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**With a Unique FDA Approval that Allows Them to Provide their Low-Dose Radiation Technology, Cesium-131, to Any Cancer Located at Any Body Site, IsoRay, Inc. is Well Positioned for Future Growth**

**Healthcare  
Medical Instruments & Supplies  
Medical Device  
(ISR-AMEX)**

**IsoRay, Inc.**

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**Dwight Babcock  
Chairman and CEO**

**BIO:**

Dwight Babcock joined IsoRay as Chairman and Chief Executive Officer after having served as a director of the company. Mr. Babcock has over 30 years experience as a CEO. Prior to coming to IsoRay Mr. Babcock has served as Chairman and Chief Executive Officer of Apex Data Systems, Inc., an information technology company, since 1975. Apex Data Systems automates the administration and claims adjudication needs of insurance companies both nationally and internationally. Mr. Babcock was formerly President and CEO of Babcock Insurance Corporation (BIC) from

1974 until 1985. BIC was a nationally recognized third party administrator operating within 35 states. Mr. Babcock has knowledge and experience in the equity arena and has participated in various activities within the venture capital, private and institutional capital markets. Mr. Babcock studied marketing and economics at the University of Arizona where he currently serves on the University of Arizona Astronomy Board.

**Company Profile:**

IsoRay, Inc., through its subsidiary, IsoRay Medical, Inc., is the sole producer of Cesium-131 Brachytherapy seeds, which are expanding Brachytherapy options throughout the body.

IsoRay, Inc. engages in the development, manufacture, and sale of isotope-based medical products and devices for the treatment of cancer and other malignant diseases in the United States and internationally. It primarily produces Cesium-131 brachytherapy seeds as well as in liquid form, which is used in the treatment of prostate cancer; colorectal cancer; ocular melanoma; head and neck, lung tumors and brain cancer. Future plans include solutions for breast cancer, liver and pancreatic cancers.

**Interview conducted by:  
Lynn Fosse, Senior Editor**

**CEOCFO:** Mr. Babcock, what made you decide to take on the CEO role at IsoRay?

**Mr. Babcock:** In 2006, I joined IsoRay as an outside board member and 18 months later, the board removed the management team. At the board's request, I was asked to make

an evaluation of IsoRay's business assets, where we were headed and to recommend any change in direction we should take going forward. In the review process, I became so impressed with the uniqueness of our isotope, Cesium-131, probably the greatest breakthrough in low dose radiation in the last twenty years. The short half-life and high energy that Cesium-131 enjoys provides it the opportunity to fight both slow growing and fast growing cancers throughout the body. Cesium-131 has proven to be superior to any of the other low dose radiation alternatives while also providing an improved quality of life for patients. Originally, IsoRay was only attacking the prostate cancer arena and without data in hand, it turned out to be a slow uphill battle except for those thought leaders and early adopters. Now however our plans are to advance Cesium-131's awareness to both physicians and patients who need solutions right now for cancers throughout the body. IsoRay holds a unique FDA clearance that allows us to provide Cesium-131 as a radiation source to any cancer located in any body site. When we evaluate a new cancer site, we simply need to design or acquire the use of an FDA approved device to deliver our Cesium-131 to the desired cancer location.

**CEOCFO:** What is Cesium-131 and how does it compare to what else might be available?

**Mr. Babcock:** Cesium-131 is a radioisotope in the low dose range that is placed in a tumor, alongside a tumor or in the tumor bed where the tumor has been removed. This allows the radiation to kill the cancer right at its

source and destroy any cancer that may remain in the margins left by a surgeon. Cesium competes with two other low-dose radiation isotopes, those being iodine and palladium. These two isotopes both have lower energy than Cesium-131 and have a much longer half-life, meaning Cesium-131 delivers its dose much more rapidly to the cancer site than the others do. Our half-life is only 9.7 days, whereas by example iodine's half-life is 59 days. Therefore, we improve the ability for someone to receive the cancer-killing agent much more rapidly and then have it become inert much sooner in the body.

