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Interviews & News!

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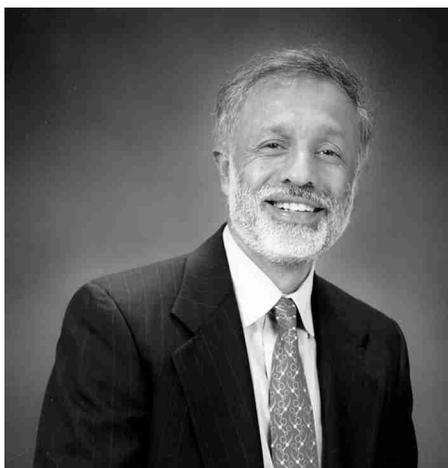
InSite Vision Is Focused On Developing Innovative Ophthalmic Products Using Their Core DuraSite® Technology To Enable Topical Delivery And Sustained Release Of Drug Molecules For Reduced Frequency Of Treatment And Improved Efficacy



**Healthcare
Drug Delivery
(ISV-AMEX)**

InSite Vision Incorporated

**965 Atlantic Avenue
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Phone: 510-865-8800**



**S. Kumar Chandrasekaran, Ph.D.
Chairman and CEO**

BIO:

S. Kumar Chandrasekaran, Ph.D., joined InSite Vision in September 1987 as Vice President, Development. From 1988 to 1989, Dr. Chandrasekaran served as Vice President, Research and Development. From 1989 to 1993, he served as President and Chief Operating Officer. Since August 1993, Dr. Chandrasekaran has served as Chairman of the Board of Directors, President, and Chief Executive

Officer. Dr. Chandrasekaran holds a Ph.D. in Chemical Engineering from the University of California, Berkeley.

Company Profile:

InSite Vision develops novel ocular pharmaceutical products using its DuraSite® bioadhesive polymer core technology to enable topical delivery and sustained release of drug molecules for reduced frequency of treatment and improved efficacy. This approach is intended to enable the company to develop products at lower risk and cost than a new chemical entity and to provide patients with product alternatives that will encourage compliance for better treatment outcomes. By formulating the well-established antibiotic azithromycin in DuraSite, InSite developed the lowest-dosing topical ocular antibiotic available to the ophthalmic market. AzaSite® (azithromycin ophthalmic solution) 1% was launched in the United States in August 2007 by Inspire Pharmaceuticals for the topical treatment of bacterial conjunctivitis (pink eye). InSite is also building a network of international partners for commercialization and distribution of AzaSite outside of the United States.

InSite continues to expand its portfolio of ophthalmic antibiotic products based on the DuraSite-azithromycin product platform. ISV-502 is the Company's second antibiotic product candidate and is currently in a Phase 3 pivotal trial to treat ocular and eyelid infection and inflammation. In addition, InSite is investigating other product and collaboration opportunities with both the DuraSite-azithromycin platform and/or with DuraSite and other molecules.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Dr. Chandrasekaran, what is your vision at InSite?

Dr. Chandrasekaran: "InSite Vision is a small innovative ophthalmic company. We are endeavoring to become a multiple-products, sustainable company by minimizing the risk and the cost of developing unique products, while maximizing their opportunity. We develop products by applying our core technology, DuraSite®, which is a drug delivery platform, to existing and new therapeutic agents in ophthalmology with a goal of creating topical products with increased efficacy and ocular residence time for sustained release."

CEOCFO: Please tell us about the innovative products you are working on, what they are and what the need is that they will fill.

Dr. Chandrasekaran: "Our focus at the present has been on ocular infection. There are multiple types of ocular infection that occur both in the younger as well as the older population. Unfortunately, prior to our product AzaSite, medicaments that are presently available have a short residence time in the eye, and so must be administered far too frequently – sometimes as much as eight to ten times a day to provide good efficacy. Due to the frequency of dosing, compliance is an issue and as a consequence, therapeutic efficacy is minimized or compromised. Our first antibiotic product uses a highly effective and very successful drug called azithromycin, which had never been used as a topical therapy in eye care before. We developed it as an

effective topical antibiotic with the lowest dosage available to the ophthalmic market. This product, AzaSite, was launched in the US market in the second half of 2007.”

CEO CFO: Are there ways to treat ocular problems that are not topical?

Dr. Chandrasekaran: “With the treatment of any disease -- whether it be eye-care or cancer -- the present paradigm is to focus the medication to the site of infection. Thereby you can maximize drug efficacy and minimize the side effects that are normally an issue with drugs taken systemically. As a consequence, as you examine ocular infection it is on the surface of the eye, and it is far better to treat it in a localized fashion by direct administration into the eye or the surface of the eye compared to taking something systemically and getting the whole body involved in the process.”

CEO CFO: What is the reception in the medical community?

Dr. Chandrasekaran: “The medical community and especially the ophthalmic medical community are always looking for and are anxious about the development and the evolution of new medications. One of the endeavors that the medical community has focused on is patient compliance because it really becomes the foundation of measuring how well medications work. If a doctor prescribes something four times a day and the patient uses it only once a day then the patient is compromising the treatment’s efficacy. AzaSite is designed for once a day administration, either first thing in the morning or the last thing at night. Therefore, the likelihood is greater that the patient is going to follow the treatment regimen for this medication and thereby not compromise its therapeutic effectiveness.”

CEO CFO: This is quite a breakthrough in your field!

Dr. Chandrasekaran: “We developed the first ocular, topical azithromycin product that has been approved in the

United States. We also hope that it will be approved in the rest of the world. In that particular regard we are extremely proud of the company’s accomplishment and the opportunity that our DuraSite-azithromycin platform provides for other products that we hope to generate. We are already working to expand our product offerings and portfolio.”

