

EASD
ROMA 2008



September 2008

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including the timing and results of our clinical trials, potential indications for our product candidates, development timelines and the future financial results. The Company's forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those described or implied in the forward-looking statements, including, but not limited to, our ability to secure FDA approval for our product candidates under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act; our ability to market, commercialize and achieve market acceptance for product candidates developed using our VIAdel™ technology; the progress or success of our research, development and clinical programs, the initiation and completion of our clinical trials, the timing of the interim analyses and the timing or success of our product candidates, particularly VIAject™ and VIAtab™; our ability to secure additional patents for VIAject™ and our other product candidates; our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others; our estimates of future performance; our ability to enter into collaboration arrangements for the commercialization of our product candidates and the success or failure of those collaborations after consummation, if consummated; the rate and degree of market acceptance and clinical utility of our products; our commercialization, marketing and manufacturing capabilities and strategy; our estimates regarding anticipated operating losses, future revenues, capital requirements and our needs for additional financing; and other factors identified in our most recent quarterly and annual reports on Forms 10-Q and 10-K, respectively. The Company disclaims any obligation to update any forward-looking statements as a result of events occurring after the date of this press release.

Welcome

- Summarize Preliminary Phase 3 Data Presented in posters at EASD today
- Hear from study investigators
- Q & A



VIAject™

Robust Phase 3 Study Design

VIAject™ vs. Humulin® R *(per FDA EOP2)*

- **Two open label studies**
 - Type 1 patients
 - Type 2 patients

- **6 month duration**
 - Non-inferiority HbA1c
 - Hypoglycaemia
 - Weight
 - Safety
 - Dose *(to be reported later)*

Phase 3

Type 2 Data

Type 2 Subjects

- Outpatients age 30-70 who had been diagnosed with type 2 diabetes mellitus for more than 1 year.
- For the three months prior to study entry, treated with a stable regimen meeting current standard of care
- HbA1c \leq 10.5%, Body Mass Index (BMI) of \leq 45 kg/m²

Type 2 Design

- Open-label, parallel group, randomized study conducted in 47 centers in US, Germany, and India
- 6-month treatment duration
- Home monitored glucose recommended targets for both treatment arms: pre-prandial 70-140 mg/dL, 2-hours postprandial 60-160 mg/dL
- Non-severe hypoglycaemic events: blood glucose reading of < 70 mg/dL and/or clinical symptoms which resolved with treatment
- Severe-hypoglycaemic events: defined as requiring assistance and/or associated with loss of consciousness

Type 2 Treatment Groups

- VIAject™ administered immediately prior to meals. VIAject™ was available as a two-part study drug for reconstitution in a 10 mL vial at a final concentration of 25 IU/mL (U-25), each vial containing 250 IU. Subjects were trained to reconstitute and inject appropriate volumes of U-25 solution using a special syringe to achieve appropriate target doses of insulin in units.
- RHI administered 30-40 minutes prior to meals.
- Pre-existing insulin glargine and/or metformin and/or glitazone maintained through study.

Type 2 Statistical Analysis

- One way analysis of covariance (ANCOVA) adjusting for baseline HbA1c was used to compare the primary efficacy variable (HbA1c) to assess non-inferiority defined as the limit of the 95% confidence interval around the treatment group difference of less than or equal to 0.4%. Consistent with ICH E9, the population set used for the primary analysis was a per protocol set (randomized subjects who had at least one post-baseline HbA1c measurement, treated for at least half the study, and for whom there were no major protocol violations). Results from the per protocol set were compared to that from an Intention to Treat (ITT) set, randomized subjects with at least one post-baseline HbA1c measurement.
- The safety set consisted of all subjects who received at least one dose of study drug.
- Summary statistics were calculated for secondary endpoints including hypoglycaemic events (non-severe and severe), body weight as well as adverse events.
- Missing data were analyzed using Last Observation Carried Forward (LOCF).

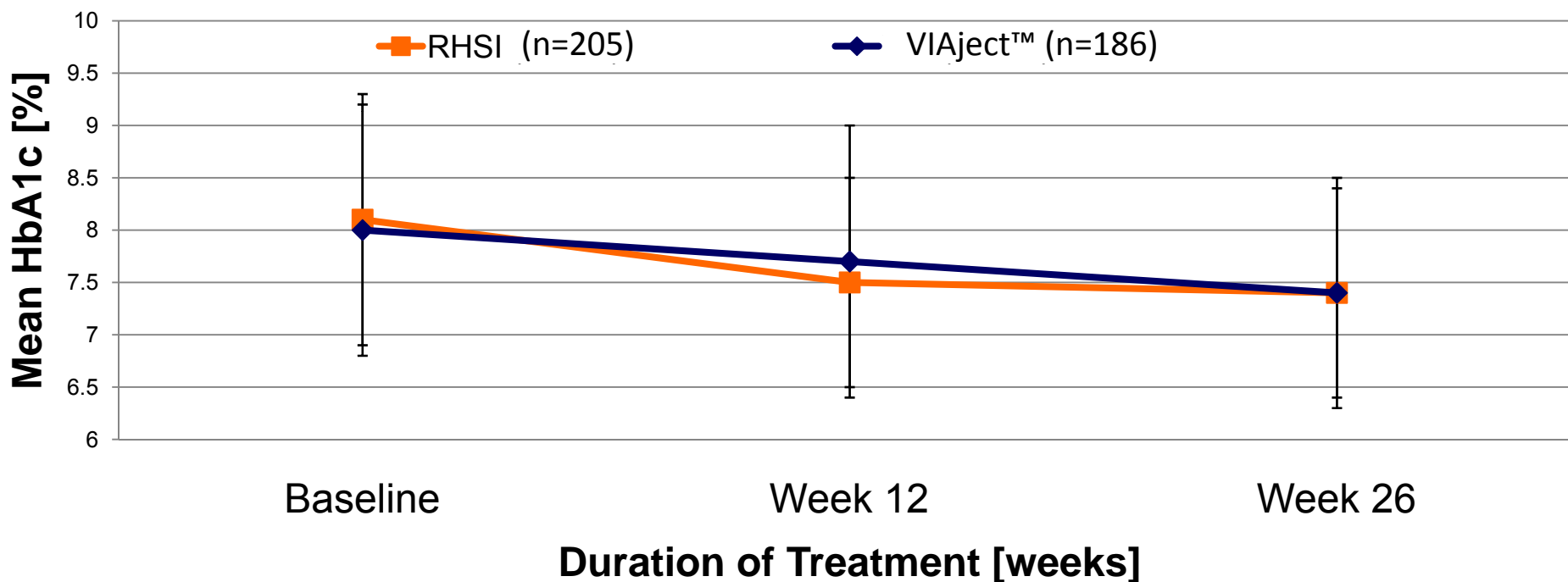
Type 2 Subject Characteristics at Study Entry

