and 0.05% GLA in 0.2 M phosphate buffer (PB, pH 7.4) for 2 h  
447 at room temperature and kept in 1% (w/vol) PFA in PB at 4 °C. Subsequently, wing discs were  
448 dissected, embedded in 10% (w/vol) gelatine, and processed for cryosectioning. Discs were then  
449 cut orthogonal to the ventral/dorsal axis on an EM FCS cryo-ultramicrotome (Leica Microsystems)  
450 at -120 °C. For immunogold labelling, thawed 90-nm thick cryosections were incubated with  
451 rabbit anti-GFP (1:500, A-6455; Invitrogen, rabbit anti-Hh (1:150) (6), guinea pig anti-Disp (1:100)  
452 antibodies followed by protein A conjugated to 15-nm gold particles (EM Laboratory, Utrecht  
453 University, The Netherlands). Sections were stained with a mix of 1.8% methylcellulose and 0.4%  
454 uranyl acetate. For double labelling, anti-Disp<sup>8</sup> and anti-Hh<sup>48</sup> antibodies were detected with goat

455 anti-guinea pig IgG conjugated to 10-nm gold particles and goat anti-rabbit IgG conjugated to 15-  
456 nm gold particles (British Biocell), respectively.

457 For *ex vivo* anti-GFP labelling experiments, discs expressing Hh-GFP were labelled  
458 with 1:30 dilution anti rabbit anti-GFP polyclonal antibody (Life technologies (Molecular Probes))  
459 as reported<sup>46</sup> and fixed with 4%PFA and 0.05% GL in 0.2 M PB (pH 7.4) for 2h at RT. Then, the  
460 discs were processed for cryosectioning as described before. Ultrathin (100 nm) thawed  
461 cryosections were incubated with an anti-rabbit Fab' fragment conjugated to Alexa594 and 1.4-  
462 nm nanogold (Fluoronanogold, Nanoprobes, New York, USA), mounted with 50% glycerol and  
463 visualized with an inverted fluorescence microscope (DMI6000, Leica Microsystems, Wetzlar,  
464 Germany). For EM visualization, nanogold labelling was amplified by silver enhancement  
465 according to manufacturer's instructions (Nanoprobes). Sections were then stained with a mixture  
466 of methylcellulose and uranyl acetate and visualized with a JEOL JEM 1010 (Tokyo, Japan)  
467 electron microscope operating at 80 kV. Images were recorded with a 4k x 4k CMOS F416  
468 camera from TVIPS (Gauting, Germany).

#### 469 **Immunoprecipitation**

470 We modified a standard protocol for immunoprecipitation using *Drosophila* embryos<sup>52</sup>. Larvae  
471 expressing CD63-GFP, Ihog-RFP or co-expressing both under *tub*.Gal4 were collected and dry  
472 frozen in liquid Nitrogen. 50 frozen larvae for each genotype were homogenized in 1 ml/each of C  
473 Buffer (50mM HEPES [pH7.4], 50mM KCl, 1mM MgCl, 1mM EGTA, 0.1% Triton, Protease  
474 inhibitors cocktail [Roche] and 1mM PMSF). Extracts were initially clarified by centrifugation at  
475 35,000 x *g* for 10 min, followed by two consecutive high-speed centrifugations at 35,000 RPM for  
476 10 min and the second for 30 min. Clarified supernatant was transferred to fresh tubes between  
477 each spin. The supernatant was then incubated with GFP-Trap coupled to agarose beads  
478 (Chromotek) for 1 hour at 4°C, followed by washing (5X) with C Buffer. Immunoprecipitated  
479 samples were resuspended in sample buffer with DTT and subjected to 1 D SDS-Page and

480 Western blotting. Blotted membranes were probed with appropriate antibodies, either to RFP  
481 (1:5000, Abcam) or GFP (1:1000, Sigma). After antibody stripping (Tris-HCL 0.5 M, pH 6.8, 2%  
482 SDS and  $\beta$ -mercaptoethanol 0.1 M, for 30 min at 60°C) membranes were probed with anti-Hh  
483 (rabbit antibody raised for this work 1:5000). Uncropped Western blots are shown in  
484 Supplementary Fig. 5 A-C.

#### 485 **Cell culture**

486 *Drosophila* S2 cells stably-expressing full-length Hh fused to green fluorescent protein (S2::Hh-  
487 GFP) were generated using the multicistronic vector pAc5-STABLE2-Neo<sup>53</sup>, and cultured in  
488 Schneider's medium supplemented with 10% FBS and 1% penicillin/streptomycin at 25°C. Cl8  
489 cells were cultured in M3 medium containing 2.5% of FBS, 2.5% fly extract, 10 mg/ml of insulin  
490 and 1% penicillin/streptomycin. Transient transfections of Cl8 cells were performed using X-  
491 tremeGENE transfection reagent (Roche Applied Science) following manufacturer's instructions  
492 on 25 million (5 million/ml) cells and 6  $\mu$ g of DNA per transfection experiment.

#### 493 **Production and isolation of EVs**

494 Crude preparation of EVs from Hh-GFP transiently transfected Cl8 cells were obtained by  
495 collecting 5 ml of EV-depleted media and performing differential centrifugation at 2,000 x g and  
496 100,000 x g of the supernatants after 48 h transfection period. The pellets containing crude EVs  
497 were resuspended. For EV production of S2::Hh-GFP and Cl8 cells, 400 million cells were  
498 cultured for 48-h and 96-h, respectively, in EV-depleted media (2.5 millions/ml), and exosomes-  
499 enriched EVs secreted into the medium were purified as previously described<sup>54</sup>; briefly, culture  
500 supernatant was collected and centrifuged at 2,000 x g, 4°C, for 10 min to remove cells. The  
501 resultant supernatant was subjected to filtration through 0.22  $\mu$  m pore filters, followed by  
502 ultracentrifugation at 10,000 x g and 100,000 x g for 30 min and 60 min, 4°C, respectively. The  
503 resulting pellets were washed with PBS and again submitted to ultracentrifugation at 100,000 x g,

504 4°C, for 60 min. Final pellets were suspended in PBS and stored at - 80°C.

### 505 **Western blot analysis**

506 A small portion (1/350th) of the supernatants obtained after 2,000 x g and 100,000 x g, and 1/5th  
507 of the crude EVs preparations or of the fractions from the sucrose gradient were analysed by  
508 Western-blotting. Extracts from larvae stage 3 (L3) were prepared as described<sup>7</sup>. SDS-sample  
509 buffer was added to the samples and incubated for 5 min at 37°C, 65°C and 95°C and separated  
510 on 4-12% pre-casted acrylamide gels (Invitrogen, Carlsbad, CA) under non-reducing conditions.  
511 Gels were transferred to PVDF membranes and blocked (5% milk and 0.05% Tween-20 in PBS)  
512 for antibody incubation. Chemoluminescent detection of proteins was performed using ECL Prime  
513 (Amersham) or Clarity Western ECL substrate (Biorad). Monoclonal antibodies were purchased  
514 from the vendors indicated: anti-GFP (clones 7.1 and 13.1) from Roche, anti-GFP (clone GFP-20)  
515 for co-immunoprecipitation experiments from Sigma, anti-RFP (ab62341) from Abcam, anti-  
516 Hsp70 (BRM-22) from Santa Cruz Biotech. Inc (Santa Cruz, CA), anti-TSG101 (4A10) from  
517 Abcam, anti-Rab11 (clone 47) and anti-ubiquitin (clone 6C1.17) from BD Biosciences (Mountain  
518 View, CA), anti-ApoLII<sup>55</sup> and anti-Syntaxin (8C3) from Developmental Studies Hybridoma Bank  
519 (Iowa City, IA). Rabbit polyclonal anti-Hh and anti-Ihog were obtained using the Polyclonal  
520 Genomic Antibody Technology<sup>TM</sup> (sdix)<sup>56</sup>. For the anti-Hh production, the immunogen region  
521 used comprised the DmHh amino-acids region 80-256; as for the anti-Ihog the DmIhog amino-  
522 acid region 248-488 was used. Horseradish peroxidase (HRP)-conjugated secondary antibody  
523 was from GE-Healthcare (Buckinghamshire, UK). Uncropped Western blots are shown in  
524 Supplementary Fig. 5 D-I.

### 525 **Fractionation of EVs on continuous sucrose gradient**

526 A continuous 0.25–2 M sucrose gradient in 20 mM HEPES (pH 7.4) was performed as described  
527 in<sup>57</sup>. Briefly, EVs were put on top of the continuous sucrose gradient and submitted to  
528 ultracentrifugation for 16 h at 210 000 × g, 4°C, in a SW40Ti swinging-bucket rotor. By using an

529 auto densi-flow density gradient fractionator (Labconco, Kansas City, MO, USA), one millilitre  
530 fractions were collected from top to bottom and 20  $\mu$ L of each fraction were reserved for  
531 measurement of the refractive index to density determination. Each fraction was diluted with 2 mL  
532 of 20 mM HEPES (pH 7.4) and ultra-centrifuged for 1 h at 100 000  $\times g$ , 4°C, in a TLA-110 rotor.  
533 Supernatants were aspirated and pellets were suspended in 25  $\mu$ L PBS and stored at  $-80^{\circ}\text{C}$ .

#### 534 **Gene silencing in *Drosophila* cultured C18 cells**

535 nSMase, TSG101 and Rab27 dsRNAs were synthesized following the protocol used at the  
536 *Drosophila* RNAi Screening Centre (DRSC) in Boston. Briefly, DNA templates containing T7  
537 promoters sequence on both ends were obtained from the DRSC and were amplified by PCR.  
538 These PCR products were used for the *in vitro* transcription (IVT) reaction, which was carried out  
539 for 16 h at 37°C using the T7 Megascript kit from Ambion. After DNaseI (Ambion) digestion to  
540 remove the template DNA, the dsRNAs were purified using RNAeasy columns (QIAGEN). Both  
541 PCR-amplified DNA and purified dsRNA products were assessed by gel electrophoreses and  
542 absorbance measurements of the yield. C18 cells were seeded in six-well plates at  $2 \times 10^6$  per well  
543 in 0.5 mL of FBS-free medium and 7.5  $\mu$ g of dsRNA were added and incubated for 1h, adding  
544 then 1.5 mL of EV-depleted medium. After 48 h of incubation a new dose of dsRNA was added  
545 and after another 48h of incubation the supernatants were collected and centrifuged at 2 000  $\times g$   
546 for 10 min to remove cells, then centrifuged at 100 000  $\times g$  for 1 h, 4°C, in a TLA-110 rotor. The  
547 resulting pellets were suspended in 25  $\mu$ L of PBS and stored at  $-80^{\circ}\text{C}$  for subsequent analysis  
548 by Western blotting.

