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**Identification a novel subset of alveolar type 2 cells expanding following
pneumonectomy and enriched in PD-L1**

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28 **Significance of the work:** The characterization and mechanism of the proliferation of
29 a novel and relevant pool of AT2 progenitor cells for the repair/regeneration process
30 after injury are critical to improving respiratory function in patients with lung disease.

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33 **Keywords:** AT2 cells, PD-L1, Pneumonectomy, Fgfr2b, Alveolospheres

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35 **Running title:** Characterization of novel AT2 progenitor cells enriched in PD-L1

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41 **ABSTRACT**

42 Alveolar type 2 (AT2) cells are heterogeneous cells; where specialized AT2
43 subpopulations within this lineage exhibit stem cell properties. However, the existence
44 of quiescent, immature cells within the AT2 lineage, which get activated during lung
45 regeneration, is unknown.

46 *Sftpc*^{CreERT2/+}; *tdTomato*^{flox/flox} mice were used for the labelling of AT2 cells and labeled
47 subpopulations were analyzed by flow cytometry, qPCR, ATAC-seq, gene arrays,
48 pneumonectomy, and culture of precision-cut lung slides. Human lungs from donor
49 and IPF were also analyzed.

50 In mice, we detected two distinct AT2 subpopulations with low tdTomato level (Tom^{Low})
51 and high tdTomato level (Tom^{High}). Tom^{Low} express lower level of AT2 differentiation
52 markers, *Fgfr2b* and *Etv5*, while Tom^{High}, as *bona fide* mature AT2 cells, show higher
53 level of *Sftpc*, *Sftpb*, *Sftpa1*, *Fgfr2b*, and *Etv5*. ATAC-seq analysis indicates that
54 Tom^{Low} and Tom^{High} constitute two distinct cell populations with specific silencing of
55 *Sftpc*, *Rosa26* and cell cycle gene loci in Tom^{Low}. Upon pneumonectomy, Tom^{Low} but
56 not Tom^{High} cells proliferate and upregulate the expression of *Fgfr2b*, *Etv5*, *Sftpc*,
57 *Ccnd1* and *Ccnd2* compared to sham. Tom^{Low} cells overexpress PD-L1, an immune
58 inhibitory membrane receptor ligand, which is used by flow cytometry to differentially
59 isolate these two sub-populations. In the human lung, PD-L1 and HTII-280 antibodies
60 are used by flow cytometry to differentially sort mature AT2 (HTII-280-high, PD-L1-low)
61 as well as an additional subpopulation of epithelial cells characterized by HTII-280-
62 Low and PD-L1-high.

63 We have identified a novel population of AT2 quiescent immature progenitor cells in
64 mouse that proliferate upon pneumonectomy and provided evidence for the existence
65 of such cells in human.

66

67 INTRODUCTION

68
69 Alveolar type 2 (AT2) progenitor cells display self-renewal capabilities to maintain the
70 AT2 cell pool and can also differentiate into AT1 cells following lung injury [1][2][3][4][5].
71 However, it is still debatable whether quiescent and immature AT2 progenitor cells
72 exist in mouse and human lungs and if surface markers can be used to isolate these
73 cells.

74 In rodents, AT2 cells are heterogeneous. Different subpopulations within this lineage,
75 with different stem cell properties, have been identified based on various markers such
76 as E-cadherin, Axin2, integrin $\alpha6\beta4$ and the dual expression of Surfactant protein C
77 (Sftpc)/ Secretoglobin family 1A member a (Scgb1a1) [6][7][8][9]. AT2 cells can be
78 divided equally into E-cadherin positive and negative cells. Upon hyperoxia injury, E-
79 cadherin negative cells are more resistant, more proliferative and display higher level
80 of telomerase activity, while E-cadherin positive cells are more sensitive to damage
81 [6]. In the adult mouse lung, Axin2-positive cells make up 1% of the mature AT2 (Sftpc-
82 high) cells and are distributed throughout the lung [8]. This ratio of Axin2-positive cells
83 is stable over time. *In vivo* lineage tracing of Axin2-positive (Sftpc-high) cells revealed
84 their ability to form clones of 2 to 5 cells accompanied by their expansion and
85 differentiation into AT1 expressing Podoplanin (Pdpn). In addition, these cells display
86 enhanced self-renewal capabilities in alveolosphere assays compared to the Axin2-
87 negative AT2 cells suggesting that these Axin2-positive cells represent a
88 subpopulation of mature AT2 cells with enhanced stem cell capacities [8]. In a similar
89 and independent study, Axin2-positive cells belonging to the mature AT2 cell
90 population were characterized. These cells, called alveolar epithelial progenitor (AEP),
91 comprise around 20% of adult mature AT2 cells and are enriched for Wnt target genes
92 and developmental genes such as *Fgfr2*, *Nkx2.1*, *Id2*, *Etv4*, *Etv5*, and *Foxa1*. These

93 cells also display increased self-renewal ability in alveolospheres compared to the total
94 AT2 cells [9].

95 Interestingly, AT2 cells heterogeneity is not limited to the adult lung. During the
96 alveologenesis phase of lung development, Axin2-positive AT2 cells display enhanced
97 proliferation compared to total AT2 cells [10]. A subset of Sftpc-negative, laminin
98 receptor integrin $\alpha 6\beta 4$ -positive cells, located at the bronchoalveolar duct junctions
99 (BADJ) and within the alveoli, regenerate AT2 Sftpc+ cells in the alveoli after severe
100 lung injury [7]. Finally, bronchoalveolar stem cells, positive for the alveolar marker *Sftpc*
101 and the club cell marker *Scgb1a1* are located at the BADJ and are amplified upon
102 injury to give rise to either alveolar epithelial cells or club cells [11][12][13]. AT2 cells
103 heterogeneity was equally shown in the context of diphtheria toxin (DT) injury as a
104 subpopulation of lineage-labelled AT2 cells displaying relatively more resistance to DT
105 toxicity was capable to repopulate the AT2 pool following injury. The identity of these
106 survivor cells, however, is not clear [3].

107 In the present study, we identified a novel population of AT2 quiescent and immature
108 progenitor cells characterized by low Sftpc level and high expression of the surface
109 marker PD-L1, an immune checkpoint protein expressed in cancer stem cells and
110 mediating anti-tumour suppression response [14][15][16]. We deployed a series of *in*
111 *vivo* approaches in mice to label different subpopulations of AT2 cells, examined their
112 epigenetic and transcriptomic characteristics and tested their respective response *in*
113 *vivo* during lung regeneration following pneumonectomy as well as *in vitro* using the
114 culture of precision-cut lung slices. We have also validated in mice and human the use
115 of PD-L1 antibodies to differentially sort epithelial subpopulations. Our work opens the
116 way for an in-depth characterization of this novel quiescent and immature AT2 stem
117 cell population.

118 **MATERIALS AND METHODS**

119 **Animal experiments**

120 All animal studies were performed according to protocols approved by the Animal
121 Ethics Committee of the Regierungspraesidium Giessen (permit numbers: G7/2017–
122 No.844-GP and G11/2019–No. 931-GP).

123

124 **Human specimens**

125 Human lung tissues from idiopathic pulmonary fibrosis (IPF) patients undergoing lung
126 transplantation and non-IPF donors were provided from the Giessen biobank. The
127 study protocol (AZ31/93) was approved by the ethics committee of University of
128 Giessen.

129

130 **Lung dissociation and FACS**

131 Single cell suspension was generated from adult lungs and stained with antibodies:
132 anti-EpCAM (APC-Cy7-conjugated, Biolegend,1:50), CD49F (APC-conjugated,
133 Biolegend,1:50), anti-PDPN (FITC-conjugated, Biolegend, 1:20), and anti-PD-L1
134 (unconjugated, Thermo Fisher, 1:100) antibodies for 20 minutes on ice in the dark,
135 followed by washing. Then, the cells were stained for goat anti rabbit secondary
136 antibody Alexa flour 488 (Invitrogen,1:500) for 20 minutes on ice in the dark. Next, cells
137 were washed and stained for with SYTOX (Invitrogen) a live/dead cell stain according
138 to the manufacturer's instructions. Flow cytometry data acquisition and cell sorting
139 were carried out using FACSAria III cell sorter (BD Biosciences, San Jose/CA). Data
140 were analyzed using FlowJo software version X (FlowJo, LLC).

141 See online supplementary data for the human and mouse lungs dissociation.

142

143 **RNA extraction and quantitative real-time PCR**

144 See online supplementary data

145

146 **Immunofluorescent Staining**

147 See online supplementary data

148

149 **Alveolosphere assay**

150 See online supplementary data

151

152 **Microarray**

153 See online supplementary data

154

155 **ATAC-seq**

156 See online supplementary data

157

158 **Quantification and statistical analysis**

159 For quantification of immunofluorescence, cells were counted in 10 independent 63x
160 fields per sample. Statistical analysis and graph assembly were carried out using
161 GraphPad Prism 6 (GraphPad Prism Software). Significance was determined by
162 unpaired two-tailed Student's t-tests. Data are presented as mean \pm standard error of
163 mean (SEM). Values of $p < 0.05$ were considered significant. The number of biological
164 samples (n) for each group are stated in the corresponding figure legends.