**CEO CFO:** Is there any reason not to choose Cesium-131?

**Mr. Babcock:** No, however we know patients and their physicians will discuss many alternatives before the patient makes a final decision. With that said Cesium-131 is probably the biggest advancement in twenty years in low-dose radiation therapy and Brachytherapy. I am happy to say that as we speak we have submitted for publication our 5-year results. In prostate alone, our five-year history shows we have achieved 100% success with low risk prostate cancer and 98% success at five years for low and intermediate risk patients. These results are superior to any other low dose radiation isotope we mentioned or any other modality such as prostatectomy, cutting the entire prostate out, and/or external radiation therapy. We are very excited about getting the word out about the success of Cesium-131 and alerting those it can help.

**CEO CFO:** How does IsoRay get the word out?

**Mr. Babcock:** We have a sales force of six that are geographically located. We are currently calling on radiation oncologists, neurosurgeons and thoracic surgeons. We have had limited exposure up to now because we were dealing exclusively with prostate cancer. Generally, prostate cancer is a

slow-growing cancer and much of the market wanted to take a wait and see attitude until we had our 5-year results. With the data now available, it is important to get this information in the hands of patients and physicians to accelerate our penetration as a solution for prostate cancer. What has happened since I took over is that we have changed the direction of the company from focusing on a single site (prostate cancer), to now going after aggressive cancers in multiple organ sites throughout the body. Currently, we have solutions for lung cancer, brain cancer, colon cancer, head and neck, prostate and GYN cancer. We have a couple of very interesting

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**- Dwight Babcock**

projects underway that show promise for breast cancer and esophageal cancer. Sadly, these are all cancers, which result in people dying at a rapid rate. Unfortunately, no cure currently exists. When anyone ultimately has a relapse or recurrence following their first effort to eliminate their cancer we are going to be called upon as a new alternative giving the physician another arrow in their quiver to fight these horrific cancers.

**CEO CFO:** What about interest from organizations like the American Cancer Society or the public in general?

**Mr. Babcock:** With our 5-year data in hand, we definitely need to reach out to this channel and create more

awareness. However, I think you would agree that the most effective way to get our story out would be to the physician and surgeon population about our successes and the various locations of the body that we are treating currently. We all rely heavily on a doctor's recommendation and advice, so that is where we need to expand the awareness. If they are unaware of Cesium-131 and even if a proactive patient brings this revolutionary product to the physician's attention, rarely does the ball move forward due to the unknown. We are certainly trying to do a number of public announcements as well as supporting a number of different cancer

causes nationwide that are generic in nature. However, our big emphasis is to push directly with the major institutions, major teaching colleges and community physicians to make them aware of our products, the solutions we offer and their involvement in using our real time systems to collect data on each of the cancer sites for statistical analysis and future publications.

**CEO CFO:** What about reimbursement? Is Cesium-131 covered by most insurance companies?

**Mr. Babcock:** Absolutely. Medicare and private insurance cover our products, so we have no limitations in receiving reimbursement.

Some of the reimbursements are superior to other competitors. However, in some cases, the physician does not make quite as much using our product, but with the proof of its efficacy and success, I think that should shift quickly as we are the best alternative in many cases. Frankly, we are exactly the type of solution Obama Care needs in offering a lower cost alternative with superior results for the patient.

**CEO CFO:** What is happening today; what are the concrete steps that IsoRay is working on to disseminate information and continue testing?