#### 549 **Luciferase activity assay of Hh EVs on cultured *Drosophila* cells**

550 C18 cells were transfected with ptc  $\Delta$  136-GL3 Firefly responsible reporter<sup>58</sup>. After 24 h, cells  
551 were lifted and seeded into 96-wells plate, and 8-hours later incubated with 0.2 ng/ $\mu$ l of Shh  
552 recombinant protein (Sigma) or 1/4th of the crude EVs. After 24 h of treatment, Firefly luciferase

553 levels were measured using the Dual-Glo Luciferase Assay System (Promega) and the ratio to  
554 the control (no EVs added) was calculated to give the Hh signalling activity. This was tested in  
555 triplicate and significant differences were tested by a t-student test.

## 556 **ACKNOWLEDGEMENTS**

557 We are very grateful to MC Rodríguez-Navas for technical assistance, to T. Tabata for the  $\alpha$ -Hh  
558 antibody for Immune-EM studies, B. Holmgren for the  $\alpha$ -Ci, S. Eaton for the UAS-CD63-GFP fly  
559 line and R. Wilson who assisted with statistical analysis, and the BDSC and VDRC for stocks. We  
560 also thank the Genomic and the Confocal microscopy facilities of the Centro de Biología  
561 Molecular "Severo Ochoa," for skilful technical assistance. Work was supported by grants from  
562 the Consolidation Program (CSD2007-008-25120) to RB and IG, by grants BFU2011-25987 to  
563 IG, BFU2011-25986 to RB, and BFU2009-08085 to GA from the Spanish MICINN, by Marie Curie  
564 FP7 (ITN 238186) and by an institutional grant to the CBMSO from the Fundación Areces to IG,  
565 and by the Departments of Education and Industry of the Basque Government (PI2009-16 and  
566 PI2012/42), and the Bizkaia County to RB. ACG and JROF were financially supported by a Marie  
567 Curie ITN FP7 contracts, IS was financially supported by a FPI fellowship of the Spanish MICINN,  
568 AC by fellowships awarded by the JAE-CSIC program (2008-2011), GA by a senior researcher  
569 AMAROUTO program of the Comunidad Autónoma de Madrid.

## 570 **AUTHOR CONTRIBUTIONS**

571 - Ana-Citlali Gradilla, performed Drosophila silencing experiments, the IP assays, the imaging and  
572 statistical analysis and wrote the manuscript.- Esperanza González, Laura González-Mendez,  
573 Vanessa Sánchez<sup>1</sup> James D. Sutherland, -Monika González, Rosa Barrio, did the in vitro tissue  
574 culture experiments.

575 - Irene Seijo performed silencing experiments, immunostaining and the confocal images of the  
576 Drosophila imaginal discs as well as quantitative RT-PCR experiments.

577 - Ainhoa Callejo, Carmen Ibáñez performed immunostaining and the confocal images of the  
578 *Drosophila* imaginal discs.

579 - German Andrés designed and Milagros Guerra performed the immune-electromicroscopy  
580 experiment.

581 - Marcus Bischoff performed the *in vivo* movies to visualize exosomes in the *Drosophila* adult  
582 abdomen.

583 - João Ramalho Ortigão-Farias collaborated in obtaining and characterised the anti Hh and anti  
584 Ihog polyclonal antibodies.

585 - Juan M. Falcón-Pérez designed the *in vitro* tissue culture experiments.

586 - Isabel Guerrero designed the experiments and wrote the manuscript.

587

#### 588 **COMPETING FINANCIAL INTERESTS**

589 No competing financial interests

590

#### 591 **FIGURE LEGENDS.**

592 **Figure1: Hh and key signalling components are present in EVs and cytonemes. A)**

593 Schematic representation of a cross-section of the wing disc showing the expression of Hh<sup>21</sup> in

594 both epithelia; Disc proper (DP) and peripodial membrane<sup>59</sup>. B) Transverse section of a

595 *hh.Gal4>UAS.Hh<sup>GFP</sup>* wing disc which has been *ex-vivo* stained with anti-GFP antibody for one

596 hour at low temperature to avoid Hh<sup>GFP</sup> internalization. Note the colocalization of Hh<sup>GFP21</sup> and

597 externalized GFP (red) mainly at the basolateral part of the disc epithelium (bottom of image). C)

598 Confocal sections of a similar *hh.Gal4>UAS.Hh<sup>GFP</sup>* wing disc *ex-vivo* stained with anti-GFP

599 antibody. Note that the colocalization of green<sup>60</sup> and red (externalized Hh) is increased in more

600 basolateral sections. The internalized Hh<sup>GFP</sup> at the A compartment is in green (white arrow

601 heads). Note also that in the most basal section Hh puncta appear to be aligned in a 'beads on a



602 string' arrangement, suggesting they associate to cytonemes (see also <sup>6</sup>). D) *Ex-vivo* staining  
603 using an anti-GFP antibody in a UAS.Hh<sup>GFP</sup>/UAS.lhog<sup>RFP</sup>; *hh.Gal4/tubGal80<sup>ts</sup>* wing disc after 24  
604 hours at the restrictive temperature. Note the colocalization between Hh and lhog (arrow heads)  
605 in the A compartment and also the presence of externalized Hh at the cellular extensions marked  
606 by the lhog protein. E) Dlp expression in a *tubGal80<sup>ts</sup>*; UAS.lhog<sup>YFP</sup>/*hh.Gal4* wing disc for 24  
607 hours. e) Insets in E showing the colocalization of puncta of lhog and Dlp (arrow heads) in the A  
608 compartment. F) Ectopic expression of UAS-lhog<sup>YFP</sup> and UAS-Disp using the *hhGal4*; *tubGal80<sup>ts</sup>*  
609 system for 24 hours. f) Insets in F show the colocalization of puncta of both proteins (arrow  
610 heads) in the A compartment. G) *Ex-vivo* staining using an anti-Disp antibody in a UAS-  
611 Disp/UAS-lHog<sup>CFP</sup>; *hhGal4/tubGal80<sup>ts</sup>* wing disc after 24 hours at the restrictive temperature. Note  
612 the colocalization of Disp, Dlp and lhog in the A compartment (arrow heads) (insets g). Bars, 10  
613  $\mu\text{m}$ .

614 **Figure 2: Hh and lhog can complex with the exosome marker CD63 *in vivo*.** A) Lateral view  
615 of a reconstructed z –stack of confocal images from a wing disc expressing the exosome marker  
616 UAS.CD63<sup>GFP</sup> and UAS.lhog<sup>RFP</sup> under the control of *hh.Gal4/tubG80<sup>ts</sup>* after 24 hours at the  
617 restrictive temperature and immuno-labeled for Hh. Note the colocalization of lhog<sup>RFP</sup> (red) and  
618 Hh (grey) with the marker CD63<sup>GFP21</sup> (arrow heads). Bar 20  $\mu\text{m}$ . B) Live imaging of *Drosophila*  
619 abdomen shows CD63<sup>GFP</sup> labelled puncta that co-localizes with puncta also labelled by lhog<sup>RFP</sup>  
620 (arrow heads) and that move along the cytoneme (See also Supplementary Movie 3). Bar 10  $\mu\text{m}$ .  
621 C-E) Western Blots showing co-immunoprecipitation of CD63<sup>GFP</sup>, lhogRFP and endogenous Hh  
622 after a GFP-Trap pull down (Chromotek) from a High Speed Supernatant (HSS) of homogenized  
623 larvae expressing CD63<sup>GFP</sup> as control and larvae co-expressing CD63<sup>GFP</sup> and lhog<sup>RFP</sup> as  
624 experimental. (C) Immunoprecipitation of CD63<sup>GFP</sup> shown for both, the IP control and the  
625 experimental IP (arrowhead). (D') Co-immunoprecipitation of lhog<sup>RFP</sup> revealed by anti-RFP in the  
626 experimental IP (arrow) and not present in the IP control. D'') Co-immunoprecipitation of

627 endogenous Hh revealed (after membrane antibody stripping) by anti-Hh in the experimental IP  
628 (asterisk) and not present in the IP control, probably due to an enrichment effect of the co-  
629 expression of Ihog<sup>RFP</sup> and CD63<sup>GFP</sup>.

630 **Figure 3. Punctate structures move along cytonemes *in vivo*.** (A,B) CD63<sup>GFP</sup> labels punctate  
631 structures that move along cytonemes. Cells of the P compartment are labelled with  
632 *hh.Gal4>UAS.CD63<sup>GFP</sup>*. (A) Individual frames taken from Supplementary Movie 4. Black arrows  
633 indicate puncta. Fluorescence is depicted using an inverted grey lookup table<sup>61</sup>. (B) Individual  
634 frames taken from Supplementary Movie 5. Arrowheads indicate puncta. Fluorescence is  
635 depicted using a grey LUT (left) and a HiLo LUT (right), which highlights the brightest pixels in  
636 red. (C) Cytonemes labelled with CD4-Tomato show ‘buckling’ and ‘swelling’ (C). These  
637 structures might be related to the shedding of vesicles, which we could observe occasionally (see  
638 D). Individual frames taken from Supplementary Movie 6. Cells of the P compartment are labelled  
639 with *hh.Gal4 >UAS.CD4-Tomato*. Fluorescence is depicted using an inverted grey lookup table..  
640 (D) Occasionally, we observe punctate structures shedding from the cytonemes. Individual  
641 frames taken from Supplementary Movie 7. Cytonemes reaching into the A compartment are  
642 labelled with *hh.Gal4>UAS.Ihog<sup>RFP</sup>* and coloured with a fire look-up table. Left panel: Overview.  
643 Right panels: Time sequence of detail indicated in the overview. Note punctate structures, which  
644 are located along the cytonemes. One punctum (white arrows) is budding (cyan arrowheads) and  
645 finally shedding from the cytoneme (orange arrowhead).

646 **Figure 4: Ultrastructural localization of Hh in imaginal discs.** Correlative light-electron  
647 microscopy of wing discs expressing Hh-GFP. Discs were labelled *ex vivo* with a rabbit anti-GFP  
648 antibody and then fixed and processed for cryosectioning. Ultrathin sections, cut orthogonally to  
649 the V/D axis, were incubated with a fluorescent (Alexa594) 1.4-nm nanogold-conjugated anti-  
650 rabbit Fab’ probe. Labelled cryosections were first imaged at the fluorescence microscope (A1)  
651 and then at the transmission electron microscope after silver enhancement of the nanogold signal

652 (A2-F1). At the light microscopy level (A1) fluorescent labelling is detected at apical areas and at  
653 basolateral regions of the P compartment. At the EM level, apical immunogold labelling (B and B1  
654 shows the area delimited by a red box/square/rectangle in A) decorated microvilli membranes  
655 (arrows in B1) whereas basolateral signal (panels C1-C3 shows EM images of the area delimited  
656 by a blue square in A while D-F shows details of a different disc) is mainly associated with  
657 discrete extents of the plasma membrane (arrows in C1, C3 and D) that frequently coincide with  
658 cell-to-cell contacts (arrows in D). Also, immunogold labelling is detected in clusters of  
659 extracellular vesicle-like structures (arrowheads in panels C1.1, C3, D1, E1, E2 and F1), some of  
660 which are associated with cell protrusions (insets in C1 (C1.1) and E (E1)). A and P  
661 compartments as well as apical (Ap) and basolateral (Bs) regions are indicated in panels A1 and  
662 A2. To help the interpretation, apical and basolateral extracellular spaces are depicted in red (B)  
663 and blue (C1, C3, D, E and F), respectively. Panels A to C3 correspond to the same wing disc  
664 whereas panels D to F1 correspond to a different specimen. Abbreviations: LD (lipid droplet).  
665 Bars: 25  $\mu\text{m}$  (A1 and A2), 5  $\mu\text{m}$  (C), 500 nm (B, C2, D, E and F), 200 nm (B1, C1, C3, D1, E1  
666 and E2) and 100 nm (C1.1 and F1).