165

166 **RESULTS**

167 **Identification of two AT2 subpopulations with different Sftpc and Fgfr2b levels**

168 *Sftpc*^{CreERT2/+}; *tdTomato*^{flox/flox} mice were used to lineage label AT2 cells in the adult
169 lung. In our experimental approach, tamoxifen was delivered in the water for one week.
170 Two distinct populations of tdTomato^{Pos} cells were identified using flow cytometry
171 analysis of tdTomato^{Pos} cells (Figure 1a). Of note, a similar observation, which was not
172 followed up, was previously reported using the *Sftpc*^{Cre-ER} mouse line generated by the
173 Hogan lab [17]. In average, the tdTomato^{Low} (Tom^{Low}) represented 9.93% of the overall
174 Epcam^{Pos} cells (9.93% ± 1.73%, n=4) and the tdTomato^{High} (Tom^{High}) represented
175 42.75% of the overall Epcam^{Pos} cells (42.75% ± 1.22%, n=4). We also confirmed that
176 in this mouse line, epithelial cells were specifically labeled and that it mostly targeted
177 AT2 *Sftpc*^{Pos} cells (Figure S1a,b). Very few BACS cells, identified through their
178 localization at the BADJ, are labeled (0.1% of the total Tom^{Pos} cells), consistent with
179 the literature [7]. Our labeling efficiency of AT2 cells was 77% (77% ± 5.40%, n=4)
180 (Figure S1b). In this mouse line, 4.5% of Tom^{Pos}/total cells were labeled in mice
181 exposed to normal water, indicating leakiness. This percentage is increased to 20.5%
182 of Tom^{Pos}/total cells in mice exposed to tamoxifen water for one week (Figure S2 a-d)
183 indicating robust induction of labelling. Next, the distribution of fluorescence intensity
184 of the tdTomato^{Pos} cells was analyzed on lung sections. The threshold was set at 22%
185 based on the flow cytometry data and then the intensity of *Sftpc* immunofluorescence
186 staining was quantified in each cell located on the left side (Tom^{Low}) and the right side
187 (Tom^{High}) of the threshold. Both populations contain *Sftpc*^{Low} and *Sftpc*^{High} cells,
188 thereby suggesting heterogeneity of both Tom^{Low} and Tom^{High} subpopulations in terms
189 of *Sftpc* level (Figure 1b). Interestingly, PCR from the genomic DNA for the presence
190 of the STOP codon in the *Rosa26* locus (which is normally removed upon induction of

191 Cre activity) indicated that the LoxP-STOP-LoxP site was partially recombined in
192 Tom^{Low} cells versus Tom^{High} cells (Figure 1c). This incomplete deletion could explain
193 the presence of these two subpopulations of tdTomato cells. Next, we investigated
194 whether incomplete deletion of the STOP codon in the [*Sftpc*^{CreERT2/+}; *tdTomato*^{flox/flox}],
195 allowing in the Tom^{Low} population only one Tomato copy to be expressed against two
196 copies for the Tom^{High} cells, was the sole reason for the difference in the expression of
197 *Tomato*. To test this possibility, we used [*Sftpc*^{CreERT2/+}; *tdTomato*^{flox/+}] mice, with only
198 one copy of *Tomato*. In case of insufficient recombination, only one population of
199 *Tomato* positive cells should be observed. Upon treatment with tamoxifen, our flow
200 cytometry results indicate the presence of Tom^{Low} and Tom^{High} subpopulations in these
201 mice as well (Figure S1 c-d) supporting our conclusion that the existence of two
202 subpopulations in [*Sftpc*^{CreERT2/+}; *tdTomato*^{flox/flox}] lungs, based on different levels of
203 *Tomato* expression, results from the differential expression of *Tomato* from the *Rosa26*
204 promoter as well as from the incomplete recombination of the STOP codon in the
205 *Rosa26* allele in Tom^{High} vs. Tom^{Low} cells.

206 Next, qPCR was performed on FACS-isolated Tom^{Low} and Tom^{High} cells. Our results
207 show that *Fgfr2b* and its associated downstream target *Etv5*, as well as the
208 differentiation markers *Sftpc*, *Sftpb*, and *Sftpa1*, were significantly enriched in Tom^{High}
209 vs. Tom^{Low} cells (Figure 1d). Thus, we conclude that Tom^{High} represents the *bona fide*
210 mature AT2 cells and we hypothesized that the lineage-related Tom^{Low} cells represent
211 immature AT2 cells.

212

213 **ATAC-seq analysis indicates that Tom^{Low} cells and Tom^{High} cells are distinct cell**
214 **populations**

215 To analyse the genome-wide profiling of the epigenomic landscape, an assay for
216 transposase-accessible chromatin using sequencing (ATAC-seq) was performed on
217 Tom^{Low} and Tom^{High} subpopulations (Figure 2a). Common and distinct peaks were
218 identified for Tom^{Low} and Tom^{High} cells (Figure 2b).

219 Further analysis of the ATAC-seq data using the Reactome database indicated that
220 chromatin in loci of genes belonging to metabolism, cholesterol metabolism, surfactant
221 metabolism and triglyceride biosynthesis was more open in Tom^{High} cells. These data
222 agree with the known role of mature AT2 cells in surfactant production. On the other
223 hand, Tom^{Low} cells exhibit more accessibility for genes belonging to immune system,
224 both adaptive and innate as well as extracellular matrix (ECM) organization, ECM
225 proteoglycans and degradation of the ECM. These results suggest a new and
226 important function for the Tom^{Low} in interacting with the immune system, potentially
227 displaying also migratory capabilities through ECM degradation (Figure S3).

228 Our ATAC-seq data also agree with the decrease in *Tomato* (expressed from the
229 *Rosa26* promoter) and *Sftpc* expression at the mRNA level in Tom^{Low} vs. Tom^{High}. In
230 the *Rosa26* and *Sftpc* loci (Figure 2c), the peaks corresponding to the open chromatin
231 configuration were detected at much higher level in Tom^{High} vs. Tom^{Low} and this
232 difference was confirmed to be statistically significant upon quantification (Figure 2c).
233 Interestingly, the analysis of ATAC-seq data also suggests that Tom^{Low} cells display
234 reduced expression of cell cycle genes compared to Tom^{High} cells (Figure 2d). This
235 decrease in cell cycle genes was confirmed by the analysis of our gene array data
236 between Tom^{Low} and Tom^{High} (data not shown). Overall our data indicate that in
237 homeostatic conditions the Tom^{Low} cells fit the profile of a quiescent population.

238

239 **AT2-Tom^{Low} and Tom^{High} display different colony-forming capabilities**

240 To compare the self-renewal capacity of Tom^{Low} and Tom^{High}, FACS-based sorted cells
241 were co-cultured with CD31^{neg}CD45^{neg}Epcam^{neg}Sca1^{pos} resident lung mesenchymal
242 cells according to a previously published protocol (Figure 3a). Tom^{High} behaved as
243 *bona fide* AT2 cells as they formed alveolospheres with the expected colony-forming
244 efficiency (Figure 3b-d), whereas Tom^{Low} displayed very weak organoid forming
245 capabilities, which is in line with their proposed quiescent status. Both populations
246 transdifferentiated into RAGE-positive AT1 cells after 14 days in culture (Figure 3c).

247

248 **Expansion of Tom^{Low} population following pneumonectomy**

249 A critical question regarding these two populations of AT2 cells is whether they are
250 differentially engaged in the context of lung regeneration. We, therefore, used the
251 mouse pneumonectomy model to trigger lung regeneration, a process that is tightly
252 associated with the proliferation of AT2 cells [18][19]. [*Sftpc*^{CreERT2/+}; *tdTomato*^{flax/flax}]
253 mice (n= 4) were treated with tamoxifen water for one week to label the AT2 lineage.
254 The mice were then put for 2 weeks on normal water to ensure enough time for
255 tamoxifen clearance. Unilateral left lung pneumonectomy (PNX) was then performed
256 to induce the process of compensatory growth in the remaining right lobes. Control
257 mice (Sham) underwent the same process but without removal of the left lobe (Figure
258 4a). The animals were euthanized at day 7 post-surgery and the lungs were processed
259 for FACS. The quantification of the abundance of the Tom^{Low} and Tom^{High} over the total
260 number of Epcam^{Pos} cells in Sham and PNX indicates that the ratio of Tom^{High}
261 cells/total number of Epcam^{Pos} cells remained unchanged between the two conditions,
262 while the ratio of Tom^{Low} cells was significantly increased in the context of PNX versus
263 Sham (Figure 4b). This suggest that Tom^{Low} cells rather than the previously thought
264 Tom^{High} cells are the ones contributing to the process of lung regeneration. These two

265 AT2 populations were isolated by FACS for further analysis by qPCR. Upon PNx, the
266 expression of *Fgfr2b*, *Etv5*, *Sftpc*, as well as *Cyclin D1* (*Ccnd1*) and *Cyclin D2* (*Ccnd2*)
267 was significantly upregulated in Tom^{Low}. A trend towards an increase was also
268 observed in Ki67 expression (Figure 4c). These results are consistent with *Fgfr2b*
269 signaling activation and proliferation in Tom^{Low} cells in the context of lung regeneration.
270 By contrast, Tom^{High} cells showed no difference in *Fgfr2b*, *Etv5* and *Sftpc* between
271 PNx and Sham conditions. Surprisingly, we noticed an increase in *Ki67*, *Ccnd1* and
272 *Ccnd2* (Figure 4d) but as the number of Tom^{High} cells is not increased in PNx vs. Sham,
273 the significance of these results is not clear.

274

275 **Loss of Tom^{High} cells leads to expansion of Tom^{Low} cells**

276 We made use of the precision-cut lung slices (PCLS) to follow the fate of tdTomato^{Pos}
277 cells over time *in vitro*. Our flow cytometry results indicate that this approach leads to
278 the drastic loss of the Tom^{High} cells (Figure 5a). Therefore, we took advantage of this
279 system to monitor the fate of Tom^{Low} cells overtime after a massive loss of Tom^{High}.
280 Over a culture period of 4 days, we observed the formation of cell clusters and a
281 significant increase in tdTomato intensity (Figure 5b,c), suggesting the differentiation
282 of the Tom^{Low} cells towards mature (Tom^{High}) AT2 cells. We also noted the presence
283 of clusters of tdTomato^{Pos} cells at day 10 (Figure 5d). In the future, innovative strategies
284 to carry out the lineage tracing of Tom^{Low} cells will have to be developed to characterize
285 their contribution to the Tom^{High} pool. Therefore, our results agree with our previous
286 observation that Tom^{Low} cells are capable to proliferate in the context of PNx.

287

288 **PD-L1 is a specific surface marker enriched in Tom^{Low}**

289 To identify markers differentially expressed between Tom^{Low} and Tom^{High}, a gene array
290 was performed on FACS-isolated Tom^{Low} and Tom^{High} cells (data not shown). Among
291 the 100 top genes differentially expressed in Tom^{Low} vs. Tom^{High} cells three cell surface
292 markers namely, *Cd33*, *Cd300lf*, and *PD-L1 (Cd274)*, all of which were enriched in
293 Tom^{Low} compared to Tom^{High}, were identified. qPCR analysis confirmed the
294 significantly higher expression of *Cd33* and *PD-L1* expressions in Tom^{Low} compared to
295 Tom^{High} (Figure 6a). PD-L1 seems to be an interesting marker as it is an immune
296 inhibitory receptor ligand and its expression is highly increased in adenocarcinoma
297 [14][20]. The use of this marker is also relevant as our ATAC-seq analysis revealed
298 that Tom^{Low} cells are enriched in genes belonging to the immune system (see Fig. S3).
299 The use of *PD-L1*, as a surface marker enriched in Tom^{Low} cells, was further validated
300 using PD-L1 immunofluorescence staining and flow cytometry. To this end, PD-L1
301 immunofluorescence staining on cytopins confirms a higher level of protein at the
302 plasma membrane in Tom^{Low} compared to Tom^{High} (Figure 6b). Moreover, flow
303 cytometry analysis of Tom^{Low} and Tom^{High} populations separately showed that 46.9%
304 of Tom^{Low} cells were PD-L1^{Pos} while only 0.77% of Tom^{High} cells were PD-L1^{Pos} (Figure
305 6c). In addition, PD-L1 immunofluorescence staining on lung sections localize
306 tdTomato^{Pos} PD-L1^{Pos} cells in the alveoli (Figure 6d). In conclusion, these results
307 suggest that PD-L1 antibodies could be instrumental in differentially isolating the
308 equivalent of Tom^{Low} vs. Tom^{High} in wild type lungs.