Subject Characteristics at Study Entry

	VIAject™ (Mean ± SD)	RHI (Mean ± SD)
Age (years)	56.0 ± 8.7	56.0 ± 8.9
Sex (M/F)	108/78	122/83
HbA1c (%)	8.0 ± 1.2	8.1 ± 1.2
Weight (kg)	95.8 ± 23.1	95.4 ± 21.7
BMI (kg/m ²)	33.5 ± 6.5	33.5 ± 6.3
N per protocol	186	205

Type 2 HbA1c

Per Protocol HbA1c During 6 Months' Treatment with VIAject™ vs. RHI (Mean±SD)



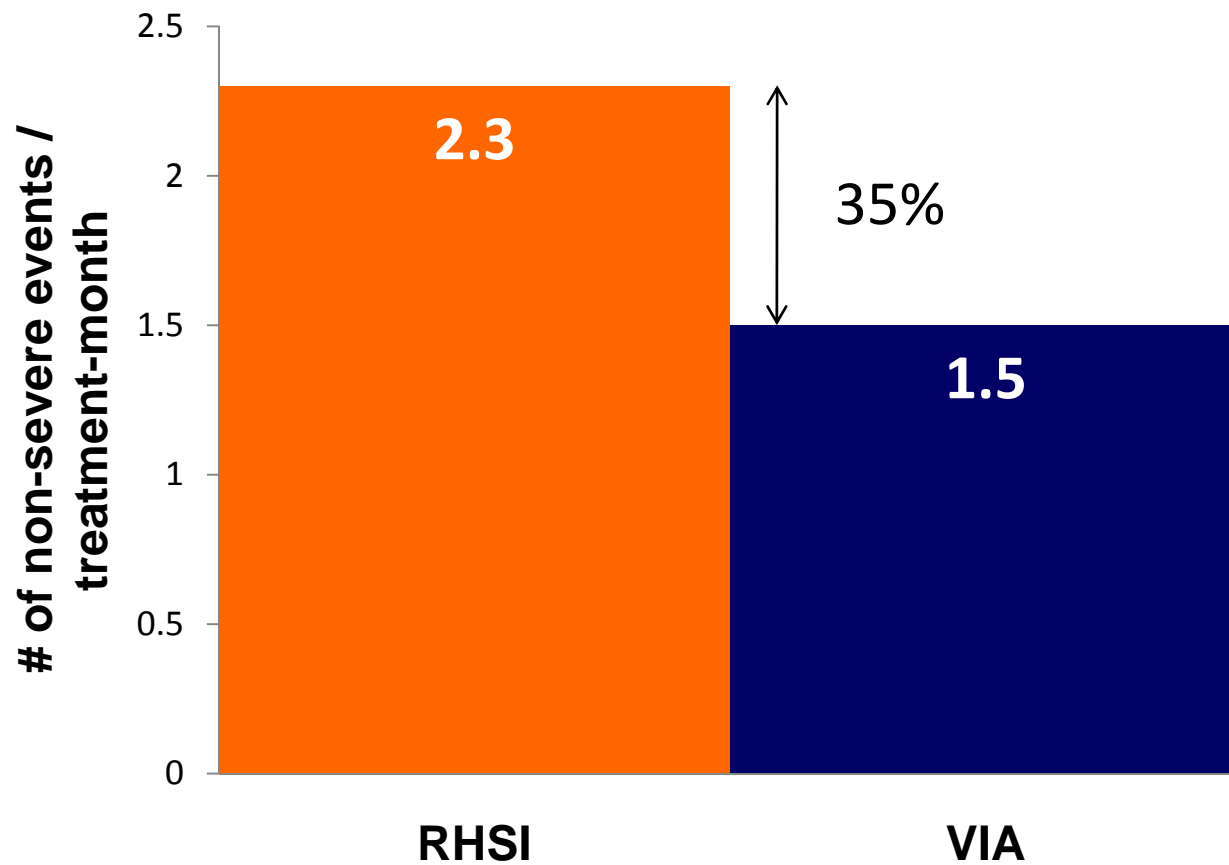
Type 2 HbA1c:

- At week 26 LOCF, HbA1c decreased comparably in the two groups from 8.0 to 7.7 in the VIAject™ group and from 8.1 to 7.5 in the RHI group (adjusted difference: -0.2, 95% confidence interval -0.4, -0.1) establishing non-inferiority between VIAject™ and RHI.
- The percent of subjects achieving HbA1c < 7.0% was also comparable between treatment groups (VIAject™ group: 30.6%; RHI group 33.2%)
- Similar results were seen in the ITT population set.

Type 2 Hypoglycaemia:

- Severe hypoglycaemia occurred in 2 subjects in each treatment group.

Type 2 Hypoglycaemia:

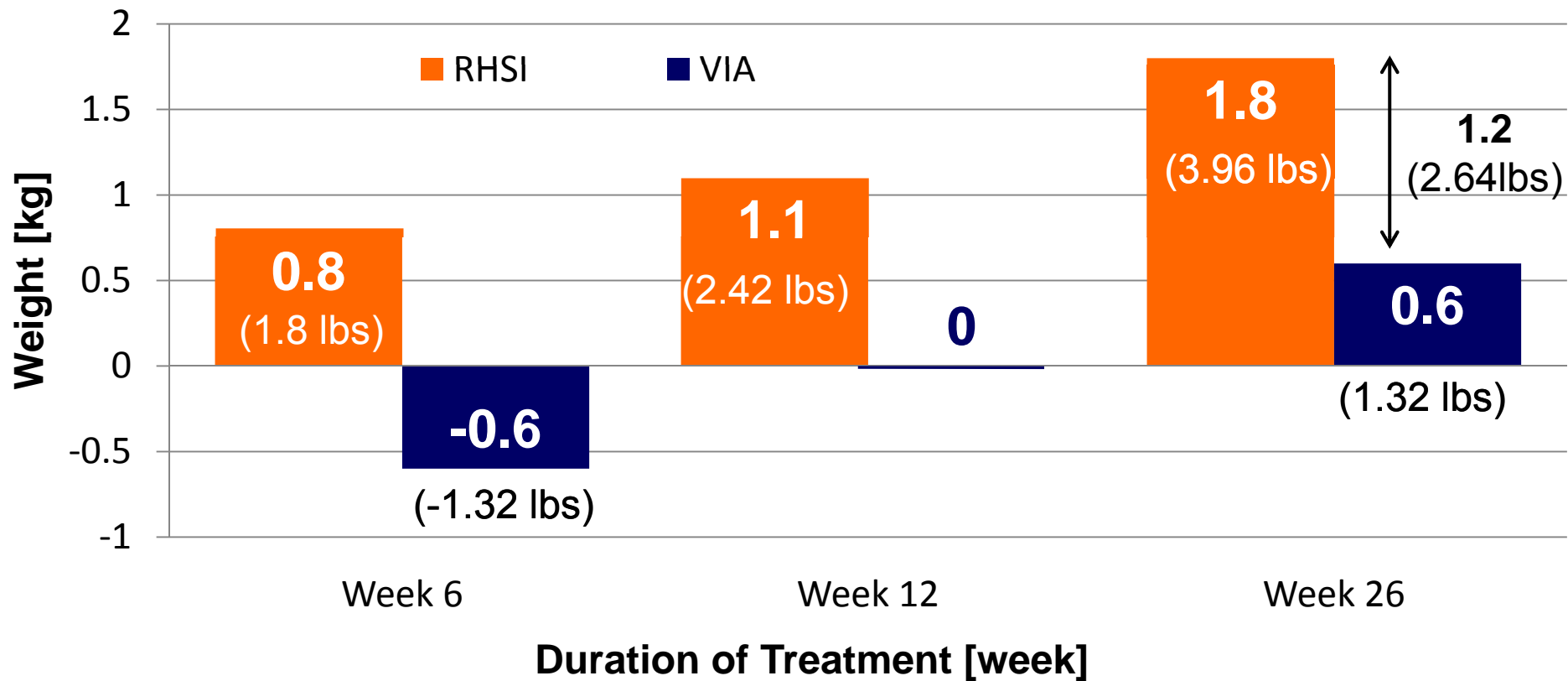


Total number of events: RHI: 2,783 VIAject: 1,566

Type 2 Weight

- At week 26 LOCF, subjects treated with RHI gained significantly more weight than subjects treated with VIAject™ (adjusted treatment group difference 1.4 kg (3.08 lb), 95% CI 0.4, 2.4; p=0.007).

Type 2 Weight



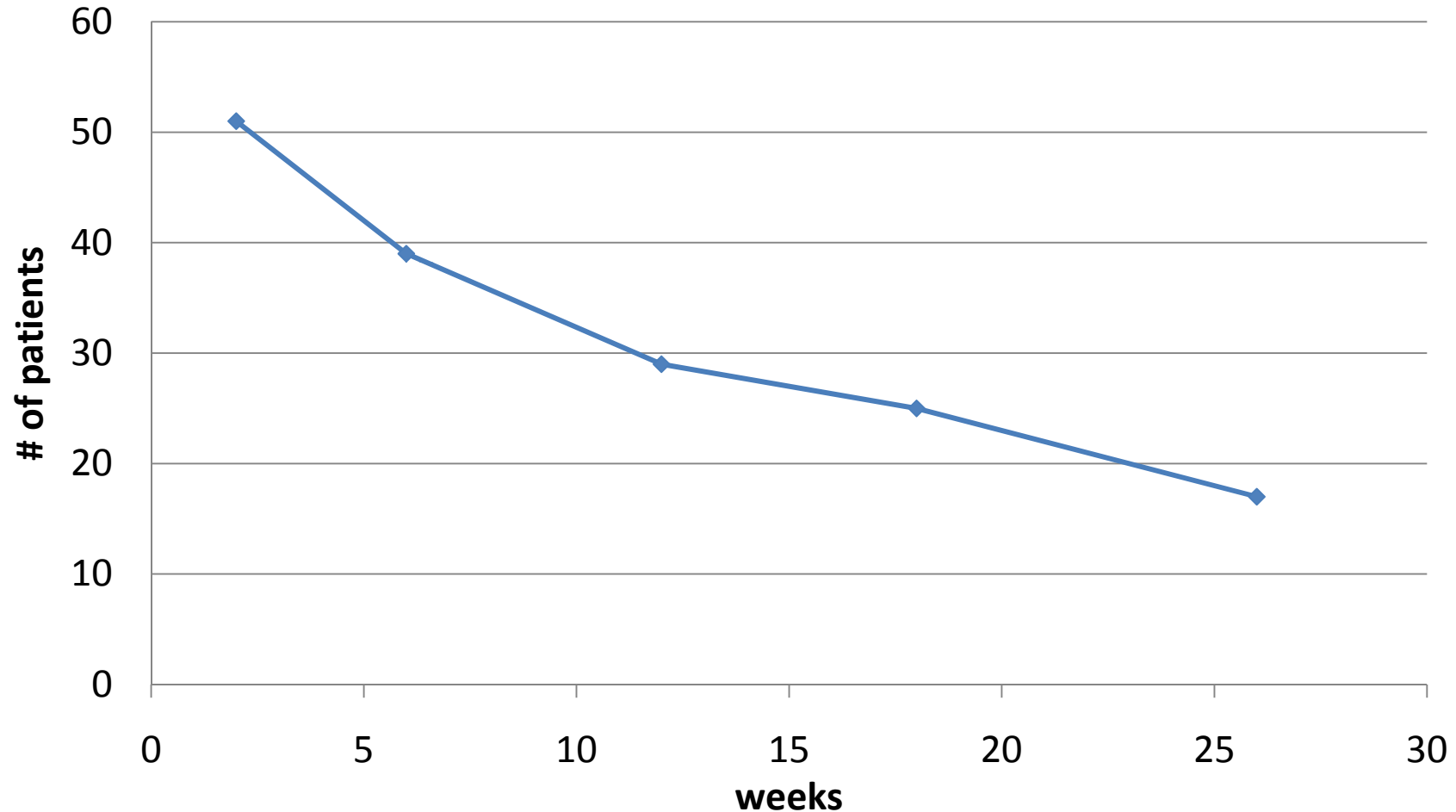
Type 2 Adverse Events and Safety Laboratory Tests

- Overall, the frequency and nature of adverse events were comparable between treatment groups.
- Mean insulin antibody levels changes were comparable in both treatment groups (mean change from baseline 0.2 ± 3.6 U/mL in the VIAject™ group and 0.3 ± 1.8 U/mL in the RHI group)
- Change from baseline of general safety laboratory tests were comparable between treatment groups.