667 **Figure 5: Hedgehog protein is associated to EVs with features of exosomes.** A) A  
668 representative Western blotting of supernatants (SN1500 and SN45) and EVs obtained from 5 ml  
669 of media from mock- (control) or Hh-GFP- transfected Cl8 cells. Similar volume of supernatants  
670 (1/350 of the total) and 1/5th of the EVs were applied to the gel. Antibodies against indicated  
671 proteins were used as described in *Materials and Methods*. Antibody against Hh showed that Hh  
672 is found in EVs, although the Hh-associated to EVs represents less than 10% of the total  
673 secreted forms (n=3) B) EVs from Hh-GFP transfected cells were fractionated by continuous  
674 sucrose density gradient and equal amounts (1/5th) of the resulting fractions analysed by  
675 Western blotting. Specific antibodies show the presence of Hh and protein markers of exosomes  
676 (Ubiquitinated proteins, Hsp70, TSG101 and Rab11) mapping at similar densities. ApoLII was

677 also tested in the gradient, showing a different pattern along the gradient. C) Western blot  
678 analysis of Hedgehog protein in EVs obtained from untransfected Cl8 cells and extract from  
679 larvae stage 3 (L3). D) Luciferase activity in Cl8 cells transfected with *ptc*  $\Delta$  136-GL3 Firefly  
680 responsible reporter and incubated without (Control) or with EVs obtained from Cl8 cells. Shh  
681 recombinant protein was used as positive inducer. Mean  $\pm$  SD of three replicates is shown.  
682 Significance level (t-student test) \*\*P<0.01.

683 **Figure 6: Hh signalling and release in mutant conditions for exosome production genes.**

684 A) Hh signalling in wing discs expressing RNAi treatments in the P compartment (b-d, f-h) and  
685 control (a,e), visualized in the A compartment using the *Ptc-promotor-Trap::GFP* reporter (a-d)  
686 and immunolabelling for the long range target *Ci* (e-h). Detail shown at the bottom and anterior is  
687 to the left. Note in RNAi wing discs (b-d, f-h), gradients are shorter than in controls (a,e). (d,h)  
688 Box plot comparing gradient length expressed as a proportion of wing pouch length, between  
689 control discs and treatments for each reporter. B) Quantification of the number of  $Hh^{GFP}$  (a-c) or  
690  $Ihog^{RFP}$  (d) released punctate structures. Reconstruction in Z (lateral view) of wing discs  
691 expressing  $Hh^{GFP}$  <sup>21</sup> (a) or coexpressing  $Hh^{GFP}$  and RNAi for *AnxB11* (b) under the control of  
692 *hh.Gal4* and immunostained for the transcription target *Ptc* (red), note punctate structures in the  
693 A compartment, decrease after RNAi treatment. (c) Boxplot comparing the number of  $Hh^{GFP}$   
694 puncta released for the control (*UAS.Hh<sup>GFP</sup>*) and ten exosome related treatments. Note the  
695 reduction in the number of puncta. (d) Boxplot comparing the number of  $Ihog^{RFP}$  puncta (anterior  
696 compartment) for the control (*UAS.Ihog<sup>RFP</sup>*) and seven treatments related to exosome production.  
697 Note the reduction in the number of puncta. C) Endogenous externalized Hh levels decrease in  
698 mutant conditions for exosome production genes. *Ex-vivo* staining for Hh in wild type discs (a) or  
699 in wing disc expressing RNAi for TSG010 (b) driven by *ap.Gal4* with a dorsal expression domain  
700 (marked by GFP), leaving the ventral domain in Wild Type conditions as an internal control. Note  
701 the decrease in fluorescence after treatment (a,b). (c) Boxplot showing the ratio between relative

702 intensity of the mean grey value in the dorsal (RNAi treated) versus the ventral compartment  
703 (Wild type). The ratio is close to 1 in control while ratio for all RNAi cases is greater than 1 due to  
704 a decrease in the levels of external Hh in treated cells. Significance levels for pairwise tests  
705 (Tukey HSD or Wilcoxon, depending on Normality of data): \*\*\* P<0.001, \*\* P<0.01, \*P<0.05, +  
706 P<0.1. Bars, 10  $\mu$ m.

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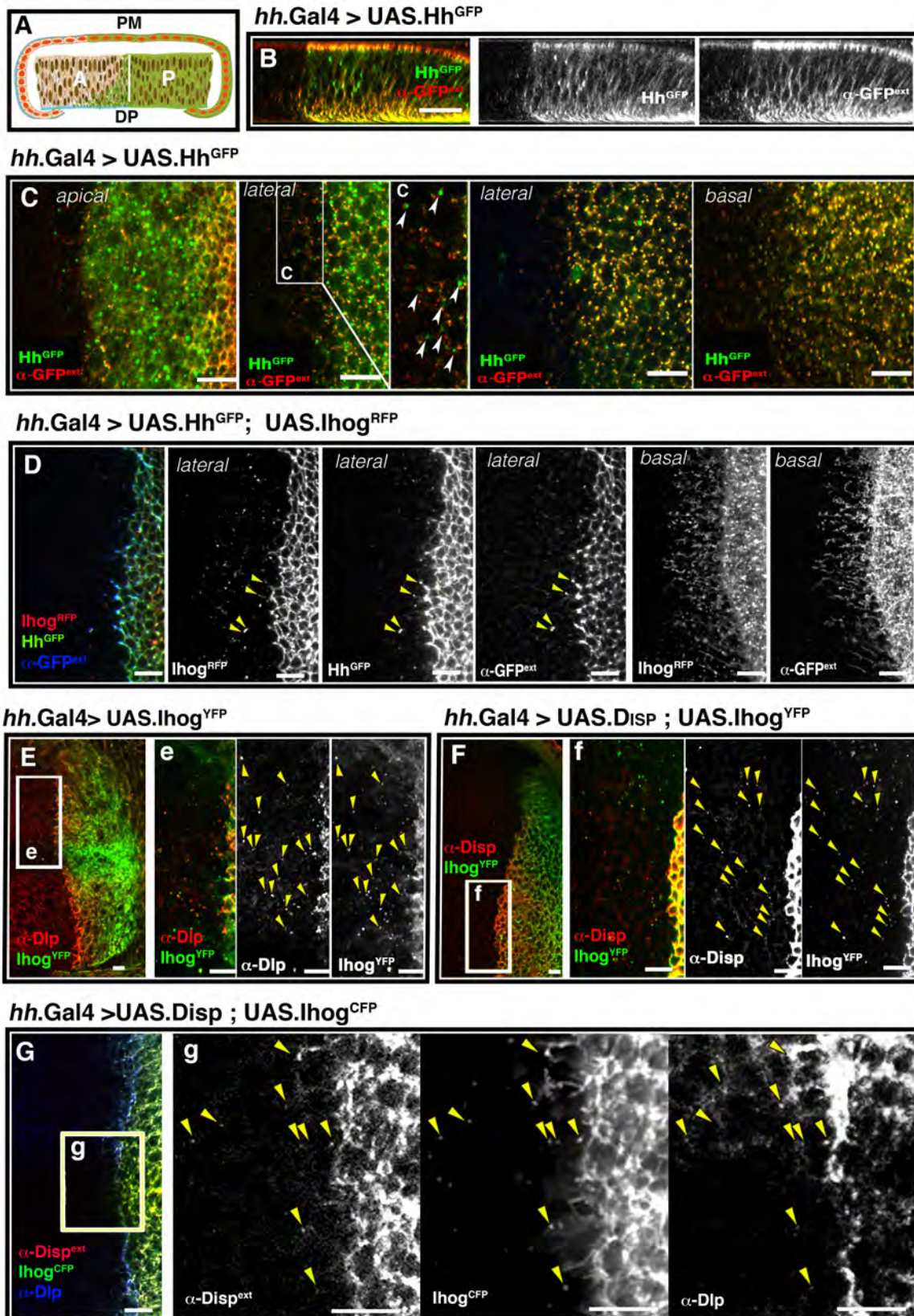
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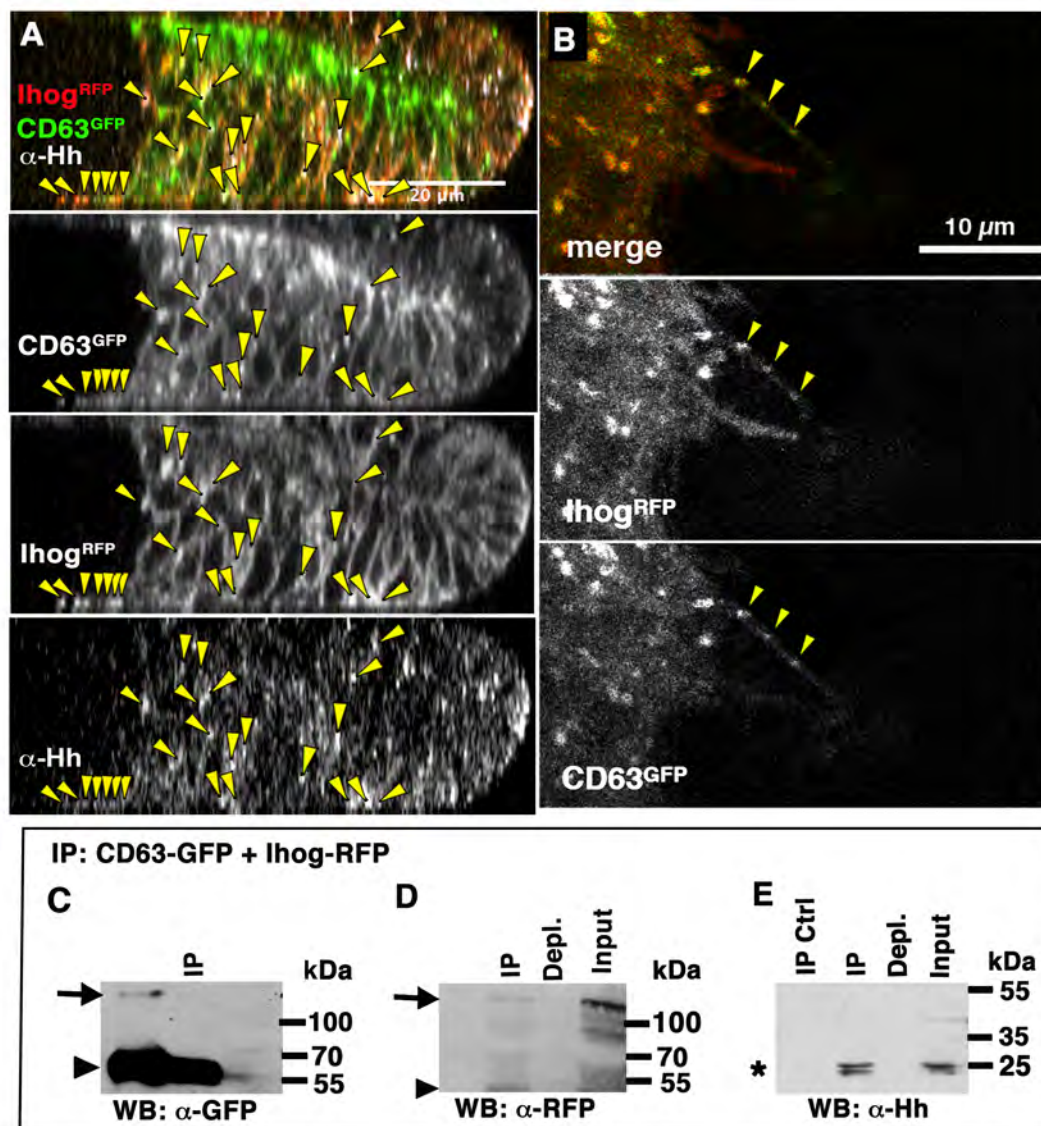