**Mr. Babcock:** You probably have seen a number of press releases that

have been put out in the last twelve to twenty-four months. One of our most recent releases was on the use of our stranded sutures with our seeds in it for lung cancer as well as a mesh to be placed over a lung wedge resection. This procedure takes a tiny piece of a lobe out where the cancer exists. Recurrence of the cancer occurs in approximately 30% of the cases in the staple line because the surgeon tries to leave as much of the lobe as possible to help the respiratory capability of the individual. However, in doing that, they may have left a margin that still had some cancer cells in it, or what I call re-birthed the cancer from the bloodstream. By placing our sutures or mesh over the surgical repair we are seeing a reduction from 30% recurrence down to 2%. In addition, we have exciting news about our new brain cancer treatment. IsoRay has a new unique product, GliaSite, which just received FDA clearance. We are re-launching a product that we recently acquired from Hologic. GliaSite is a balloon catheter that is placed in the brain at the time of surgery, whether it is a metastasized cancer or Glioblastoma form of cancer. It is then filled with a liquid isotope, either iodine or cesium, which are patented products and controlled by IsoRay. The isotope remains in the catheter for only five days and then both the catheter and isotope are removed. This improves not only the patient survivability, but the lifestyle enhancement is phenomenal, because they do not have to go back to the hospital for 30-40 daily radiation treatments. Going forward we have performed preliminary tests for a new product launch that we hope will be next year and that would be for breast cancer. In this case, we are utilizing a multi-lumen catheter that is placed in a woman's breast after a small tumor is removed. Currently, the choice is having whole breast radiation or a multi-lumen catheter utilizing high-dose radiation, where a woman returns morning and night for 1-hour sessions at the hospital for five consecutive days. In our approach, we place our seeds in that same multi-lumen catheter and the woman returns home only needing to return in five days to have the catheter removed seeds and all. Again, for those

women who may be single parents, who do not have family support, or do not have a local facility, may have no other choice but to go without treatment. For those woman, IsoRay and Cesium-131 will offer a far less disruptive and stressful experience.

**CEO CFO:** Are you going to continue to develop new products?

**Mr. Babcock:** Absolutely! Beyond our breast project, we are working on esophageal cancer and expanding into GYN cancers.

**CEO CFO:** How does IsoRay decide what to take on next?

**Mr. Babcock:** First with physician input, we discuss their most troublesome cancers and those that they feel are not being served properly by the current technology or when they need another alternative. This often is where they cannot use their primary standard of care more than once. For example, with full-brain irradiation, you could not do that twice. It would provide too much damage to the healthy brain tissue. IsoRay found a solution and we acquired GliaSite balloon catheter for use in brain cancers. We are often brought an idea; we look at the market, evaluate the opportunity for penetration, and move forward. As I stated earlier our uniqueness is that we have the approval to go anywhere in the body. With GliaSite, we have a device that will allow us to distribute our isotope in a proper form and dose to get a homogeneous coverage to the cancer area, so that we can get a guaranteed kill. Let me assure you we are always looking for a device that we could use to deliver effectively the proper dose to any cancer site.

**CEO CFO:** What is your geographic reach at the moment?

**Mr. Babcock:** We sell throughout the United States, Canada and Europe. With our CE Mark in place, we expect to have a distributor coming onboard in Europe for GliaSite in the near future. We have several inquiries for our lung products as we have just recently received our CE Mark approval through BSI, which is the European approving body, to sell our lung mesh and sutured seeds for the lung.

**CEO CFO:** What is the financial picture like for IsoRay today?

**Mr. Babcock:** We are just getting traction with our non-prostate business. Although the prostate business has been relatively flat, we have been slowly growing it while other people have lost market share to other modalities. I hope that our new 5-year data will give us a bump. What I am happy to see is in the last quarter we had somewhere between 10% and 12% of our cases coming in from non-prostate cancers. I expect that to grow to 50% during the next twelve months.

**CEO CFO:** Why should investors pay attention to IsoRay?

**Mr. Babcock:** Like every CEO, you think your company is severely underpriced. What I would tell the investor today is we have spent limited dollars and energy in promoting the company from a stock standpoint, but rather worked aggressively at getting the company right-sized, diversifying with new products, and seeing actual sales traction. We are now at that inflection point where investors should be considering IsoRay (ISR), and investing in us for the future. We have a great road ahead of us.

**CEO CFO:** Will you be doing investor outreach?

**Mr. Babcock:** We just recently hired an investor relations firm. We also have three analysts that currently cover us out of C.K. Cooper, Life Tech Capital and Ladenburg.

**CEO CFO:** In closing, what should people remember most when they read about IsoRay?

**Mr. Babcock:** People should remember that while IsoRay is the new kid on the block, we have solutions that are available today and not years off! We have probably the greatest opportunity to give hope to folks while they battle the fears and apprehensions associated with having received the dreaded words that they have cancer. More importantly, we give the greatest new opportunity for the likelihood of survival or extending their life, while giving them an improved lifestyle allowing them quality time with family and friends.



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