Type 2 Adverse Events and Safety Laboratory Tests

- Within 2 weeks of study drug treatment, injection site pain was reported in 23.4% of VIAject™ subjects compared to 1.8% for RHI whereas it was reported in 10% of VIAject™ treated subjects by week 26 compared to 0.5% for RHI. Injection site reactions resulted in study discontinuation in 12 subjects. The incidence of swelling, redness, and itching were reported in less than 5% of subjects treated with VIAject™ or RHI. Injection site pain may be related to the higher volume (4x) of VIAject™ needed to achieve equivalent doses to RHI.
- 30% of VIAject patients were receiving injection volumes of 0.5ml or greater.

Type 2 Reported Injection Site Pain over Time



Type 2 Summary

- VIAject™ lowered mean HbA1c over a 6-month period.
- VIAject™ resulted in comparable glycaemic control compared to treatment regimens including RHI.
- VIAject™ was associated with less weight gain than RHI.
- VIAject™ was associated with fewer non-severe hypoglycaemic events and lower non-severe event rates compared to RHI.
- VIAject™ was associated with injection site pain, the prevalence of which decreased with time. A U-100 VIAject™ formulation has been developed which may reduce the incidence of injection site pain by virtue of lower injection volumes.

Phase 3

Type 1 Data

Type 1 Methods:

Subjects

- Outpatients age 18-70 diagnosed with type 1 diabetes mellitus for more than 1 year.
- For the three months prior to study entry, treated with a stable insulin regimen of at least 2 insulin injections per day
- HbA1c \leq 10.5%, Body Mass Index (BMI) of 18-38 kg/m²
- Fasting c-peptide \leq 1.0 ng/mL, documented history of ketoacidosis or positive anti-GAD antibody

Type 1 Design:

- Open-label, parallel group, randomized study conducted in 60 centers in US, Germany, and India
- 6-month treatment duration
- Home monitored glucose recommended targets for both treatment arms: pre-prandial 70-140 mg/dL, 2-hours postprandial 60-160 mg/dL
- Non-severe hypoglycaemia: blood glucose reading of < 70 mg/dL and/or clinical symptoms which resolved with treatment
- Severe hypoglycaemia: defined as requiring assistance and/or associated with loss of consciousness

Type 1 Treatment Groups

- VIAject™ administered immediately prior to meals plus basal insulin glargine administered once or twice daily. VIAject™ was available as a two-part study drug for reconstitution in a 10 mL vial at a final concentration of 25 IU/mL (U-25), each vial containing 250 IU. Subjects were trained to reconstitute and inject appropriate volumes of U-25 solution using a special syringe to achieve appropriate target doses of insulin in units.
- RHI administered 30-40 minutes prior to meals plus basal insulin glargine administered once or twice daily.

Type 1 Statistical Analysis:

- One way analysis of covariance (ANCOVA) adjusting for baseline HbA1c was used to compare the primary efficacy variable (HbA1c) to assess non-inferiority, defined as the limit of the 95% confidence interval around the treatment group difference of less than or equal to 0.4%. Consistent with ICH E9, the population set used for the primary analysis was a per protocol set (randomized subjects who had at least one post-baseline HbA1c measurement, treated for at least half the study, and for whom there were no major protocol violations).

Type 1 Statistical Analysis:

- Because of a significant interaction of treatment by country associated with data from India ($p=0.007$) the efficacy analyses (HbA1c, hypoglycaemia, weight) were performed using data from the US and Germany.
- The safety set consisted of all subjects who received at least one dose of study drug.
- Summary statistics were calculated for secondary endpoints including hypoglycaemic events (non-severe and severe), body weight as well as adverse events.
- Missing data were analyzed using Last Observation Carried Forward (LOCF).

Sample Size by Country

Per Protocol—Type 1 DM (P=0.007)

Country	N
US	228
Germany	43
India	85

Per Protocol—Type 2 DM (P=0.597)

Country	N
US	275
Germany	51
India	66

Intrasubject HbA1c variability (SD)

Type 1 DM			
Country	Overall	VIAject	Humulin
US	0.40	0.38	0.42
Germany	0.38	0.34	0.42
India	0.99	0.90	1.07

Type 2 DM			
Country	Overall	VIAject	Humulin
US	0.57	0.55	0.60
Germany	0.38	0.42	0.32
India	0.76	0.74	0.78

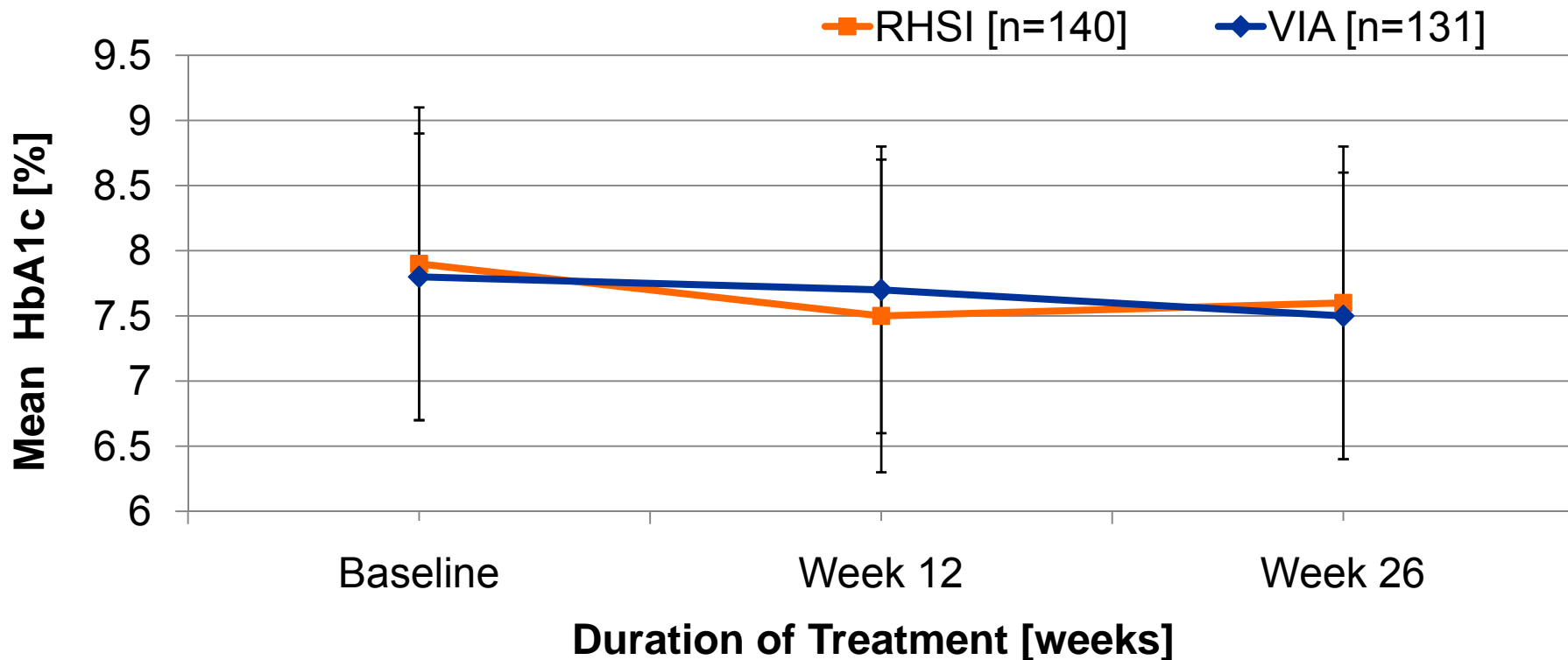
Type 1 Results:

Subject Characteristics at Study Entry

	VIAject™ (Mean ± SD)	RHI (Mean ± SD)
Age (years)	44.7 ± 12.2	43.4 ± 12.8
Sex (M / F)	76 / 55	89 / 51
HbA1c (%)	7.8 ± 1.1	7.9 ± 1.2
Weight (kg)	80.2 ± 16.4	82.3 ± 17.5
BMI (kg/m ²)	26.8 ± 4.2	27.5 ± 4.8
N per protocol	131	140

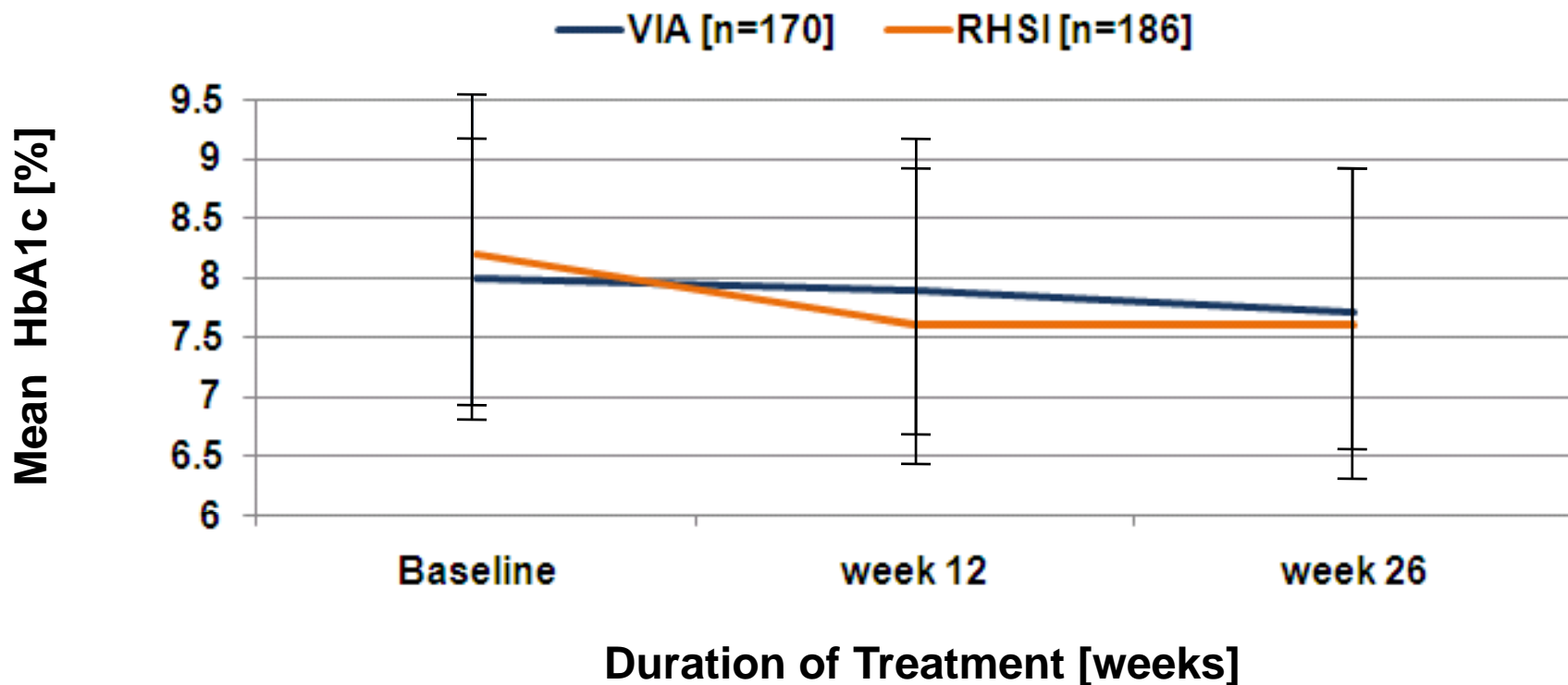
Type 1 HbA1c Change over 26 Weeks

Per Protocol HbA1c During 6 Month Treatment with
VIAject™ vs RHI Insulin (mean ± SD)



Type 1 HbA1c Change over 26 Weeks

HbA1c During 6 Month Treatment with VIAject™ vs RHI Insulin (mean ± SD) Including India