**Figure 1**

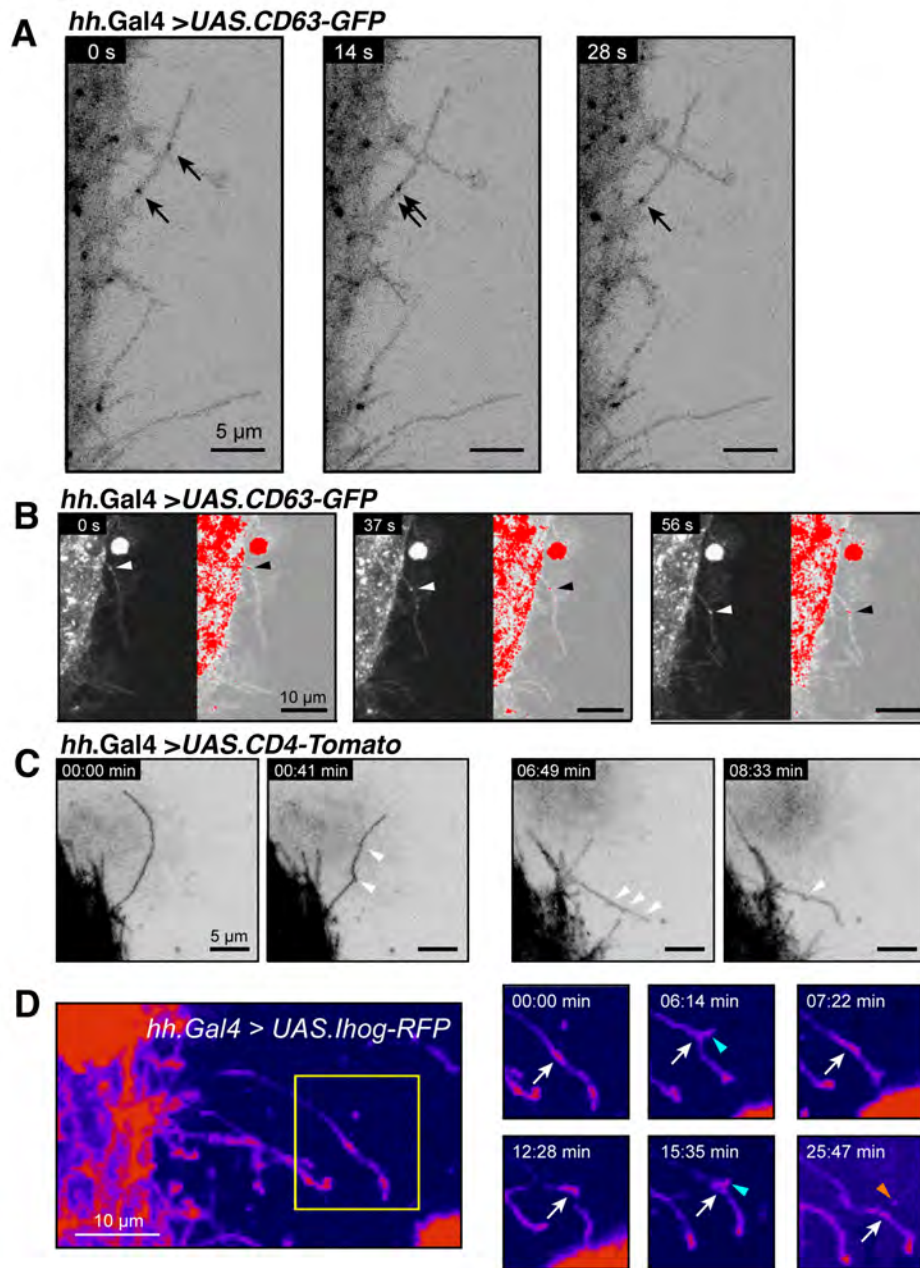


## Figure 2

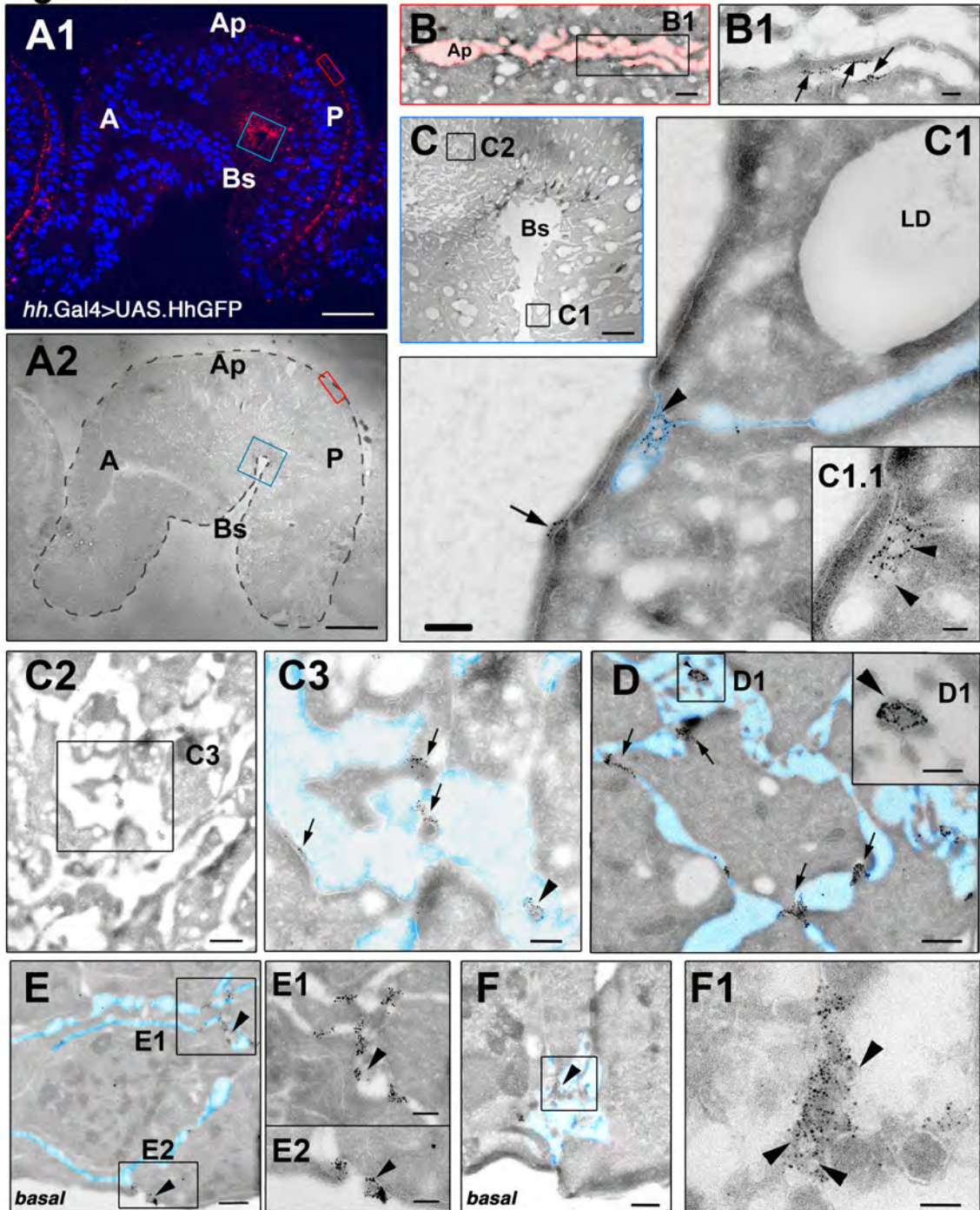
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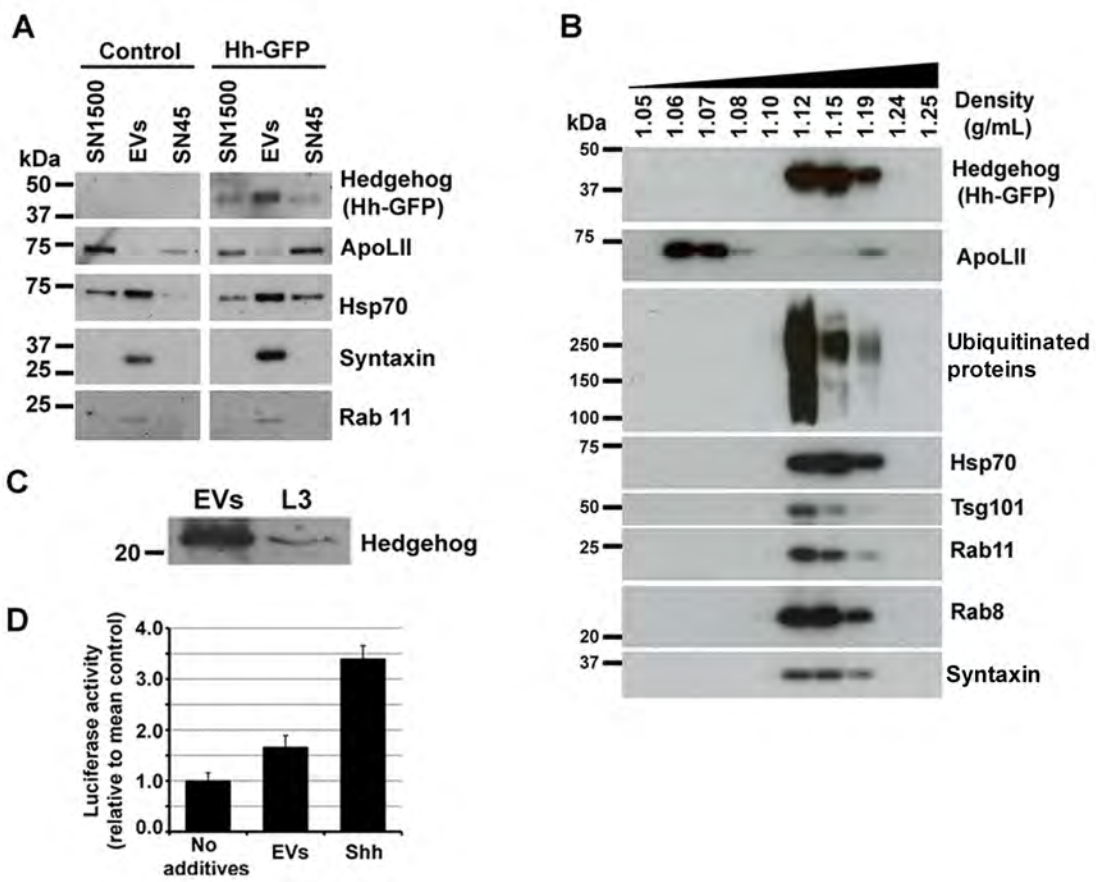
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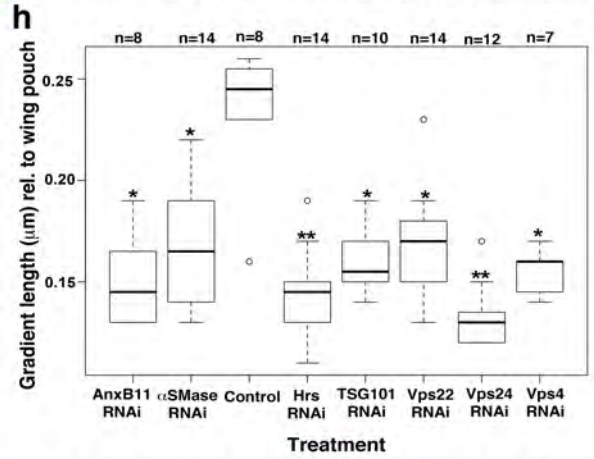
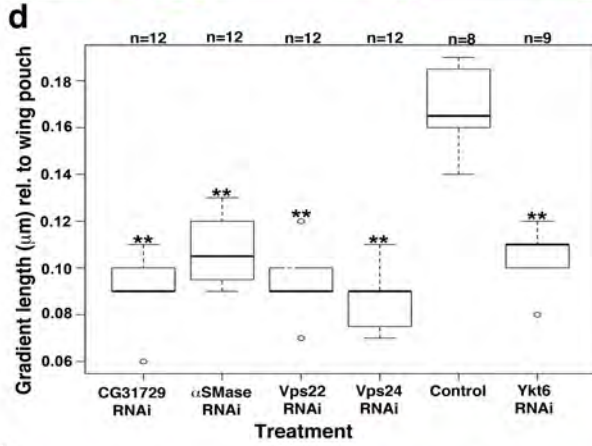
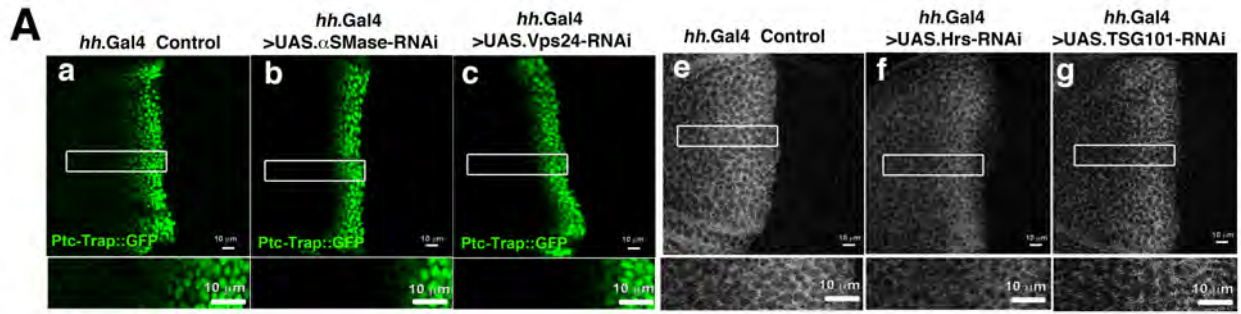
**Figure 4**