309

310 **Identification of AT2 PD-L1⁺ Sftpc^{Low} in the wild type mice**

311 To address whether PD-L1 could be used to isolate the equivalent of Tom^{Low} and
312 Tom^{High} without the need for a lineage tracing approach, FACS-based analysis was
313 performed on isolated C57BL/6 lungs. AT2 cells selection was done based on the

314 gating of Epcam^{Pos}, Cd49^{inter}, Podoplanin^{Neg} population, from which the percentage of
315 PD-L1 positive and negative cells were analyzed (Figure 7a). In average, out of the
316 AT2 population, 8.99% ± 0.51% (n=4) of AT2 cells are PD-L1^{Pos} and 90.23% ± 0.58%
317 (n=4) are PD-L1^{Neg} (Figure 7a). This ratio is consistent with the finding that most (80%)
318 of the lineage-traced AT2 cells were composed of Tom^{High} (PD-L1^{Neg}) cells (Figure 1a).
319 qPCR analysis on sorted PD-L1^{Pos} and PD-L1^{Neg} AT2 cells indicates a higher level of
320 *Fgfr2b*, *Etv5*, and *Sftpc* in PD-L1^{Neg} compared to PD-L1^{Pos} cells (Figure 7b). This result
321 is also in line with PD-L1^{Neg} cells correlating with Tom^{High} cells, while the expression
322 profile of PD-L1^{High} fits with these cells being the equivalent of the Tom^{Low}. Finally, flow
323 cytometry analysis of alveolar epithelial cells (Epcam^{Pos}, Cd49^{inter}) stained with Sftpc
324 and PD-L1 identified a subpopulation of AT2 cells (6.8%) displaying low level of Sftpc
325 and high level of PD-L1 (Figure 7c). This Sftpc^{Low} PD-L1^{High} likely contains the Tom^{Low}
326 cells.

327

328 **Decrease of *bona fide* EPCAM^{Pos}HTII-280^{High} alveolar type 2 cells and**
329 **amplification of EPCAM^{Pos}HTII-280^{Low/Neg} PD-L1^{High} cells in human end-stage**
330 **idiopathic lung fibrosis compared to donor lungs**

331 Idiopathic pulmonary fibrosis (IPF) is a disease related to AT2 cell deficiency [21]
332 [22][23]. We used flow cytometry to analyze the epithelial component of donor (n=5)
333 and IPF (n=5) lungs (Figure 8a). From the live cells, we first excluded the
334 CD31^{Pos}CD45^{Pos} and then selected the EPCAM^{Pos} cells for further analysis using the
335 human AT2 cell marker HTII-280 and the surface marker PD-L1. Our data indicate that
336 HTII-280^{High} PD-L1^{Neg} (Q1), representing the *bona fide* differentiated AT2 cells, were
337 drastically reduced in the context of IPF (25.21% ± 12.46 vs. 80.66% ± 3.49). More
338 interestingly, the number of HTII-280^{Low/Neg} PD-L1^{High} (Q3) was drastically increased

339 (13.42% \pm 4.92 vs. 1.13% \pm 0.47) (Figure 8b), suggesting that HTII-280^{Low} PD-L1^{High}
340 epithelial cells could represent a pool of progenitors linked to the deficient AT2 lineage.
341 The comparison of the expression of *SFTPC* and *SCGB1A1* for cells in Q1 (AT2 cells),
342 Q3 (potential equivalent to Tom^{Low} cells) and Q4 (non-AT2 cells, mostly bronchial
343 epithelial cells) in Donor and IPF lungs was carried out by qPCR (Figure 8c).
344 Regardless of the IPF or Donor origin of these cells, our results indicated that Q3
345 (potential equivalent to Tom^{Low} cells) express less *SFTPC* than Q1 (AT2 cells)
346 confirming the flow cytometry data. In addition, Q4 (non-AT2 cells) express more
347 *SCGB1A1* than Q3 (potential equivalent to Tom^{Low} cells) suggesting that Q3 cells do
348 not represent bone fide bronchial cells. Interestingly, in IPF, the difference between
349 *SCGB1A1* expression in Q3 (equivalent to Tom^{Low} cells) and Q1 (AT2 cells) is not
350 statistically significant. Based on these results, we propose that these HTII-280^{Low}PD-
351 L1^{High} (Q3) epithelial cells could represent the human equivalent of the Tom^{Low} cells
352 characterized in mice (Figure 8d). Indeed, a similar approach carried out in mice with
353 FACS-isolated Tom^{Neg} (mostly bronchial cells), Tom^{Low} and Tom^{High} out of the Epcam+
354 cells indicated an almost identical expression profile for *Sftpc* and *Scgb1a1* as the one
355 observed in human lungs (Figure 8d).
356

357 DISCUSSION

358 We have identified a subpopulation of AT2 progenitor cells which is distinct from
359 already identified mature AT2 progenitor subpopulations. Tom^{Low} cells are quiescent
360 and immature cells in the steady-state and unlike AT2 Axin2-positive cells express low
361 level of AT2 differentiation markers. Moreover, Tom^{Low} express significantly lower level
362 of *Axin2* compared to Tom^{High} and *Axin2* expression showed no change after
363 pneumonectomy in these cells (Figure S4 a,b). Zacharias et al. showed that AEPs
364 express higher level of lung development and tube development genes than mature
365 AT2. However, based on our gene array data these genes are expressed at lower level
366 in Tom^{Low} versus Tom^{High} (data not shown). This indicates that AEPs cells are part of
367 the Tom^{High} population. The newly identified Tom^{Low} cells are also different from integrin
368 $\alpha 6 \beta 4$ population as these cells are negative for *Sftpc* and therefore, the *Sftpc*^{CreERT2}
369 driver line cannot lineage trace this population [7][24]. Finally, The Tom^{Low} population
370 most likely does not contain the BASC for several reasons. First, most of the Tom^{Low}
371 are located in the respiratory epithelium and do not display high level of *Scgb1a1*
372 (Figure 8d). Second, single-cell RNA seq data indicate that compared to AT2 cells,
373 BASC expresses a similar level of *Sftpc* and *Fgfr2* [13] indicating that BACs are likely
374 contained in the Tom^{High} population. Interestingly, lineage tracing of BASC upon injury
375 indicates that these cells are not the sole contributor to newly formed bronchial airway
376 cells after conducting airway injury or AT2/AT1 cells after alveolar injury suggesting
377 that other resident stem cells such as the AT2 Tom^{Low}, the AT2 could contribute to the
378 repair process. Furthermore, PD-L1 is highly expressed in Tom^{Low}. PD-L1 expression
379 is also increased in adenocarcinoma and appears to be correlated with elevated
380 tumour proliferation and aggressiveness [14][20][25][16][26]. Further investigations are
381 required to elucidate PD-L1 function in Tom^{Low} and their potential interaction with the

382 immune system as well as their contribution to cancer. In the future, it will be important
383 to design dual lineage tracing strategies based on the expression of Sftpc and PD-L1
384 to specifically label the Tom^{Low} cells.

385 In conclusion, we identified a novel population of quiescent and immature AT2
386 progenitor cells with different gene expression profile from mature AT2 cells which are
387 proliferating after PNx and enriched in PD-L1 expression. The equivalent of this
388 population also was identified in human lungs. Further characterization of these cells
389 in homeostatic and repair/regeneration conditions will allow identifying the signaling
390 pathways activated in these cells with the ultimate goal to enhance repair after injury.

391

392

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395

396

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407

408 **Figure captions**

409

410

411 **Figure 1: Identification of two populations of AT2-lineage labeled cells, named**

412 **tdTomato^{Low} (Tom^{Low}) and tdTomato^{High} (Tom^{High}).** a) Timeline of tamoxifen

413 treatment of *Sftpc*^{CreERT2/+}, *tdTomato*^{flox/flox} mice (n=4) and representative flow

414 cytometry of EpCAM positive population selection and identification of Tom^{Low} (10.3%)

415 and Tom^{High} (44.1%) populations based on the tdTomato level. Pie chart shows the

416 percentage of Tom^{Low} (18.9%) and Tom^{High} (81.1%) in total tdTomato positive cells. b)

417 Representative *Sftpc* immunofluorescence staining and localization of Tom^{Low} and

418 Tom^{High} in the alveoli (Scale bar: 50µm). Plots display quantification of tdTomato

419 fluorescent intensity of tdTomato positive cells and further quantification of *Sftpc* level

420 in Tom^{Low} and Tom^{High} populations separately. c) PCR on genomic DNA isolated from

421 FACS-based sorted Tom^{Low} and Tom^{High} cells and qPCR analysis of FACS-based

422 sorted Tom^{Low} and Tom^{High} cells for the expression of *Tomato*. d) qPCR analysis of

423 FACS-based sorted Tom^{Low} and Tom^{High} cells for the expression of *Fgfr2b*, *Etv5*, *Sftpc*,

424 *Sftpb* and *Sftpa1*. Data are presented as mean values ± SEM. *p < 0.05, **p <

425 0.01, ***p < 0.001.

426

427

428 **Figure 2: ATAC-seq analysis on FACS-based sorted Tom^{Low} and Tom^{High}**

429 **populations.** a) Timeline of tamoxifen treatment of *Sftpc*^{CreERT2/+}, *tdTomato*^{flox/flox} mice

430 (n=3). ATAC-seq was carried on FACS-based sorted Tom^{Low} and Tom^{High} populations.

