

December 20, 2018

Mr. Carson Block
Chief Investment Officer
Muddy Waters Research
575 Market Street, Suite 2028
San Francisco, CA 94105

Dear Mr. Block:

INSYS Therapeutics has become aware of your recent presentation at the Kase Learning Short Selling Conference in which you referred to several healthcare companies, including INSYS, as “scummy”, “amoral” and suggest that they be shorted on that basis. We understand the role short sellers play in the capital markets and respect your right to express your opinion; however, we believe your public comments regarding the current state of our business were inaccurate and are inconsistent with the character of INSYS, its products and its management as it exists today.

We are not and will not defend the conduct of certain former employees of INSYS. Their misdeeds are well chronicled, and many will face significant criminal penalties. As for the company’s past conduct, you are likely aware that on August 8, 2018, the Company announced that it had reached a settlement in principle with the Department of Justice in which we agreed to a \$150 million settlement payable over five years, along with contingency-based payments where management estimates a range of \$0 to \$75 million. This agreement in principle covers both criminal and civil federal complaints and we are working very hard to ensure that appropriate recompense is rendered for past misconduct. This is and has been the goal of the new management team which leads INSYS today.

Our current chief executive officer, Saeed Motahari, joined the Company in April 2017, INSYS has since undertaken serious and strategic steps to improve and restore trust with key stakeholders, including regulators, patients, clinicians, business partners and investors. These efforts include:

- Transforming the leadership team, with strategic hires across legal, finance, clinical, regulatory and human resources;
- Rebuilding the greater organization and Board of Directors – with 40% of employees and two-thirds of the Board joining since Mr. Motahari took the helm;
- Enhancing our culture of compliance supported by third parties who were hired to conduct thorough and ongoing reviews across the organization; and,
- Focusing our R&D efforts on a robust new product pipeline that is poised to deliver up to six new drug applications through 2021.

Under Mr. Motahari’s leadership, the company is shifting its focus away from opioids and has made considerable progress against our transformation to become a leader in pharmaceutical cannabinoids and spray technology. We have invested approximately \$120 million in R&D in the last two years, and because of this investment, our pipeline has advanced and matured to become the primary focus and driving force of our future growth. Additionally, we announced in November that we had engaged advisors to review strategic alternatives for our

opioid-related assets, including SUBSYS®. Again, this review is consistent with our new vision and refocused pipeline, and we will update the market when we are able to do so.

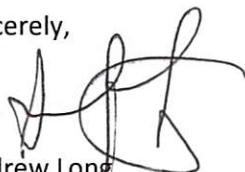
The characterization of INSYS as “amoral” is unfair and misrepresentative of the current organization and the dedicated work of our talented research scientists. Two good examples are naloxone and epinephrine:

- In 2019, we plan to file a new drug application for a nasal spray naloxone to reverse the effects of an opioid overdose following the completion of a juvenile non-toxicity study. If our potential product is approved, we have stated on numerous occasions that the product would be priced at a level that was affordable to municipalities, first responders and community hospitals.
- Our second NDA of 2019, if approved, will be for an epinephrine nasal spray for the treatment of anaphylaxis during an allergic episode. This would be an alternative delivery mechanism to the current auto-injector available on the market and could represent a more convenient dosage form to the current intramuscular injection.

In addition to our spray technology, we are doing revolutionary research in the arena of medical applications of synthetically-produced cannabidiol (CBD), in particular for pediatric indications, including Childhood *Absence* Epilepsy, Infantile Spasms, and Prader-Willi Syndrome (PWS). These are serious illnesses, that need our attention and we believe that we can and will be a significant part of the solution for these patients in need, using our strong technology and research platforms. For example, PWS is an orphan genetic disorder for which there is no cure, with symptoms including developmental and behavioral challenges, as well as insatiable appetite in children as young as two years of age. This research has been so meaningful that it has garnered significant attention from both the investment community, as well as leading research partners and patient advocacy organizations, such as the Prader-Willi Foundation. We are extremely proud of our work with these partners and their continued support is a testament to the work of our talented team.

It is unfair and inaccurate to disparage the business strategy and operations of INSYS today with the conduct of select former employees in the past. Your recent comments about our company were perhaps headline grabbing, but also misleading. We are very proud of the hard work of our talented team who have selflessly dedicated themselves to improving the lives of patients and formulating life-saving molecules across multiple indications. INSYS welcomes open and constructive communications with all our shareholders and values their input. Should you or your firm become an equity holder of our publicly traded shares, we would welcome the opportunity to further show you the depth of our transformation and the breadth of the exciting pipeline that we tirelessly working to deliver every day here at INSYS.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Long", written over a light blue horizontal line.

Andrew Long
Chief Financial Officer