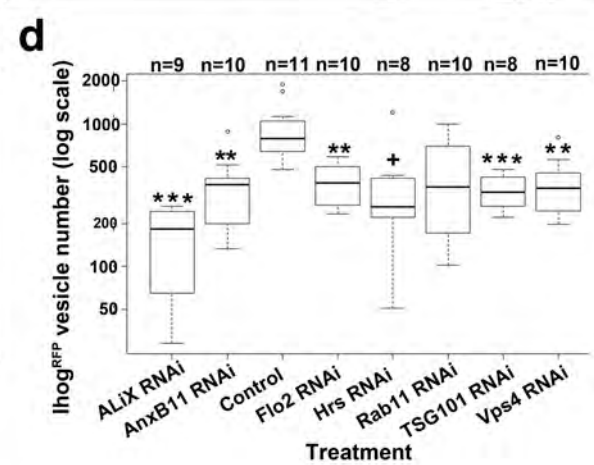
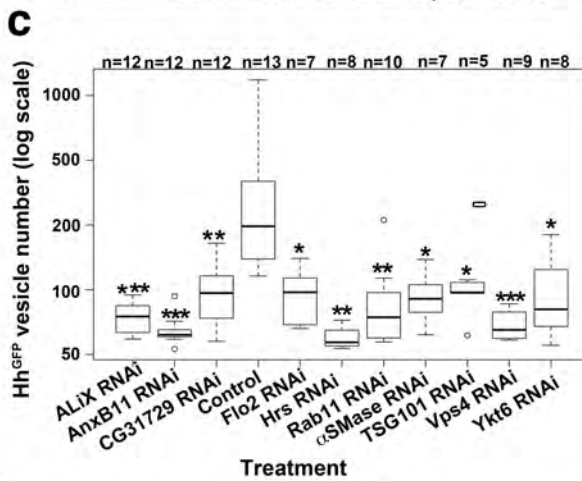
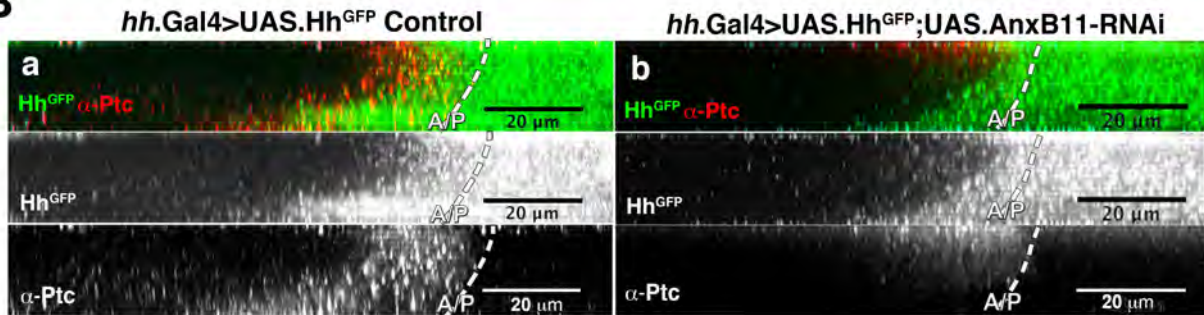
# Figure 5



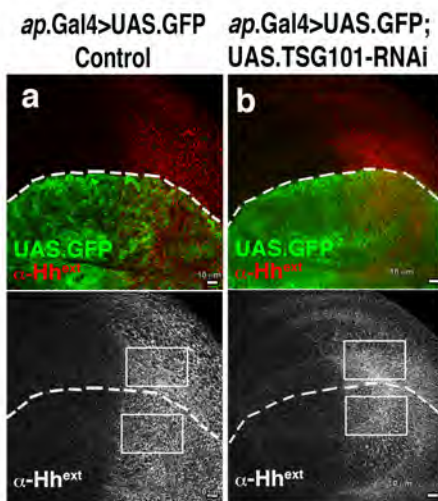
# Figure 6



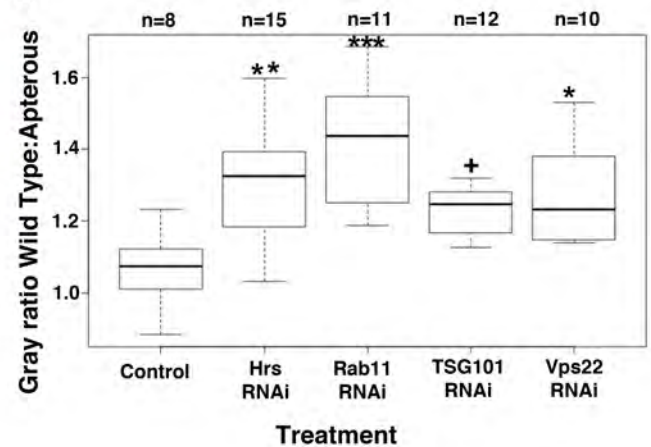
## B



## C



## C



## SUPPLEMENTARY MATERIAL

### **Supplementary Fig. 1: Ultrastructural localization of Hh, Ihog and Disp in wing discs. A)**

Thawed 200 nm thick cryosections of wing disc expressing Hh<sup>GFP</sup> were immunostained with an anti-GFP antibody followed by a fluorescent (Alexa594) conjugated antibody and nuclear DAPI staining. Hh<sup>GFP</sup> signal is localized along the apical lumen as well as in the basolateral region of the P compartment. B, C, D, E, F, f) Correlative immunogold labelling of 100 nm thick cryosections with an anti-Hh antibody followed by protein A gold (15nm). Labelling decorated the apical microvilli along the entire disc lumen (arrows in B) as well as basolateral membranes (arrows in C and D), multivesicular bodies (MVB in C and E) and lysosomes in the Hh producing cells (C). Hh staining appears also associated with exovesicle-like structures (F, f) in basolateral spaces (depicted with blue colour in F). G, H) Immunogold labelling of cryosections of wing discs expressing Ihog<sup>CFP</sup>. Staining was performed with an anti-GFP antibody followed by protein A gold (15 nm). Labelling decorated MVBs (G) and exovesicles (arrowheads in G and H-h) at basolateral spaces. Note that in panel H, the basolateral space between adjacent cells (N indicates their nuclei) has been depicted in blue colour to better visualize gold-decorated exovesicles. I) Double-immunogold labelling of Hh and Disp on cryosections of wing disc expressing Disp<sup>YFP</sup>. Labelling was performed with rabbit anti-Hh and guinea pig anti-Disp antibodies followed by 15nm gold conjugated anti-rabbit and 10-nm gold conjugated anti-guinea pig antibodies. Image shows double-labelled on basolateral membranes, MVBs and exovesicles (arrowheads) at basolateral spaces. Bars, 500 nm (F, H) and 200 nm (B,C,D,f,G,I). A and P compartments are indicated in A. Basolateral extracellular spaces are depicted in blue.