431 b) Coverage heat maps of Tom^{Low} and Tom^{High}, displaying genome-wide regions of

432 differential open chromatin peaks in Tom^{Low} versus Tom^{High}. Tom^{Low} chromatin is less

433 open and transcriptionally less active compared to Tom^{High}. ATAC-seq analysis of

434 peaks based on the cutoffs shows 3605 up-regulated in Tom^{High} (FDR < 0.05, log₂FC

435 > 0.585, baseMean > 20) , 3512 up-regulated in Tom^{Low} (FDR < 0.05, log₂(FC) > 0.585,

436 baseMean > 20) and 3878 non-regulated (baseMean > 20, FDR > 0.5, log₂(FC)
437 between -0.15 and 0.15) which means 32% and 32.8% of the genome is differently
438 accessible in Tom^{Low} and Tom^{High}, respectively. **c)** ATAC-seq histogram of average
439 read coverage at *Rosa26* locus shows distinct ATAC-seq peaks at the promoter and
440 denser chromatin in Tom^{Low} compared to Tom^{High} in this locus. Representative peaks of
441 Tom^{Low} and Tom^{High} are the average of three independent samples and the graph
442 shows the quantification of peaks at *Rosa26* locus. **c)** ATAC-seq profile at *Sftpc* locus
443 shows distinct ATAC-seq peaks at the promoter and denser chromatin in Tom^{Low}
444 compared to Tom^{High}. Representative peaks of Tom^{Low} and Tom^{High} are averages of
445 three independent samples and the graph displays the quantification of peak regions
446 of *Sftpc* locus. The ATAC-seq data have been normalized for sequencing depth and
447 the scale on the y-axis was chosen for optimal visualization of peaks **d)** Heatmap
448 based on the ATAC seq data of top cell cycle-related genes differentially regulated in
449 Tom^{Low} and Tom^{High}. FDR: the significance of results by Benjamini-Hochberg
450 correction of multiple tests (n=3).

451

452 **Figure 3: Different colony-forming capabilities of Tom^{Low} and Tom^{High}.** **a)**
453 Representative flow cytometry shows the gating strategy of
454 CD31^{Neg}CD45^{Neg}Epcam^{Neg} population and further selection of Sca1⁺ resident
455 mesenchymal cells, as well as the selection of Tom^{Low} and Tom^{High} from Epcam^{pos}
456 population. Mesenchymal cells were co-cultured with Tom^{Low} and Tom^{High} separately
457 (n=3). **b)** Representative alveolospheres from Tom^{Low} and Tom^{High} (n=3) (Scale bar:
458 100µm). **c)** Representative *Sftpc* and *Rage* Immunofluorescent staining of
459 alveolospheres after 14 days in culture (Scale bar: 50µm). **d)** Quantification of Colony-
460 forming efficiency (CFE) and alveolospheres size in Tom^{High} and Tom^{Low} (n=3).

461 **Figure 4: Expansion of Tom^{Low} but not Tom^{High} following pneumonectomy. a)**
462 Schematic representation of PNX and sham models. **b)** Representative flow cytometry
463 analysis of Tom^{Low} and Tom^{High} populations 7 days after PNX and sham and the
464 quantification of Tom^{Low} and Tom^{High} percentages in Epcam^{Pos} population between
465 sham and PNX groups (n=4) (Scale bar: 250µm). **c)** qPCR analysis of FACS-based
466 sorted Tom^{Low} population for *Fgfr2b*, *Etv5*, *Sftpc*, *ki67*, *Ccnd1* and *Ccnd2* expressions.
467 **d)** qPCR analysis of FACS-based sorted Tom^{High} population for *Fgfr2b*, *Etv5*, *Sftpc*,
468 *ki67*, *Ccnd1* and *Ccnd2* expressions (Scale bar: 250µm and 50µm). Data are
469 presented as mean values ± SEM. * p < 0.05, ** p < 0.01, *** p < 0.001.

470

471 **Figure 5: Characterization of the fate of Tom^{Low} cells in precision-cut lung slices**
472 **(PCLS). a)** Representative flow cytometry analysis of Tom^{Low} and Tom^{High} before
473 processing the lungs for PCLS and in freshly generated PCLS. **b)** Visualization of the
474 Tom^{Low} in PCLS at t=0. **c)** Visualization of the Tom^{Low} in PCLS at t=4 days. **d)**
475 Visualization of the Tom^{Low} in PCLS at t=10 days. Low and high magnification. Scale
476 bar 250 µm (low magnification) and 50 µm (high magnification).

477

478 **Figure 6: PD-L1 is a specific surface marker enriched in Tom^{Low}. a)** Validation of
479 acquired gene array data with qPCR for the expression level of *Cd33* and *PD-L1* in
480 Tom^{Low} compared to Tom^{High}. Data are presented as mean values ± SEM. *p <
481 0.05, **p < 0.01, ***p < 0.001. **b)** Representative PD-L1 Immunofluorescent staining
482 on Tom^{Low} and Tom^{High} cytopsin cells (Scale bar: 50µm). **c)** Representative flow
483 cytometry analysis of PD-L1^{Pos} population in Tom^{Low} and Tom^{High}. **d)** Representative
484 PD-L1 Immunofluorescent staining on the lung sections (scale bar: 10µm)

485

486 **Figure 7: Identification of AT2 PD-L1⁺ Sftpc^{Low} in the wild type mice a)**
487 Representative flow cytometry analysis of wild type mice lungs showing the gating
488 strategy of Epcam⁺ CD49f^{inter} population, followed by negative selection of AT2 cells
489 with the exclusion of AT1 Pdpn⁺ cells. Representative flow cytometry analysis of AT2
490 cells based on PD-L1 marker. **b)** qPCR analysis of FACS-based sorted PD-L1^{Pos} and
491 PD-L1^{Neg} for *Fgfr2b*, *Etv5*, and *Sftpc* expressions (n=4). Data are presented as mean
492 values \pm SEM. *p < 0.05, **p < 0.01, ***p < 0.001. **c)** Representative flow cytometry
493 analysis of Sftpc intracellular staining shows a distinct Sftpc^{Low} PD-L1^{High} population of
494 AT2 cells.

495

496 **Figure 8: Decrease of bona fide EPCAM^{Pos}HTII-280^{High} alveolar type 2 cells and**
497 **amplification of EPCAM^{Pos}HTII-280^{Low/Neg} PD-L1^{High} cells in human end-stage**
498 **idiopathic lung fibrosis compared to donor lungs. a)** Representative flow cytometry
499 of single cells and live cells gating, and EPCAM positive population selection and
500 further analysis of HTII-280 and PD-L1 positive populations of IPF and donor lungs.
501 The gating controls panel shows the negative control of HTII-280 and PD-L1 antibodies
502 staining. **b)** Quantification of the number of HTII-280^{Pos} cells PD-L1^{Pos} cells in IPF
503 versus donor (n=5). Data are presented as mean values \pm SEM. *p<0.05, **p<
504 0.01, ***p < 0.001. **c)** qPCR analysis of FACS-based sorted HTII-280^{Neg}PD-L1^{Neg} (Q4)
505 HTII-280^{Low/Neg}PD-L1^{High}(Q3) and HTII-280^{Low/Neg}PD-L1^{High}(Q1) cells for *SFTPC* and
506 *SCGB1A1* expressions in IPF lungs (n=4). Data are presented as mean values \pm
507 SEM. *p < 0.05, **p < 0.01, ***p < 0.001. **d)** Representative flow cytometry analysis
508 of Tom^{Neg}, Tom^{Low} and Tom^{High} selection and qPCR analysis of FACS-based sorted
509 Tom^{Neg}, Tom^{Low} and Tom^{High} cells for the expression of *Sftpc* and *Scgb1a1*. Data are
510 presented as mean values \pm SEM. *p < 0.05, **p < 0.01, ***p < 0.001.

511 **Supplementary Figure captions**

512

513 **Figure S1: Validation of *Sftpc*^{CreERT2/+}; *tdTomato*^{flox/flox} mice.** **a)** The pie chart
514 represents the percentage of tdTomato^{Pos} cells in total cells (20.5%) and the
515 percentage of epithelial (96.6%), mesenchymal cells (2.6%) and CD31, CD45 positive
516 cells (0.8%) of the labeled cells. **b)** Representative Sftpc immunofluorescence staining
517 and quantification of tdTomato^{Pos} Sftpc^{Pos} of total tdTomato^{Pos} as well as quantification
518 of tdTomato^{Pos} Sftpc^{Pos} of total Sftpc^{Pos} (n=4). Data are presented as mean values ±
519 SEM. **c)** Timeline of tamoxifen treatment of *Sftpc*^{CreERT2/+}, *Tom*^{flox/+} mice. **d)**
520 Representative flow cytometry analysis of Tom^{Low} (6.97%) and Tom^{High} (38.7%) of
521 *Sftpc*^{CreERT2/+}, *tdTomato*^{flox/+} mice. The pie chart shows the percentage of Tom^{Low}
522 (15.3%) and Tom^{High} (84.7%) in total tdTomato positive cells.

523

524 **Figure S2: AT2 cells labeling in the absent and the presence of tamoxifen**
525 **treatment.** **a)** Timeline of tamoxifen treatment. One group of *Sftpc*^{CreERT2/+},
526 *tdTomato*^{flox/flox} mice were treated with tamoxifen in drinking water for 7 days and
527 another group no tamoxifen added to the water. **b)** Representative flow cytometry
528 analysis of single-cell selection and further analysis of Epcam^{Pos} population in both
529 groups. **c)** Representative flow cytometry analysis of Tom^{Low} (4.5%) and Tom^{High}
530 (6.9%) in untreated mice with tamoxifen. The pie chart shows the percentage of Tom^{Low}
531 (39.2%) and Tom^{High} (60.8%) in total tdTomato positive cells. **d)** Representative flow
532 cytometry analysis of Tom^{Low} (10.3%) and Tom^{High} (44.1%) in treated mice with
533 tamoxifen. Pie chart shows the percentage of Tom^{Low} (18.9%) and Tom^{High} (81.1%) in
534 total tdTomato positive cells.

535

536 **Figure S3: Gene set enrichment for accessible regions in Tom^{High} vs.**
537 **Tom^{Low}.** Analysis of peaks obtained in the ATAC-seq experiment for Tom^{High} and
538 Tom^{Low} cells using Kobas for the Reactome database. Peaks overlapping gene body
539 or in close proximity to the transcription starting site of genes were annotated to the
540 corresponding genes. All annotated peaks were split into lists of genes which display
541 more open chromatin in Tom^{High} or Tom^{Low} cells using DESeq2 on unified
542 peak regions. Observed significance was adjusted by Benjamini-Hochberg correction
543 for multiple tests (FDR). The resulting lists were used as input for Kobas to search for
544 enriched terms in different databases. Top 10 terms were chosen by significance (FDR
545 < 0.2). Results indicate that the term immune system is highly enriched in Tom^{Low} cells,
546 indicating that the chromatin of Tom^{Low} cells is more accessible in loci of genes (gene
547 body or promoter) associated with the immune system. Higher accessibility is
548 associated with more transcriptional activity. Numbers in brackets display number of
549 identified genes / total number of genes for term in database. DEG: Differentially
550 expressed genes. Between brackets []: Genes found/total genes in term.