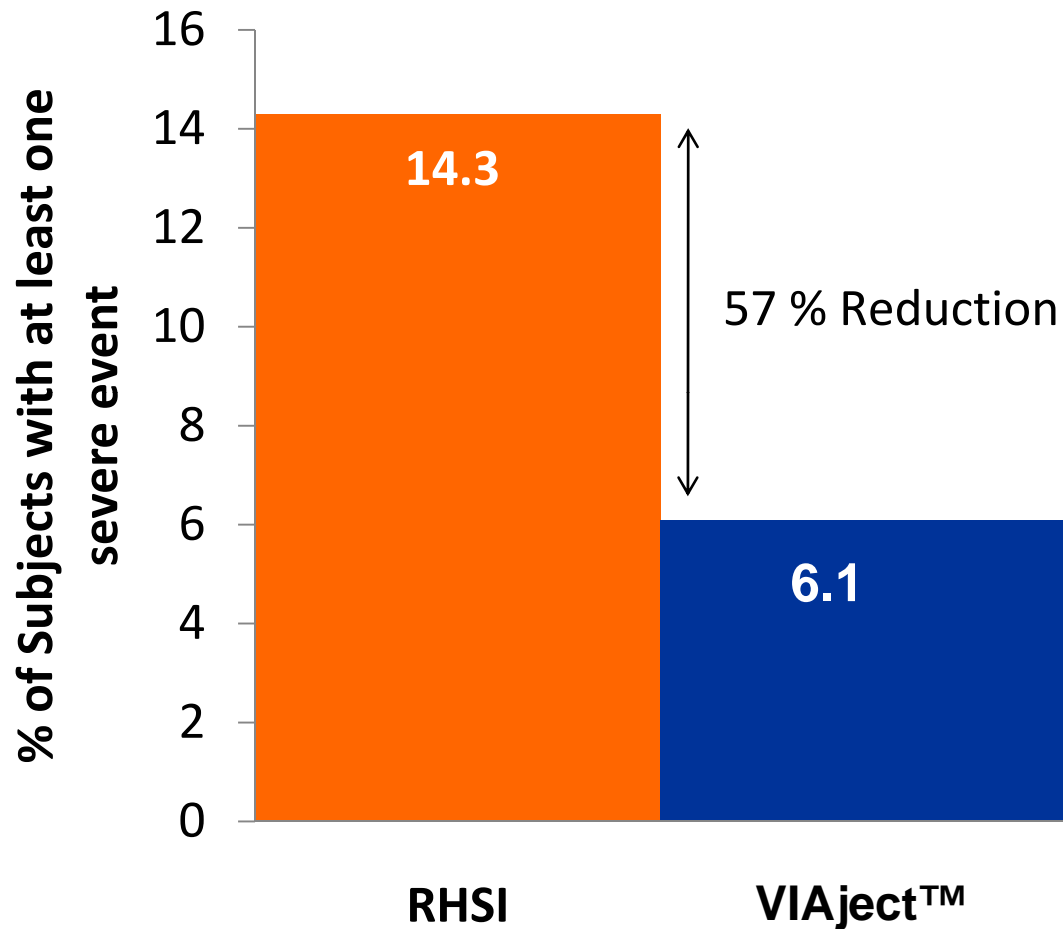
Type 1 HbA1c

- At week 26 LOCF, HbA1c decreased comparably in the two groups from 7.8 to 7.7 in the VIAject™ group and from 7.9 to 7.6 in the RHI group (adjusted difference: -0.1, 95% confidence interval -0.3, 0.1), establish non-inferiority between VIAject™ and RHI.
- At week 26 LOCF with India, HbA1c decreased comparably in the two groups from 8.0 to 7.9 in the VIAject™ group and from 8.2 to 7.7 in the RHI group (adjusted difference: **-0.3**, 95% confidence interval -0.6, -0.1).

Type1 HbA1c

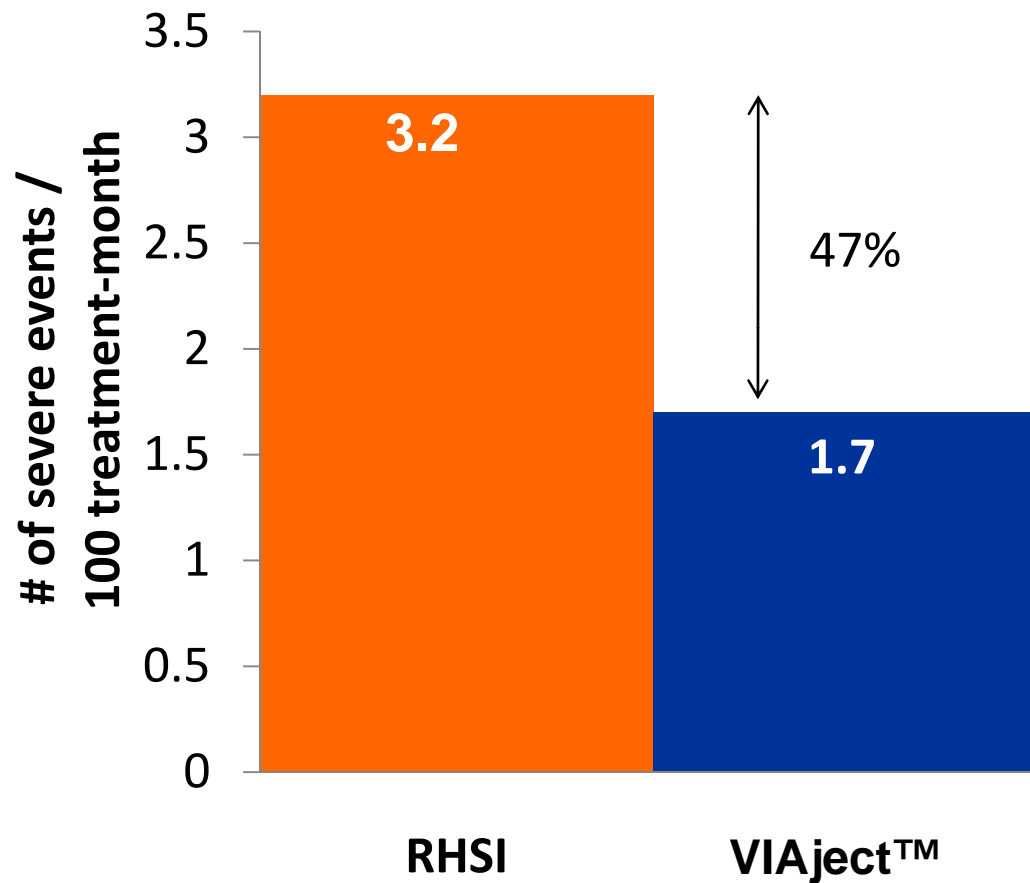
- The percent of subjects achieving HbA1c < 7.0% was also comparable between treatment groups (VIAject™ group: 28.2%; RHI group 27.9%).
- Similar results were seen in the ITT population set.