### **Supplementary Fig. 2: Hedgehog and Ihog are in EVs dependent of the ESCRT complex.**

**A)** Western-blotting of three independent experiments of transfection in C18 cells with a vector carrying Hh-GFP. 1/30th of 1% Triton X-100-lysed cells, 1/5th of the purified EVs and 1/350th of

the SN1500 and SN45 were analysed by Western-blotting using antibody against Hedgehog. Both, low and high exposures of the films are indicated in order to visualize the protein in all the fractions. B) Western blotting of cell extracts and purified EVs obtained from untransfected and S2 stably-expressing Hh-GFP cells. Equal amounts of proteins (20 ug) of 1% Triton X-100-lysed cells and of purified EVs were analysed using antibodies against indicated proteins. Note that while a tiny band was observed in cell extract of Hh-GFP expressing cells a clear band was observed in the EVs from Hh-GFP expressing cells indicating an enrichment of Hh-GFP protein in the extracellular vesicular fraction regarding the intracellular Hh content. C) Gradient density analysis of EVs from Hh-GFP stably-expressing S2 cells. EVs were fractionated by continuous sucrose density gradient and equal amounts (1/5th) of the resulting fractions analysed by Western blotting. Specific antibodies show the presence of Hh, iHog and exosomal marker Rab11 mapping at similar densities. D) dsRNA treatment against nSMase, TSG101 or Rab27 in *Drosophila* cultured cells C18.

**Supplementary Fig. 3: Methods for the quantification of puncta in the A compartment.** A-a) Maximum intensity projection of Z stacks from a wing disc expressing Ihog<sup>RFP</sup> (control), showing the rectangular area used for quantifications of the number of puncta in the A compartment, a) Image showing the selection used for quantification after delimiting the edge of the P compartment cells. a) Small numbers are the actual quantification showed here in a projection of the Z stacks. B-b) Example of another quantification for one of the RNAi treatments co-expressing Ihog<sup>RFP</sup>, showing the same image analysis procedure as in the control (A). All quantifications were performed per z-slice rather than using projections. C) Confocal sections of wing discs expressing HH<sup>GFP</sup> in the P compartment (*hh.Gal4*) and immuno-labelled for the receptor Ptc in the A compartment. Yellow line shows the delimitation of the edge obtained after blurring the projected image of all sections. Note how the delimiting line coincides with the compartment border marked by Ptc in red (c).



**Supplementary Fig. 4: Results are robust to controls for RNAi treatments** A) Imaginal discs immunostained with anti-Caspase-3 antibody to analyse the effect of a possible cell death after RNAi treatments (b-d) when compared to a non-treated Hh<sup>GFP</sup> expressing disc (a). Note that there is no significant increment in cell death. Bars, 10  $\mu$ m. B) Boxplot showing RNA levels after RTcPCR quantification in larvae expressing RNAi treatments and tested for their target genes. Note that there is a significant reduction in specific RNA levels when treated (See Methods). C) Immunostaining for total Hh in wild type discs (a) or in wing disc expressing RNAi treatment for AnxB11 (b) driven by *ap.Gal4* with a dorsal expression domain (marked by GFP), leaving the ventral domain in Wild Type conditions as an internal control. Note there is no change in fluorescence levels at the dorsal posterior compartment compared to the ventral side (a,b). (c) Boxplot showing the ratio between relative intensity of the mean gray value in the dorsal (RNAi treated) versus the ventral compartment (Wild type). The ratio is close to 1 in control, and in all RNAi cases except TSG101 and Vps22 where the ratio decreases due to accumulation of Hh in the RNAi treated cells.

Significance levels for pairwise tests (Tukey HSD or Wilcoxon, depending on Normality of data):

\*\*\* P<0.001, \*\* P<0.01, \*P<0.05, + P<0.1. Bars, 10  $\mu$ m.

**Supplementary Fig. 5: Original films for all Western Blot experiments.** A-C) Western Blots for co-immunoprecipitation experiment (Fig. 2 C-E) incubated with antibodies against GFP (A), RFP (B) and Hh (C). D) Western Blots for the isolation of EVs showing Hh, ApoLII in EVs with exosomal markers (Fig. 5A). E) Western Blots for the fractionation of EVs by density gradient showing Hh, ApoLII and exosomal markers (Fig. 5B). F) Western Blots for the isolation of EVs showing Hh<sup>GFP</sup> (Supplementary Fig. 2A). G) Western Blots for the isolation of EVs showing Hh<sup>GFP</sup> and lhog in EVs with exosomal markers (Supplementary Fig. 2B). H) Western Blots for the fractionation of EVs by density gradient showing Hh<sup>GFP</sup> and lhog with the exosomal marker

Rab11 (Supplementary Fig. 2C). I) Western Blots for silencing experiments showing EVs with Hh and Syntaxin after dsRNA treatment against nSMase, TSG101 or Rab27 in *Drosophila* cultured cells Ci8 (Supplementary Fig. 2D). Thus WB was also used to show endogenous Hh (Vehicle lane) in EVs with a control for Hh expression from Larvae extracts (Fig. 5C)

### **Supplementary Movies**

To observe all the details in these complex Movies, please use the arrow keys to play the Movies in Quicktime (Apple, Inc.). In all Movies, anterior is to the left.

**Supplementary Movie 1:** 3D Reconstruction of a z-stack from apical to basal of a *hh.Gal4>UAS.Ihog<sup>RFP</sup>; UAS.Hh<sup>GFP</sup> wing disc*. Movie shows a disc rotated from above apical side to a lateral side. Note the presence of vesicles all along the lateral side and along cytonemes at the basal part of the disc. Bar, 10  $\mu\text{m}$ .

**Supplementary Movie 2.** *Ihog<sup>RFP</sup>* labels cytonemes and punctate structures in the abdominal epidermis *in vivo*. Histoblasts of the P compartment are labelled with *hh.Gal4>UAS.Ihog<sup>RFP</sup>*. Lateral region of the epithelium shown in the top panel and basal region in the bottom panel. Note that besides the basal cytonemes, which reach into the A compartment, punctate structures can be found in the A compartment both basally and laterally. Bar, 10  $\mu\text{m}$ . Anterior is to the left.

**Supplementary Movie 3.** Punctate structures labelled with *CD63<sup>GFP</sup>* co-localize with those labelled with *Ihog<sup>RFP</sup>* *in vivo*. Cells of the P compartment are labelled with *hh.Gal4 >UAS.CD63-GFP, UAS.Ihog<sup>RFP</sup>*. The white arrow highlights a protrusion, in which puncta are most noticeable. Bar, 5  $\mu\text{m}$ .

**Supplementary Movie 4.** Punctate structures labelled with *CD63<sup>GFP</sup>* move along cytonemes *in vivo*. Cells of the P compartment are labelled with *hh.Gal4 >UAS.CD63<sup>GFP</sup>*. The white arrow highlights a protrusion, in which puncta are most noticeable. Bar, 5  $\mu\text{m}$ .

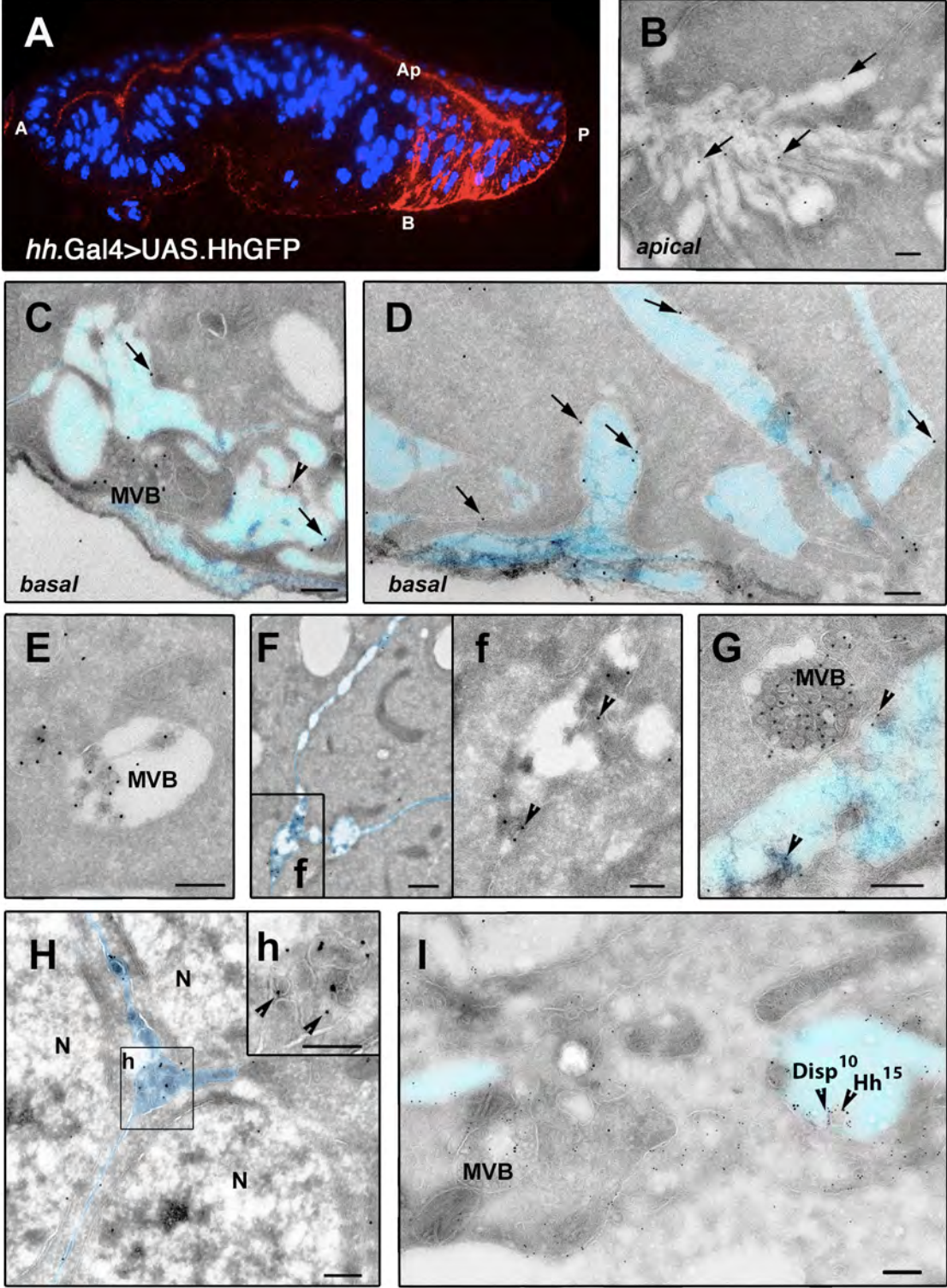
**Supplementary Movie 5.** Punctate structures labelled with *CD63<sup>GFP</sup>* move along cytonemes *in*

*vivo*. Cells of the P compartment are labelled with *hh.Gal4 >UAS.CD63<sup>GFP</sup>*. Arrowheads highlight puncta, which move along a protrusion. Fluorescence is depicted using a grey (left) and a HiLo lookup table (right), which highlights the brightest pixels in red. Bar, 10  $\mu$ m.