551

552 **Figure S4: *Axin2* expression analysis.** a) qPCR analysis of FACS-based sorted
553 Tom^{Low} and Tom^{High} cells for the expression of *Axin2*. b) qPCR analysis of FACS-based
554 sorted Tom^{Low} cells for the expression of *Axin2* from sham and PNx groups. Data are
555 presented as mean values ± SEM. *p < 0.05, **p < 0.01, ***p < 0.001.

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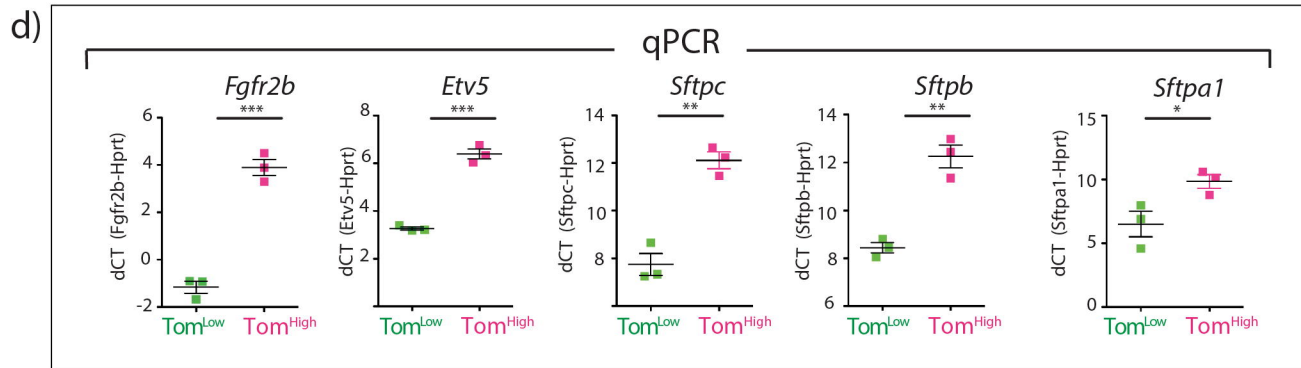
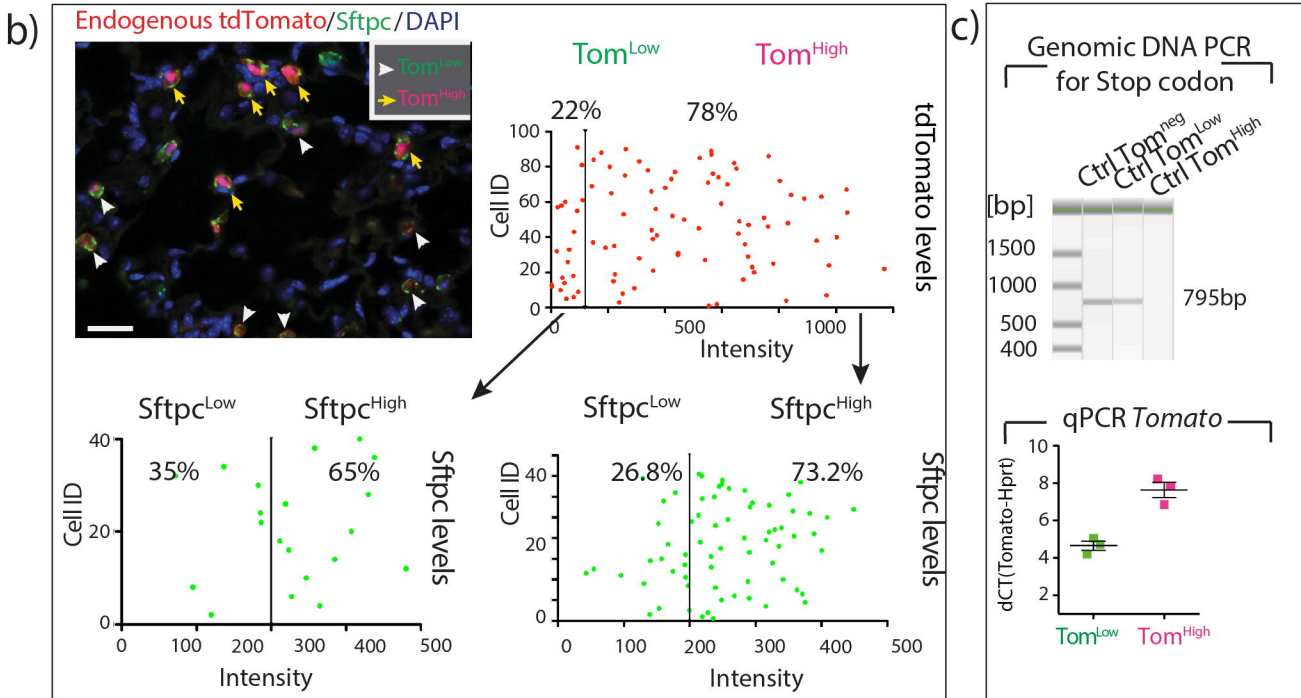
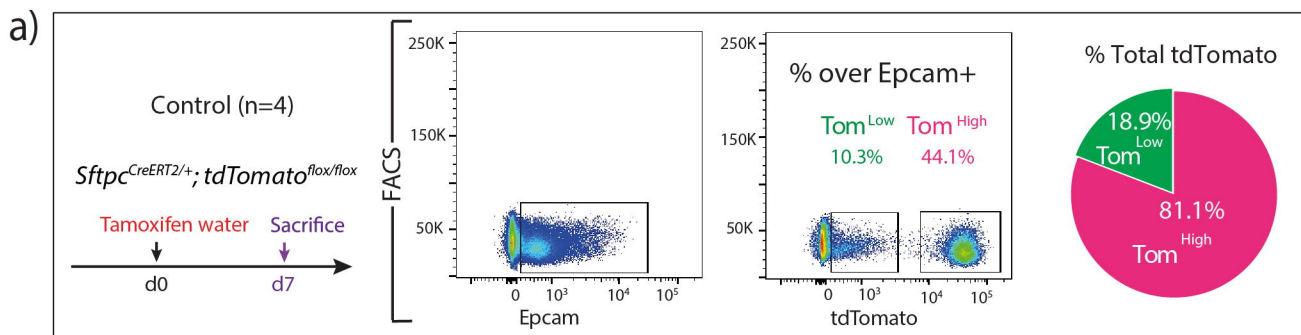
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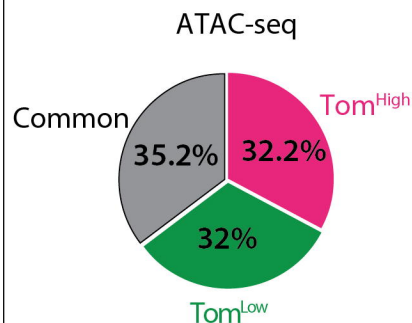
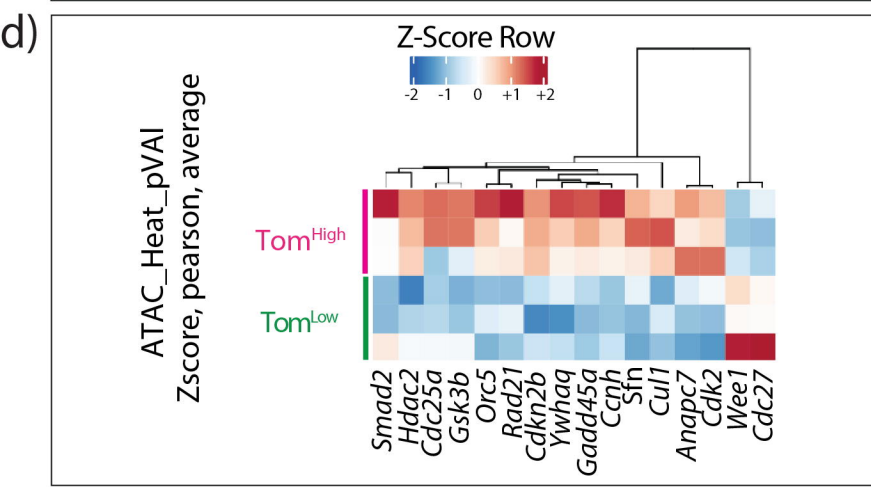
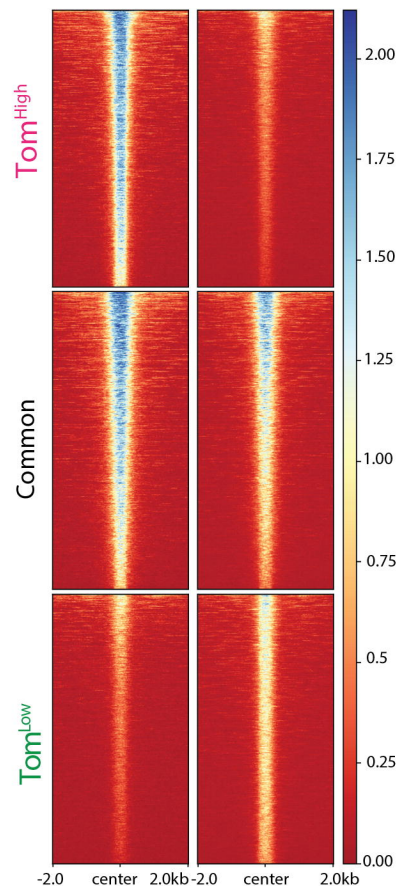
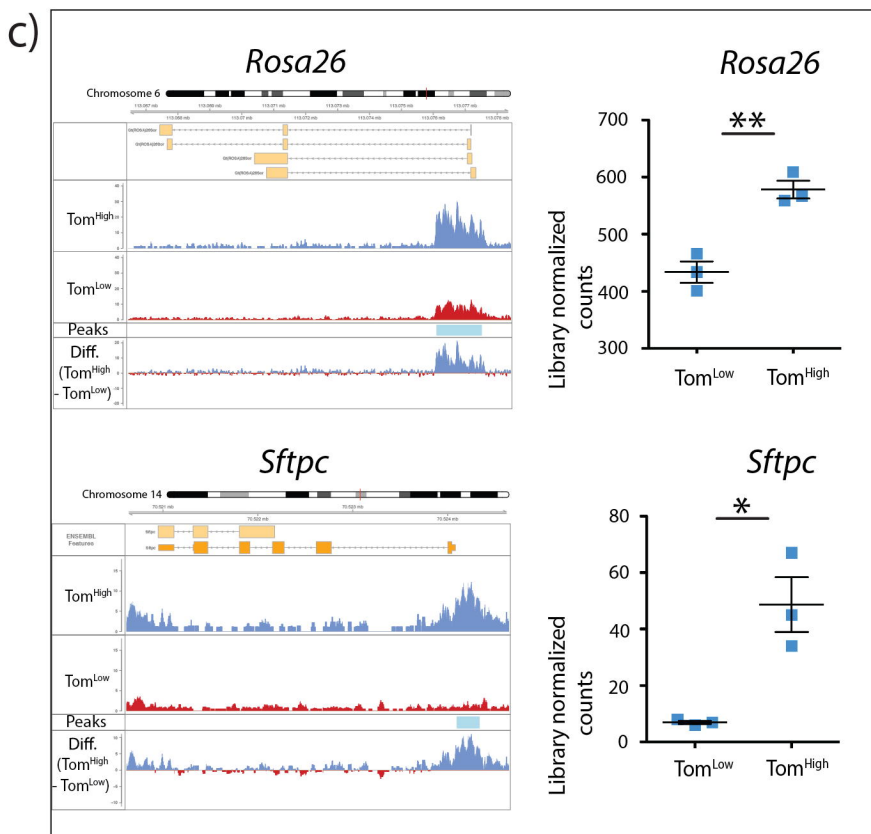
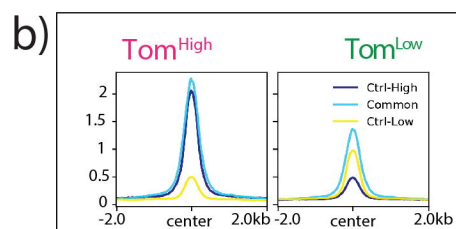
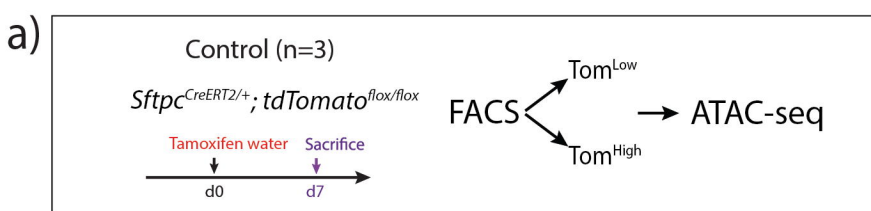
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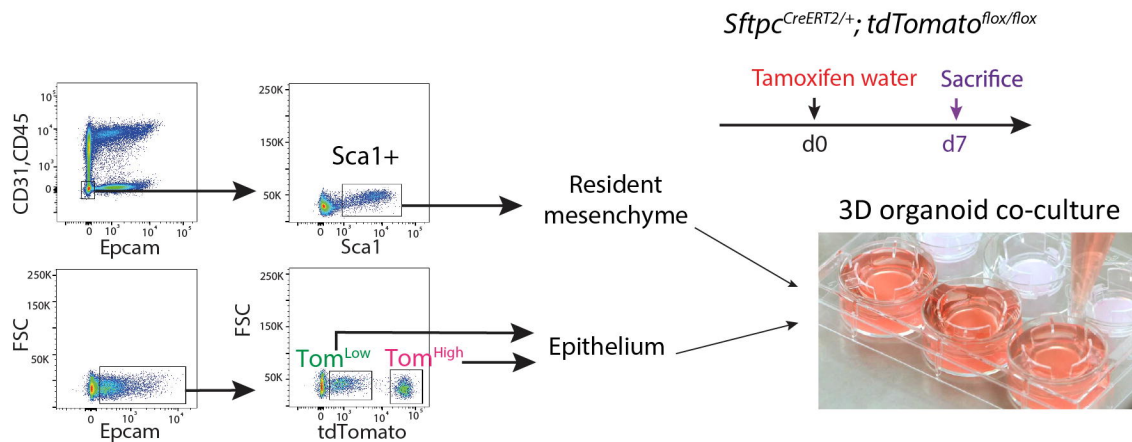
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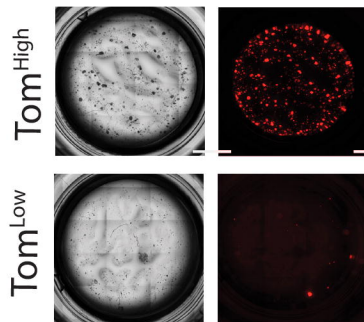