Severe Hypoglycaemic Events

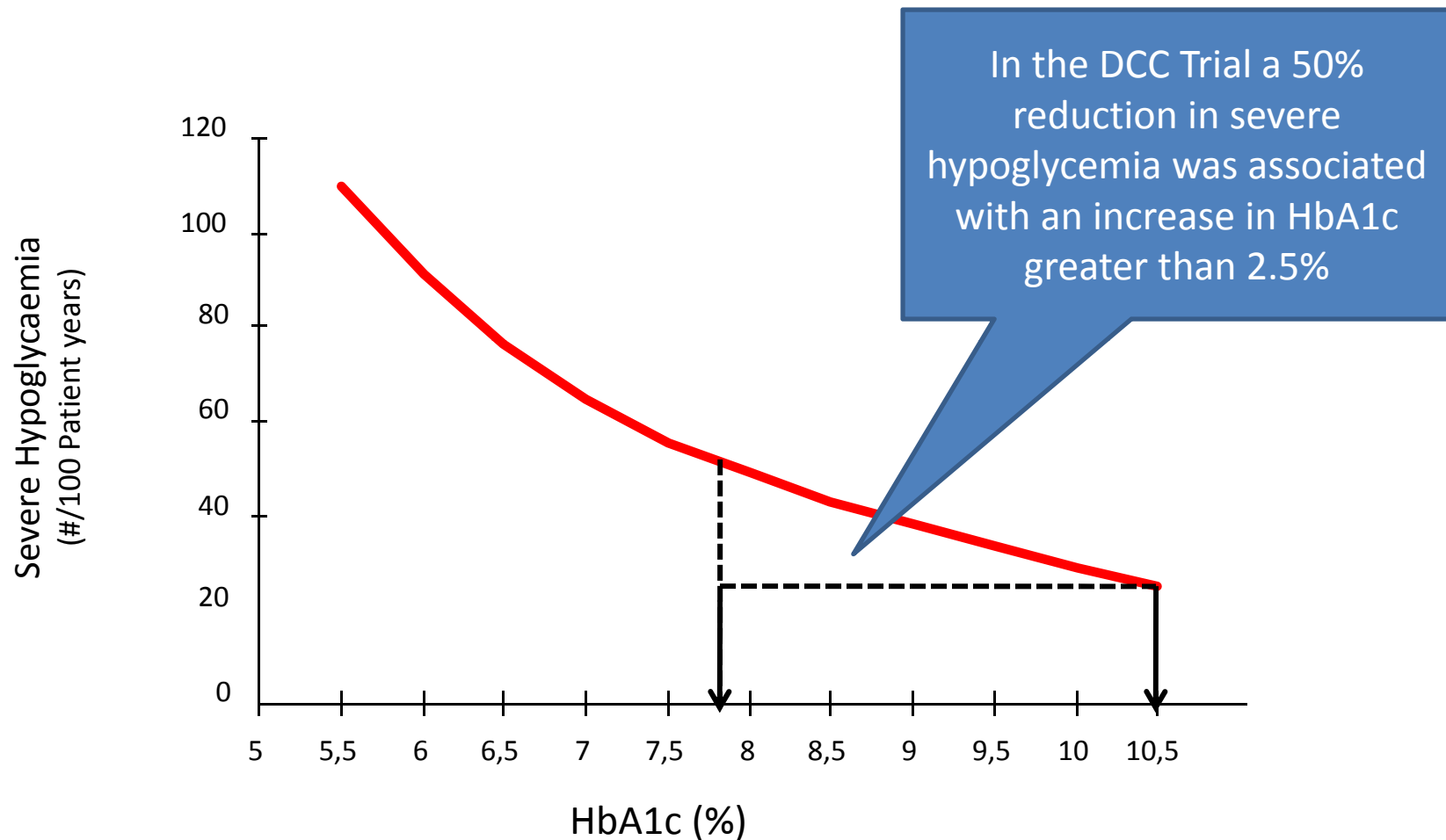


Total number of events: RHI: 26 VIAject: 13

Severe Hypoglycaemic Events



HbA1c v. Severe Hypoglycaemia Trade-off

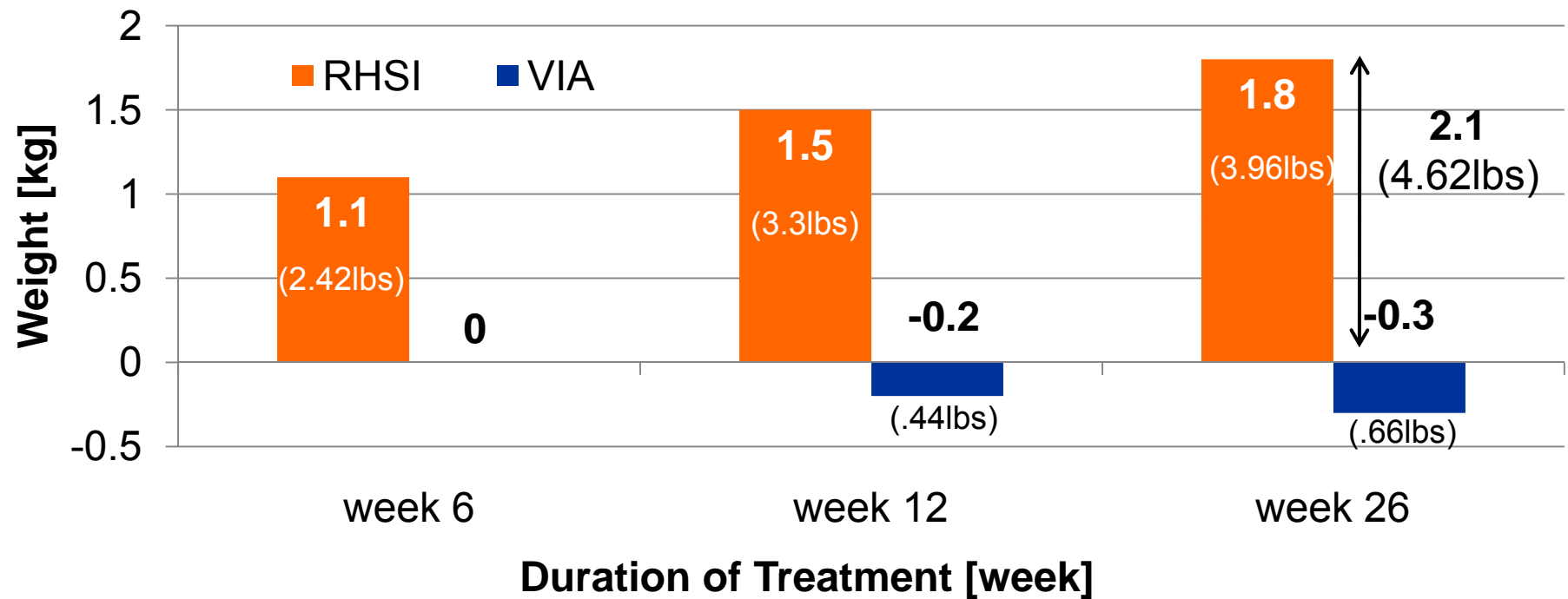


Schematic Based on N Engl J Med 1993; 329:977-86. DCCT Research Group

Type 1 Weight

At week 26 LOCF, subjects treated with VIAject™ lost on average 0.3 kg (0.66 lbs) while subjects treated with RHI gained on average 1.7 kg (3.74 lbs) for a net difference of 2 kg (4.4 lbs), (adjusted treatment group difference 2.0 kg, 95% CI 1.1, 2.8; $p < 0.001$).