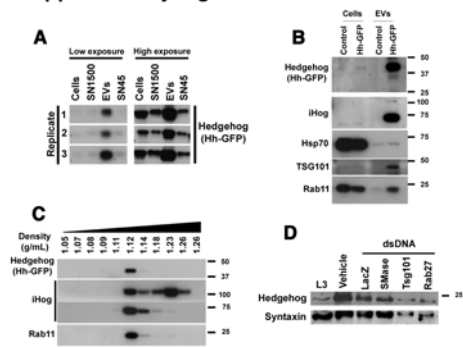
**Supplementary Movie 6.** Cytonemes labelled with CD4-Tomato show 'buckling' and 'swelling'. The first arrows highlight 'buckles', the later ones 'swellings'. Cells of the P compartment are labelled with *hh.Gal4 >UAS.CD4-Tomato*. Fluorescence is depicted using an inverted grey lookup table. Bar, 5  $\mu$ m.

**Supplementary Movie 7.** *Ihog<sup>RFP</sup>* puncta move along cytonemes. P compartment cells and their cytonemes are labelled with *hh.Gal4 >UAS.Ihog<sup>RFP</sup>* and coloured with a Fire lookup table. Note punctate structures, which are located along the cytonemes (white arrows). One punctum is budding and finally shedding from the cytoneme (cyan arrow indicates punctum shortly before it leaves the protrusion). Note also that *Ihog<sup>RFP</sup>* labels puncta, which are not associated to cytonemes. Bar, 10  $\mu$ m.

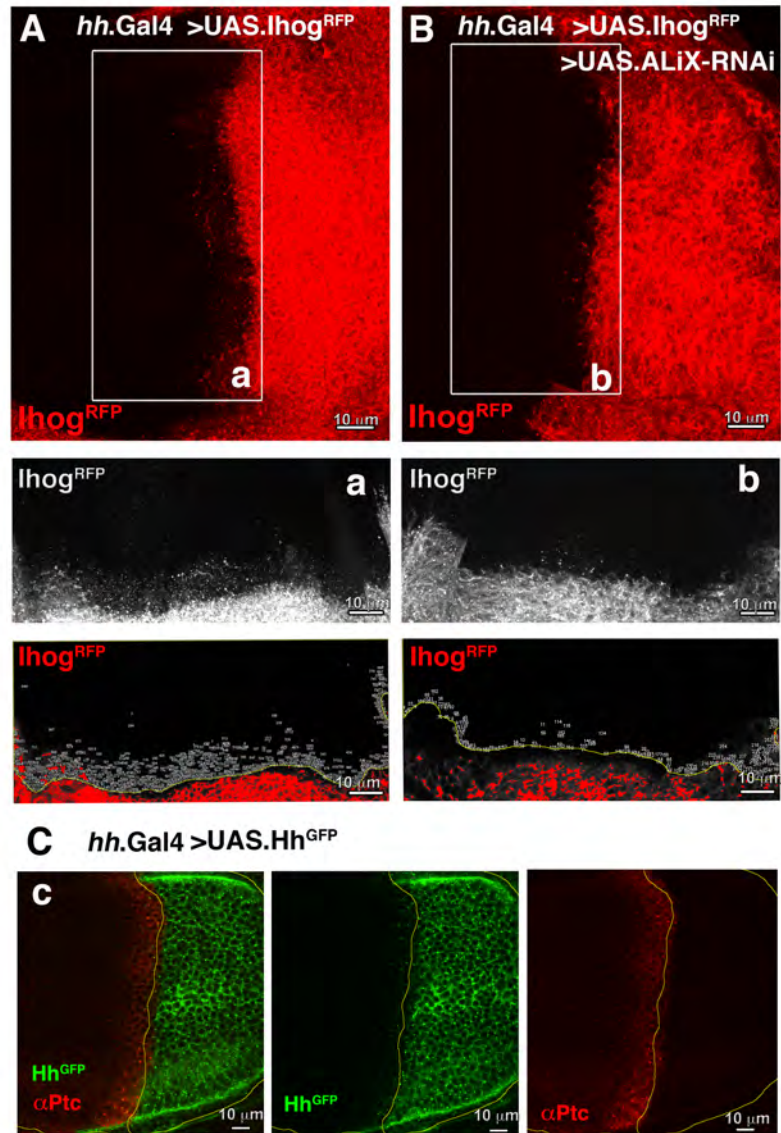
# Supplementary Figure 2



## Supplementary Figure 2

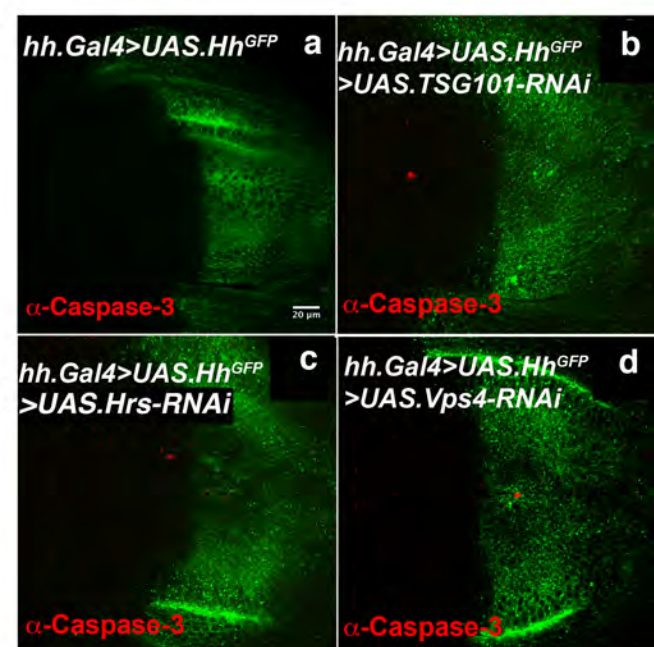


### Supplementary Figure 3

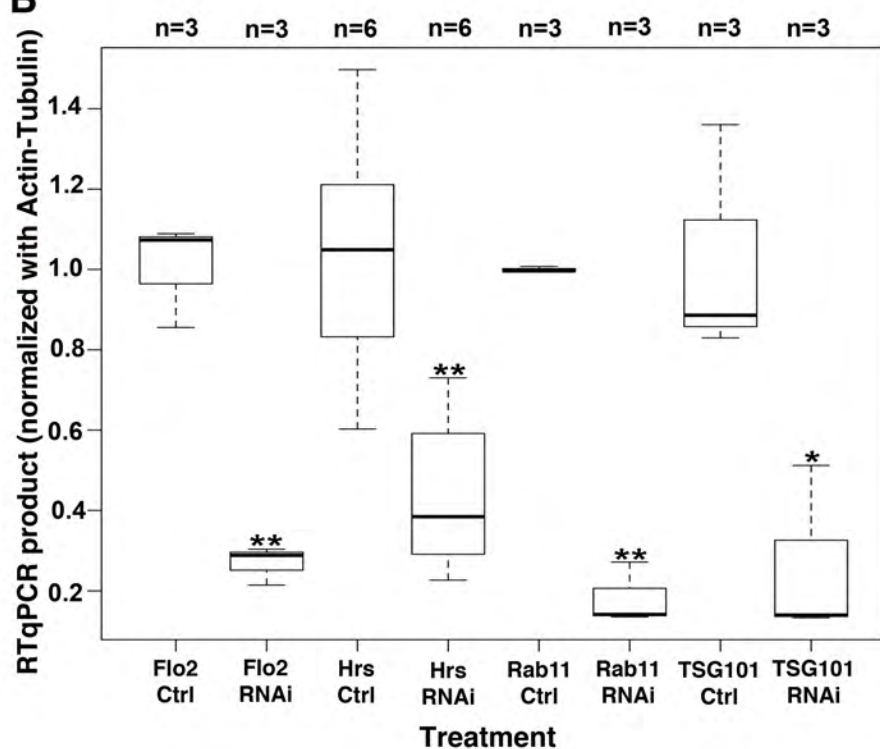


# Supplementary Figure 4

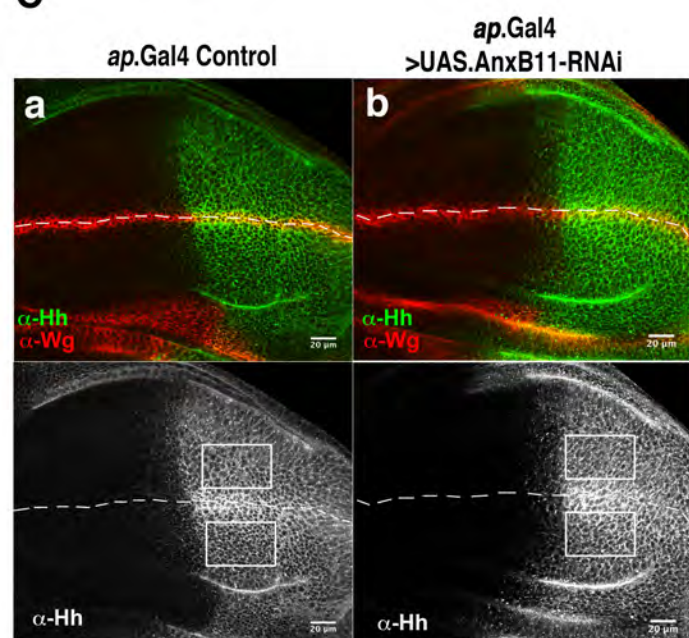
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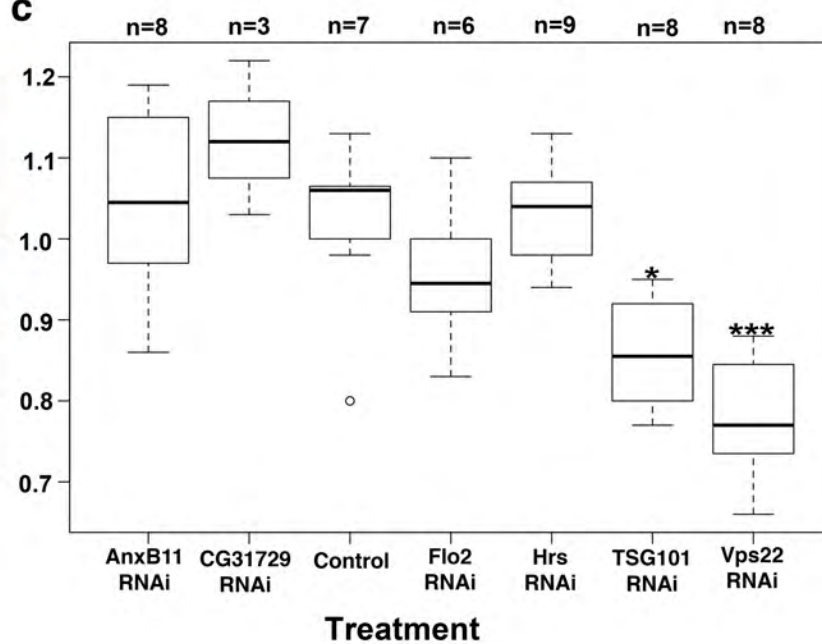
**B**