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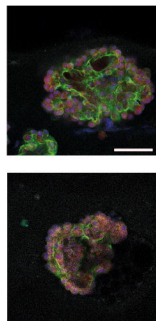


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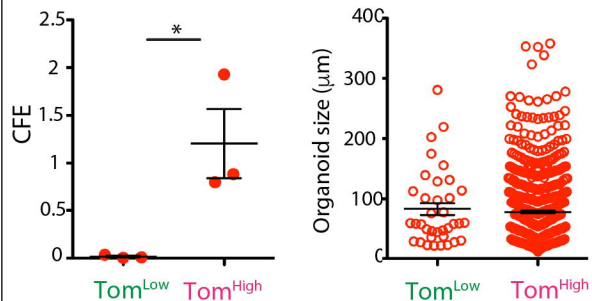
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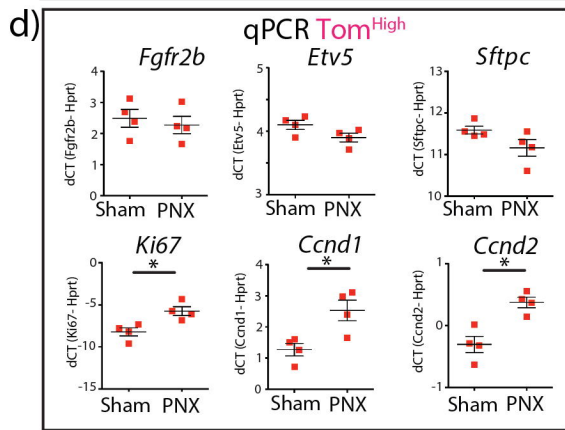
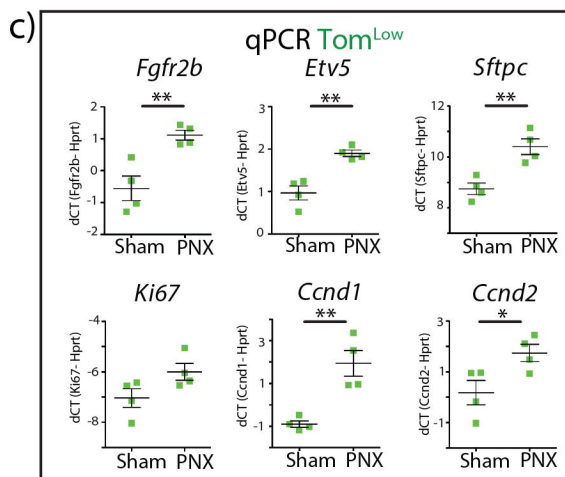
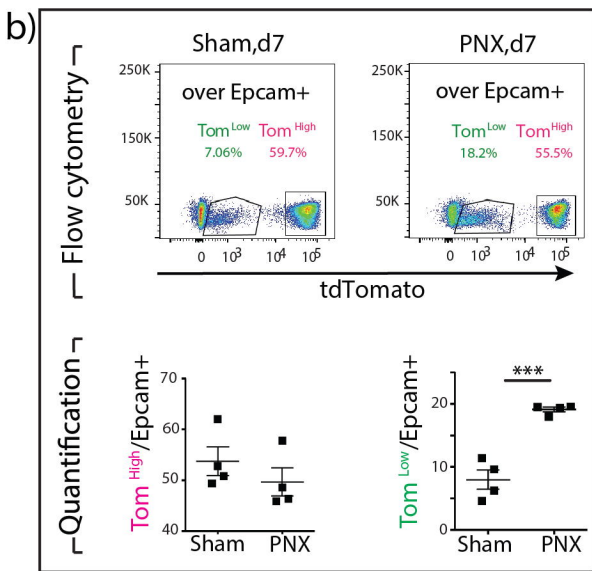
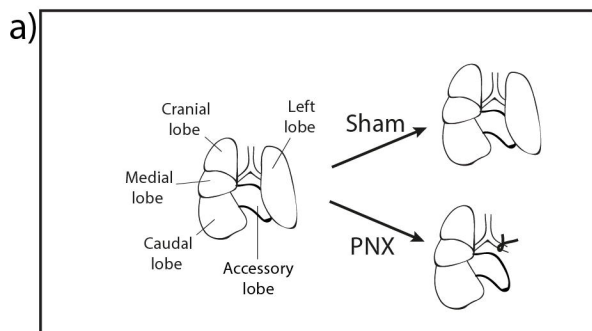