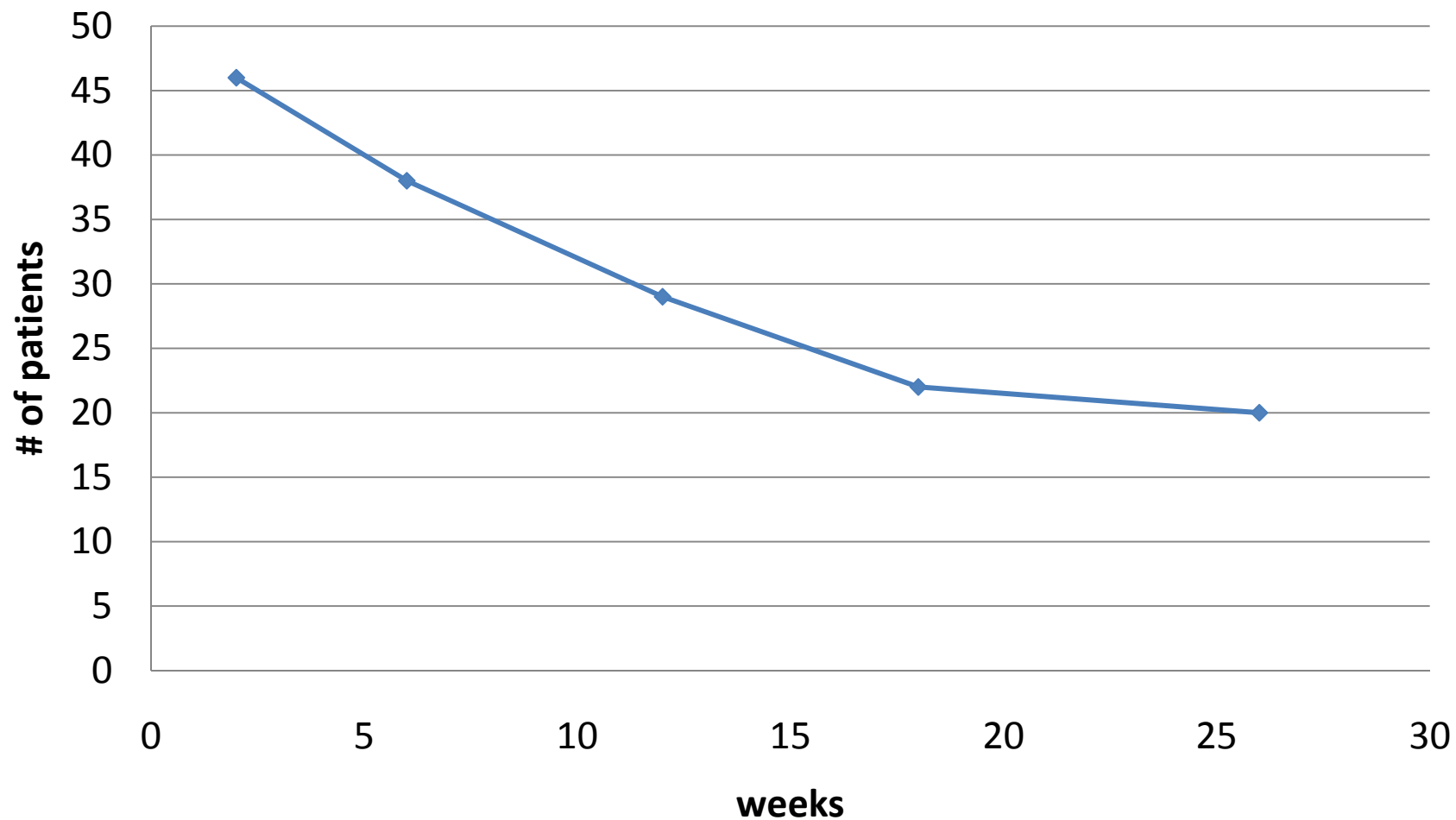
Type 1 Weight loss with VIAject™



Type 1 Adverse Events and Safety Laboratory Test

- Overall, the frequency and nature of adverse events were comparable between treatment groups.
- Within 2 weeks of study drug treatment, injection site pain was reported in 23.7% of VIAject™ subjects compared to 1.8% for RHI whereas it was reported in 12.3% of VIAject™ treated subjects by week 26 compared to 3.2% for RHI. Injection site reactions resulted in study discontinuation in 12 subjects. The incidence of swelling, redness, and itching were all reported in less than 5% of subjects treated with VIAject™ or RHI. Injection site pain may be related to the increased volume (4x) of VIAject™ needed to achieve equivalent doses to RHI.
- Mean insulin antibody levels changes were comparable in both treatment groups (mean change from baseline 0.5 ± 3.4 U/mL in VIAject™ group and 0.8 ± 8.5 U/mL in RHI group).
- Change from baseline of general safety laboratory tests were comparable between treatment groups.

Type 1 Reported Injection Site Pain over Time



Type 1 Summary

- Treatment with VIAject™ plus basal insulin glargine lowered mean HbA1c in subjects with type 1 diabetes over a 6-month period.
- Treatment with VIAject™ plus insulin glargine resulted in comparable glycaemic control compared to treatment with RHI plus insulin glargine.
- Treatment with VIAject™ was associated with a significant and clinically relevant lower number of subjects experiencing severe hypoglycaemia as well as reduced total severe event numbers and event rates.
- VIAject™ was associated with significantly less weight gain than RHI, which was maintained over 6 month study and was progressive.
- VIAject™ was associated with injection site pain, the prevalence of which decreased with time. A U-100 VIAject™ formulation has been developed which may reduce the incidence of injection site pain by virtue of lower injection volumes.

Type 1 Conclusions

- The study demonstrates that VIAject™ provided non-inferior glycaemic control compared to RHI. Therapy with VIAject™ was associated with a reduction in the frequency of severe hypoglycaemic events with no increase in body weight. VIAject™ may therefore provide a safer alternative to currently existing prandial insulins in subjects with type 1 diabetes.

Phase 3

Type 1 & 2

Type 1 & Type 2 Conclusions

- Totality of data demonstrates a very favourable risk benefit
- Equivalent glycaemic control with VIAject™
- Significant and clinically important decrease in the incidence of severe hypoglycaemic events.
- Significant decrease in the incidence of mild and moderate hypoglycaemic events.
- Significant improvement in weight control

Thank you