CEO CFO: How will you be marketing your products; is it through partnerships or will you be building a sales staff?

Dr. Chandrasekaran: “We have focused on maximizing our effectiveness as a strong product development company –

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capable of formulating, testing, and submitting our submissions to the FDA. We have chosen not to have a sales and commercial manufacturing organization, and as a consequence we use licensing arrangements for commercialization of our products. For AzaSite®, we are working with Inspire Pharmaceuticals, a biotechnology company with a sales force located in the southeastern United States. Inspire is our marketing partner for the United States and Canada, and we are working on building a network of international companies to sell the product worldwide. In addition to the United States and Canada, we now have licensing agreements with companies that ad-

dress markets in Argentina, Chile, China, Korea, Paraguay, Uruguay and Turkey. We are continuing to look for additional relationships to expand our opportunity on a worldwide basis.

CEO CFO: Do people pay as much attention to eye diseases in other countries as we do in the United States?

Dr. Chandrasekaran: “On one hand, as eye disease is usually not life-threatening, people don’t give it the attention it deserves. On the other hand, once they realize it is sight-threatening -- and sight-threatening, in many ways, is even more serious than life-threatening -- the attention really starts to accelerate. Outside the United States, there are many serious ophthalmic diseases such as trachoma, which is a major cause of blindness resulting from a contagious infection with *Chlamydia trachomatis*. However, trachoma is preventable and usually caused by bad hygiene due to lack of water or numerous flies. We hope that AzaSite® could be approved and made available to help combat this type of disease in countries where it is a problem.”

CEO CFO: Is your market family practitioners as well as ophthalmologists, or is it strictly in the specialist area?

Dr. Chandrasekaran: “For AzaSite, in particular, we are looking at ocular infection and bacteria conjunctivitis -- in the normal vernacular ‘pink eye’ which includes multiple markets. Just to give you an idea, in 2006 approximately 15 million prescriptions were written in the United States for ocular anti-infectives. A large portion of these prescriptions were written by pediatricians and general practitioners and the remainder by eye care specialists. When you start to examine the demographics of the disease, it is resident primarily in the younger population. Pink eye is contagious and painful, and it prevents children from being sent to school because school nurses today cannot administer medicine during school hours. As you can imagine, it is

easier to give children a dose once a day than multiple times a day. Pink eye is also resident in the older population. Our clinical trials involved patients as young as one year of age to as old as 87. In all these cases we found the drug was well tolerated, safe and highly effective.”

CEO CFO: What else is in the pipeline?

Dr. Chandrasekaran: “Our initial focus is to expand on what we call a low-risk model. In that particular endeavor, we maximize the opportunities for the drug azithromycin formulated with our drug delivery platform DuraSite, to develop effective topical antibiotics improved with sustained drug release -- meaning that instead of normal eye drops that remain in the eye for one to three minutes, DuraSite-formulated products remain in the eye for about four to six hours. During this four to six hour time domain, the drug gradually releases to provide all the therapeutic advantages that I had mentioned earlier. When we start to expand this platform and the whole opportunity for ocular infections, we start to look at infections such as lid margin diseases. Lid margin diseases are primarily resident in the older population, ages thirty years and older. This is where eyelids, eyelashes, glands and other parts of the eye get infected. There is no approved product in the United States indicated for the treatment of this condition (blepharconjunctivitis). It is a chronic disease combining inflammation with infection. To address this opportunity, our second antibiotic product incorporates the corti-

costeroid dexamethasone with azithromycin in a product we call ISV-502. We presently are in the midst of the first Phase 3 pivotal trial in the US, which is going well. We anticipate initiating the second pivotal trial for this product most likely in India later this year.”

CEO CFO: What is the financial picture like for InSite?

Dr. Chandrasekaran: “Fortunately we were able to complete a very successful financial offering through Morgan Stanley just a few months ago in which we raised \$60 million, through a non-recourse, non-dilutive financing secured by the royalty payments from AzaSite. Together with our previous revenue, this essentially gives us a capital structure that should maintain us without other ramifications at least for 2-3 years of product development. In addition, during this time period, we anticipate gaining market approval and out-licensing ISV-502, increasing the number of international partners, and generating royalties from our international partners for AzaSite. All of these events would contribute additional revenue to the company.”

CEO CFO: In closing, why should potential investors look to invest in InSite and what should people know about the company that they might overlook?

Dr. Chandrasekaran: “Where I am most excited and what I always try to communicate to investors is that InSite Vision is providing innovative ocular therapies.

Our story is a relatively simple one; we are trying to take care of infections and diseases that all of us get at some time in our lives. We are targeting the development of effective, therapeutic alternatives to what presently exists in the market, in a very user-friendly fashion and in a way that really takes the patient and the physician into consideration.

For people interested in helping to provide alternative, innovative therapeutic solutions to ocular problems, InSite Vision clearly is a company to be considered. We are constantly looking outside the box, trying to find alternatives and solutions yet bearing in mind that we cannot unduly expand the risk to our investors. We are also very careful that the product development costs do not get out of hand. When you really start to balance our risk/reward ratio, what we are trying to do is minimize the risk and minimize the cost of product development while maximizing shareholder return.

Investors should consider not only the product that we have on the market, but also a flow of positive catalysts that we hope to share with the investment community in the weeks and months ahead. These include Phase 3 data for the ISV-502 product, other product development activities, additional international partnerships, and potential licensing deals for ISV-502.”



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