**C**

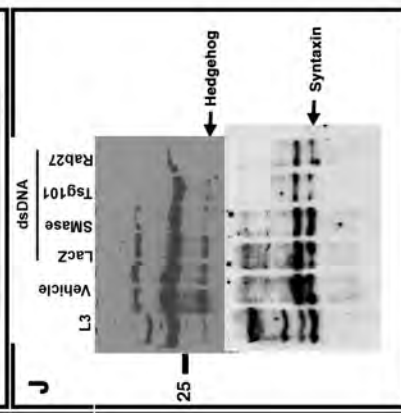
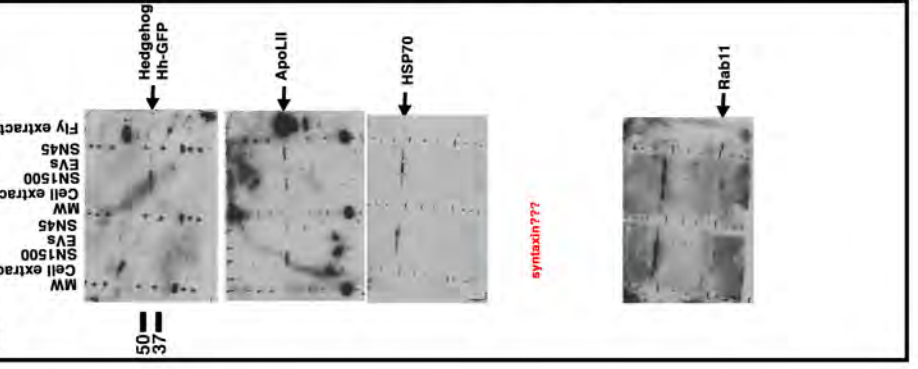
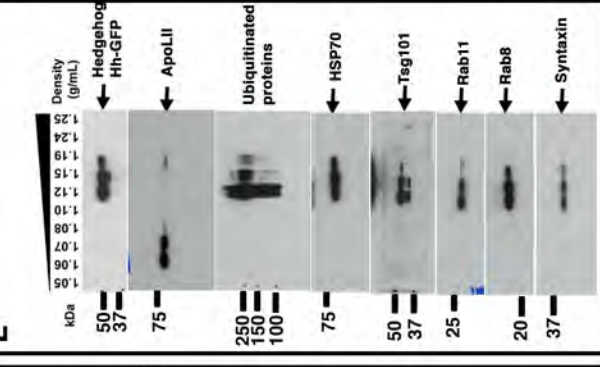
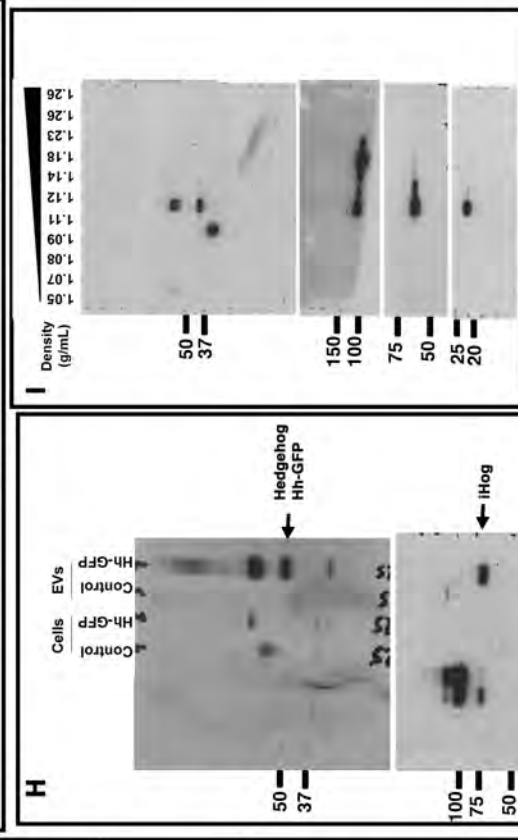
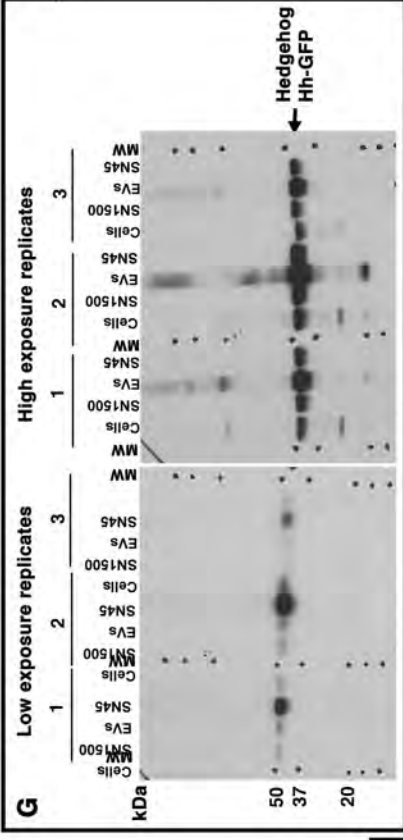
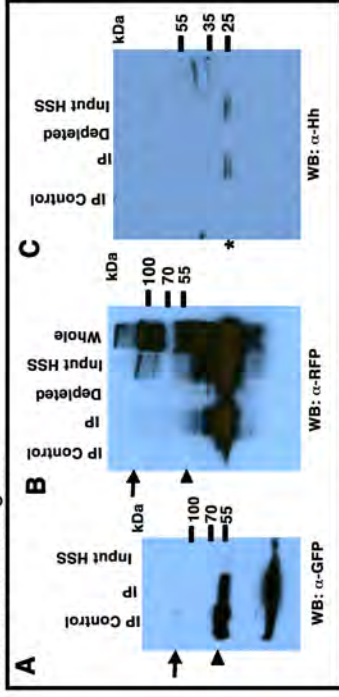


**C**



# Supplementary Figure 5

IP: CD63-GFP + Ihog-RFP





**Supplementary Table 1: *Drosophila* stocks**

Name (Symbol)	TYPE	Procedence Stock Number	FlyBase ID (stock)	FlyBase ID (gene)	Annotation symbol
ALG-2 interacting protein X (ALiX)	UAS-RNAi line	Bloomington Drosophila Stock Center #33417	FBst0033417	FBgn0086346	CG12876
Annexin B11 (AnxB11)	UAS-RNAi line	Vienna <i>Drosophila</i> RNAi Centre #29693	FBst0458097	FBgn0030749	CG9968
Flotillin 2 (Flo2)	UAS-RNAi line	Vienna <i>Drosophila</i> RNAi Centre #31525	FBst0459071	FBgn0264078	CG32593
Hepatocyte growth factor regulated tyrosine kinase substrate (Hrs)	UAS-RNAi line	Bloomington Drosophila Stock Center #33900	FBst0033900	FBgn0031450	CG2903
Rab11 (Rab11)	UAS-RNAi line	Vienna <i>Drosophila</i> RNAi Centre #108382	FBst0480193	FBgn0015790	CG5771
$\alpha$ SMase	UAS-RNAi line	Bloomington Drosophila Stock Center #25283	FBst0025283	FBgn0039769	CG15534
Tumor susceptibility gene 101 (TSG101)	UAS-RNAi line	Bloomington Drosophila Stock Center #35710	FBst0035710	FBgn0036666	CG9712
Vacuolar protein sorting 4 (Vps4)	UAS-RNAi line	Vienna <i>Drosophila</i> RNAi Centre #105977	FBst0477803	FBgn0027605	CG6842
Larsen (Vps22)	UAS-RNAi line	Bloomington Drosophila Stock Center #38289	FBst0038289	FBgn0260940	CG6637
Vacuolar protein sorting 24 (Vps24)	UAS-RNAi line	Bloomington Drosophila Stock Center #38281	FBst0038281	FBgn0037231	CG9779
YKT6 ortholog ( <i>S. cerevisiae</i> ) (Ykt6)	UAS-RNAi line	Bloomington Drosophila Stock Center #38314	FBst0038314	FBgn0260858	CG1515

<b>Cation-transporting P-type ATPase (TAT-5)</b>	UAS-RNAi line	Vienna <i>Drosophila</i> RNAi Centre #105987	FBst0477813	FBgn0051729	CG31729
<b>Hedgehog</b>	UAS-HhGFP	Torroja et al., 2004	FBtp0019401	FBgn004644	CG4637
<b>Ihog</b>	UAS-IhogRFP UAS-IhogYFP UAS-IhogCFP	Bilioni et al., 2013  Callejo et al., 2011	FBtp0083037	FBgn0031872	CG9211
<b>Apterus</b>	Gal4	Bloomington <i>Drosophila</i> Stock Center #56807	FBst0056807	FBgn0000099	CG8376
<b><math>\alpha</math>-Tubulin at 84B</b>	Gal4	Bloomington <i>Drosophila</i> Stock Center #30036	FBst0030036	FBgn0003884	CG1913
<b>CD-63</b>	UAS-CD63GFP	Panakova et al., 2005	FBtp0020578	FBtp0020578	ENSG00000135404
<b>Dispatched</b>	UAS-Disp UAS-DispYFP	Burke et al., 1999 Callejo et al., 2011	FBtp0011804 FBtp0083034	FBgn0029088	CG2019
<b>Patched</b>	Promoter enhancer trap-GFP (Spradling)	DGRC	Fly Trap GFP CB02030	FBgn0003892	CG2411
<b>Hedgehog</b>	Gal4	Takei et al., 2004	FBti0017278	FBgn004644	CG4637
<b>GFP</b>	UAS-EGFP	Bloomington <i>Drosophila</i> Stock Center #5430	FBst0005430	FBtp0011396	
<b>CD-4</b>	UAS-CD4-Tomato	Han et al., 2011	FBtp0068019	FBgn0263317	ENSG0000010610