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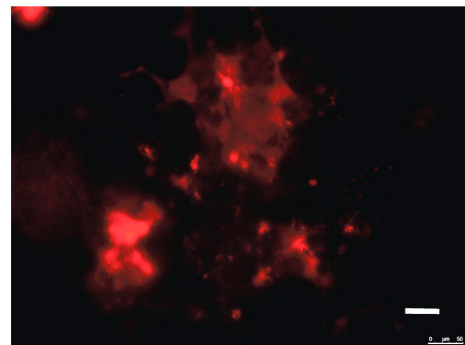
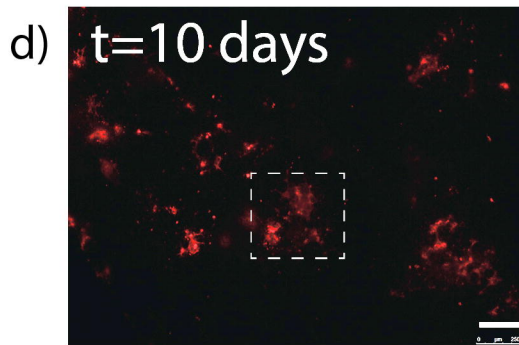
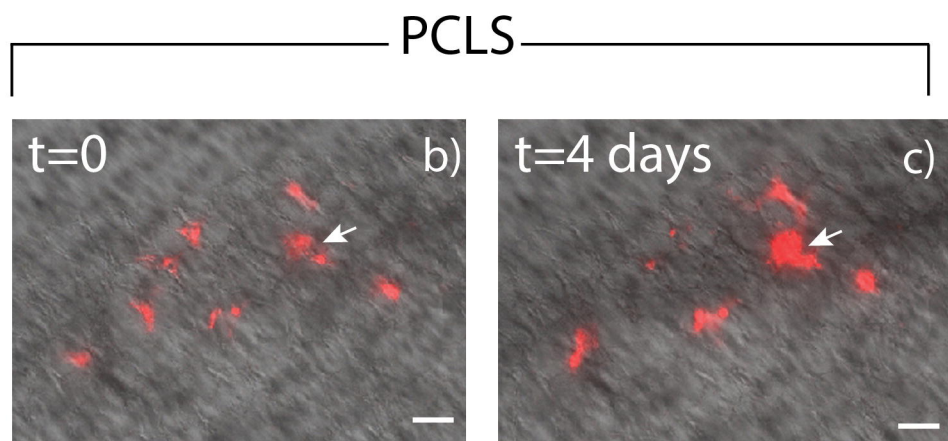
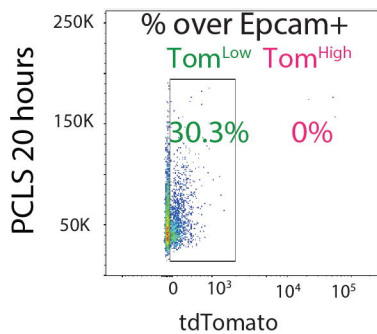
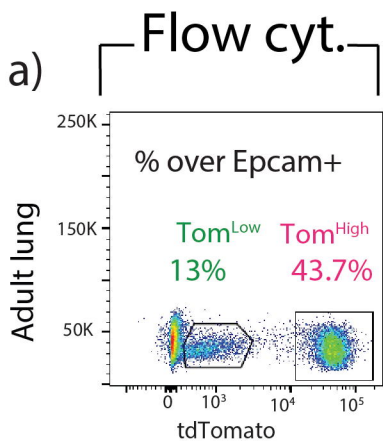
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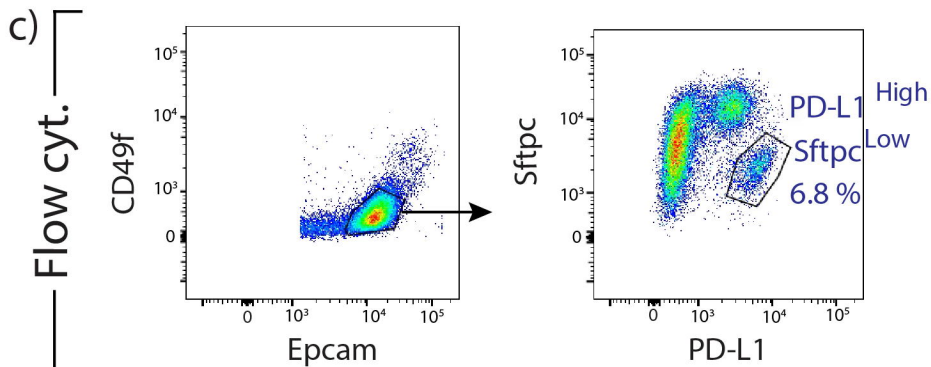
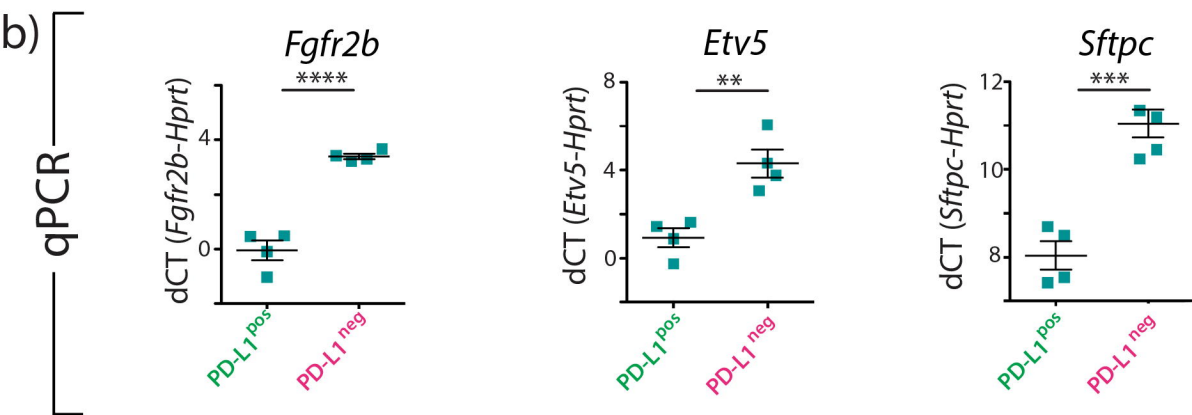
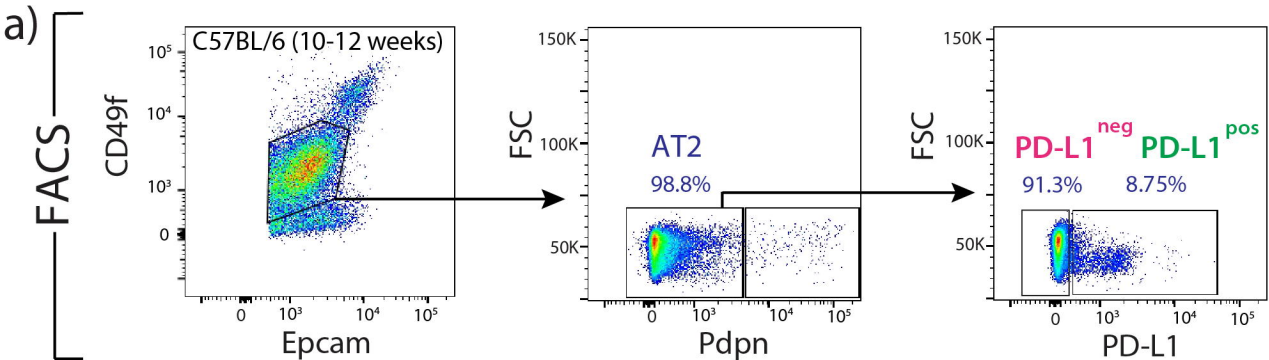
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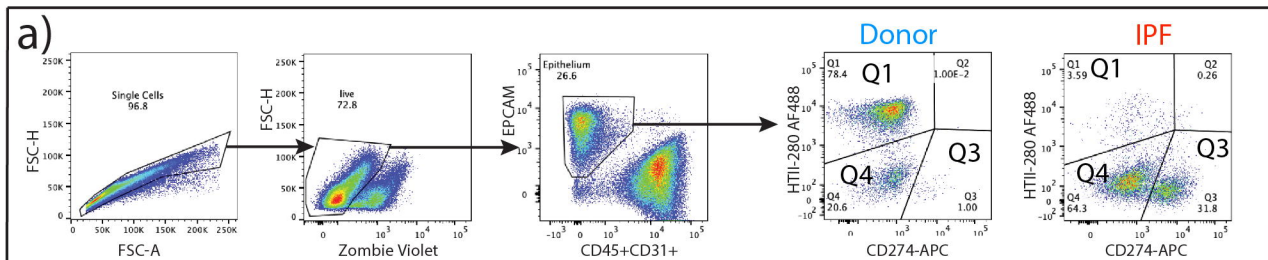


FACS-isolated Tom cells

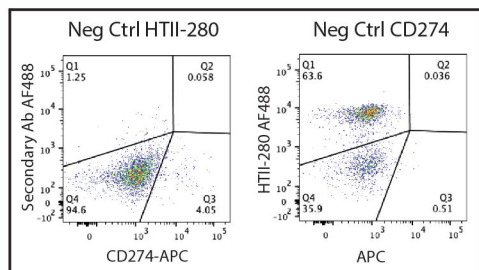




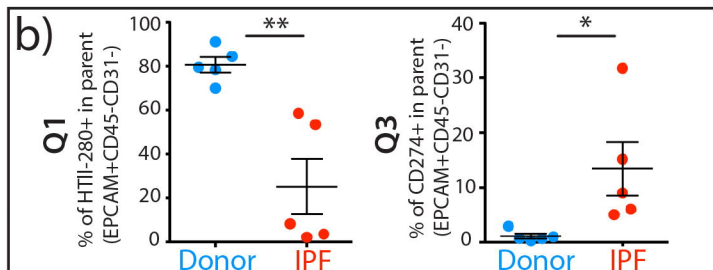
Gating strategy



Gating controls

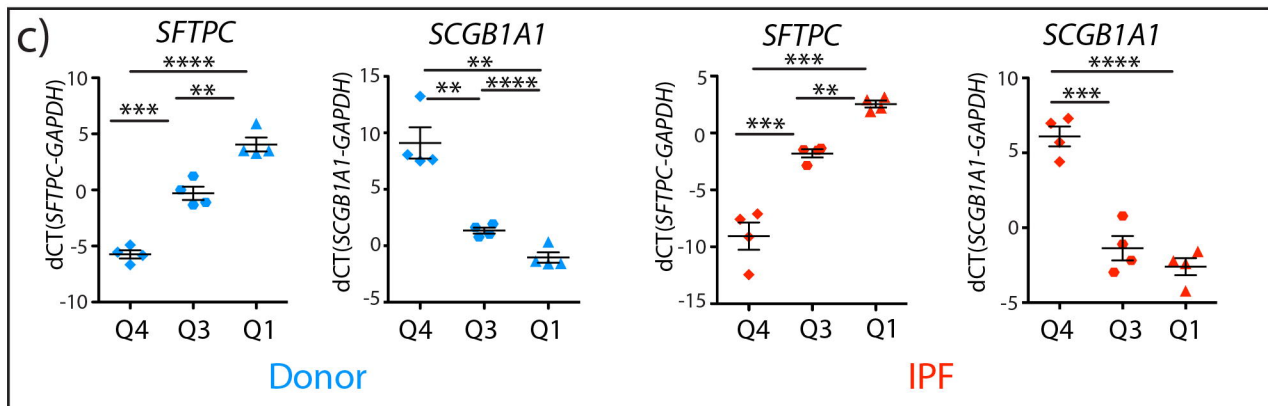


Quantification

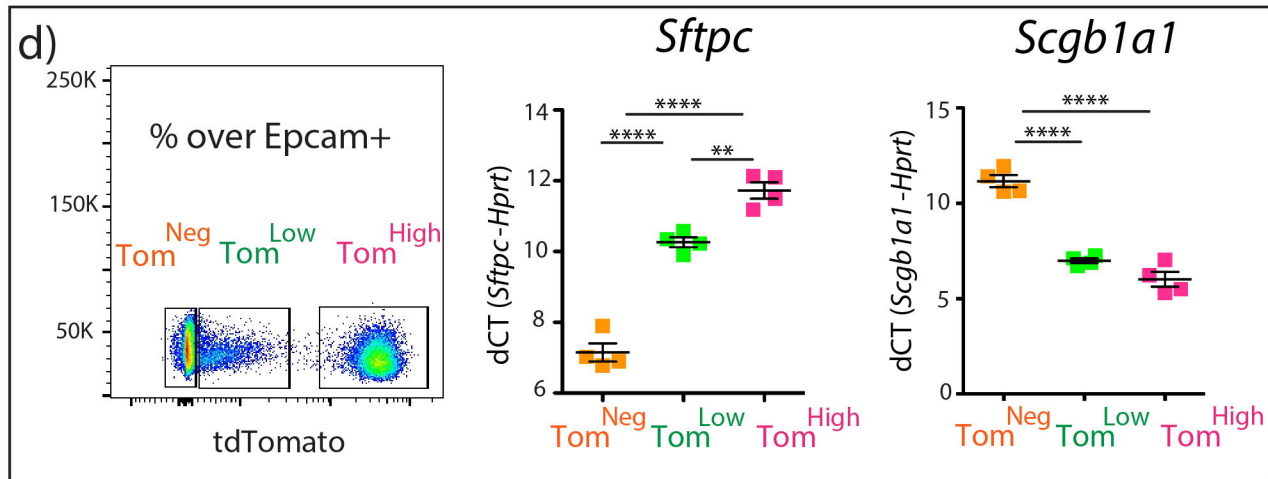


Human

qPCR

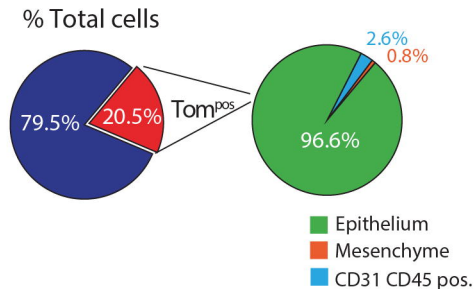


d)

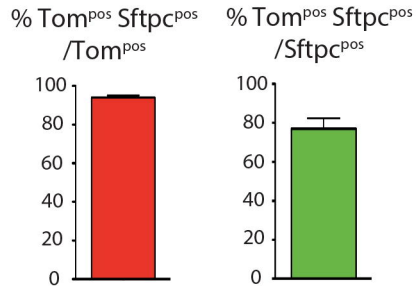
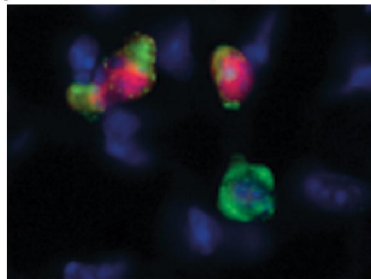


Mouse

a)



b) dTom/Sftpc/DAPI

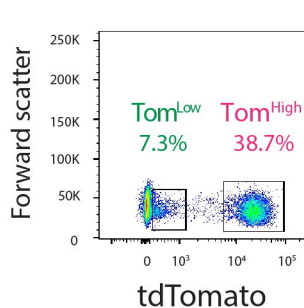


c)

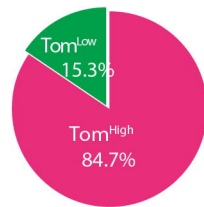
Control: *Sftpc*^{CreERT2/+}; *tdTomato*^{lox/+}



d)

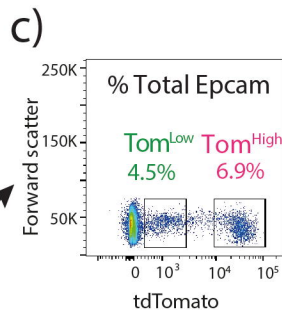
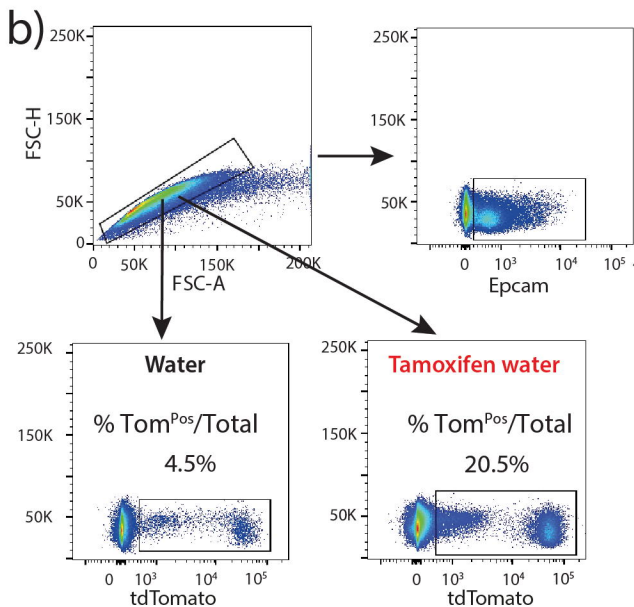
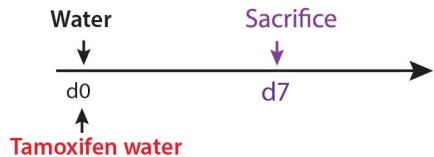


% Total tdTomato

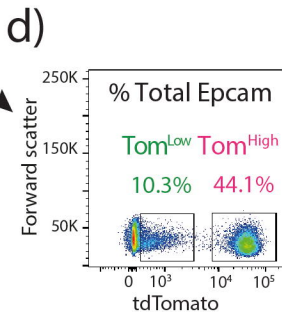
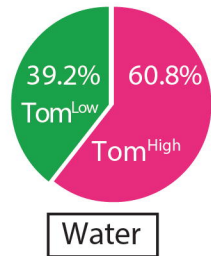


Control

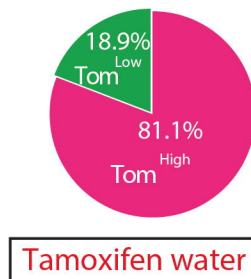
a) *Control: Sftpc^{CreERT2/+};tdTomato^{flx/flx}*



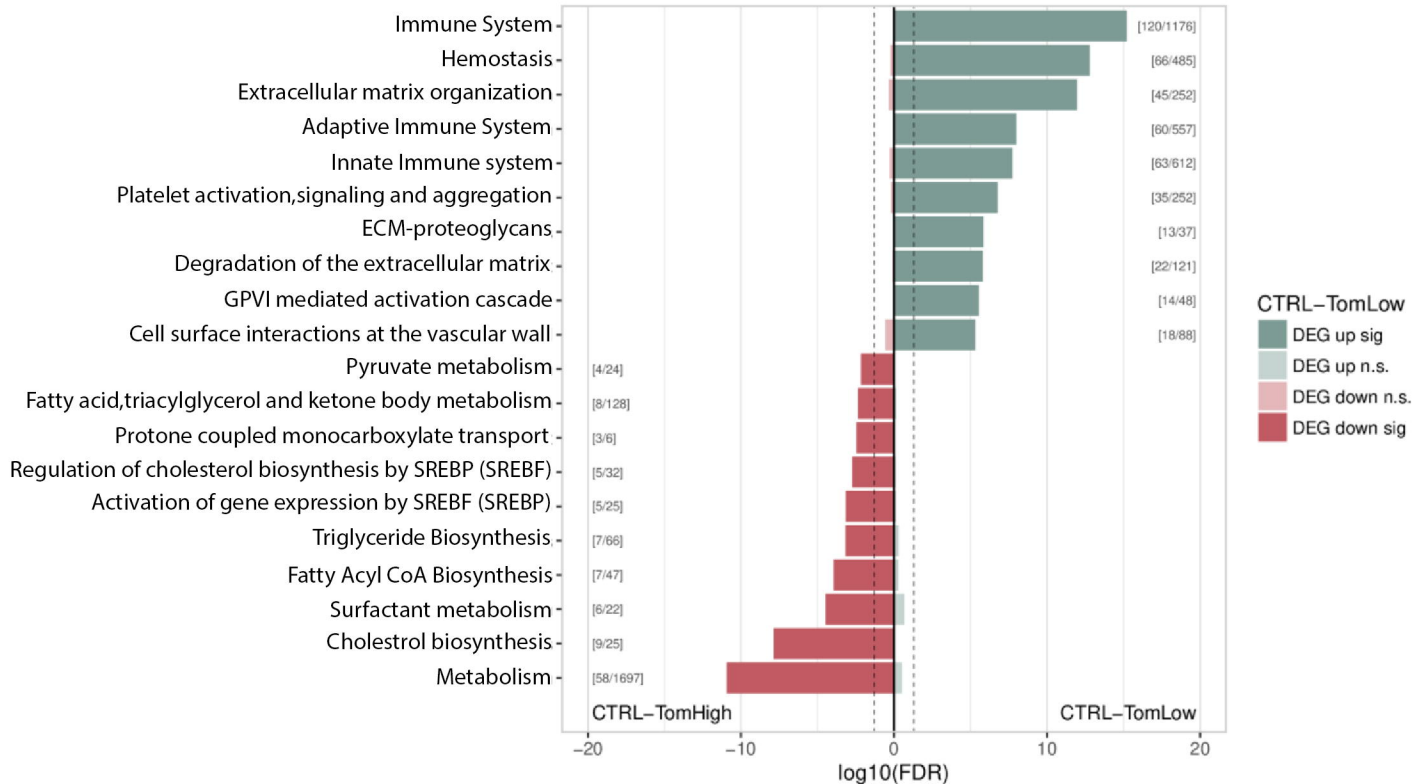
% Total tdTomato



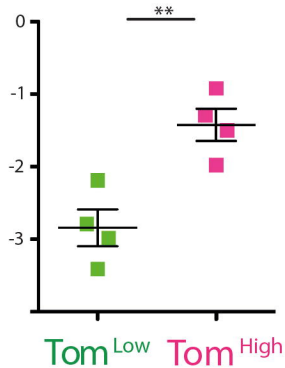
% Total tdTomato



Gene set enrichment (FDR<0.2, Top 10 up/down Sets)
CTRL-TomHigh_vs_CTRL-TomLow_Reactome_FDR



a)

Axin2

b)

Axin2