

**CHARTER OF THE STOCK PLAN AND COMPENSATION COMMITTEE**  
**of the**  
**BOARD OF DIRECTORS**  
**of**  
**INSITE VISION INCORPORATED**

1. **Purpose.** The purpose of the Stock Plan and Compensation Committee (the “*Committee*”) is to discharge the responsibilities of the Board of Directors (the “*Board*”) of InSite Vision Incorporated (the “*Company*”) relating to compensation of the Company’s executives and directors, to produce an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with applicable rules and regulations, to administer the Company’s 2007 Performance Incentive Plan (the “*2007 Plan*”), 1994 Stock Option Plan (the “*1994 Option Plan*”) and 1994 Employee Stock Purchase Plan (the “*1994 ESPP*”) and to take such other actions within the scope of this Charter as the Committee deems necessary or appropriate.

The Company’s compensation policies should be designed to allow the Company to recruit and retain superior talent and create a significant direct relationship between pay and benefit levels and performance. Compensation payable to the Company’s executives should provide overall competitive pay and benefit levels, create proper incentives to enhance the value of the Company, and reward superior performance.

2. **Membership.** The Committee will be comprised of two or more directors. All members of the Committee will be independent directors (as determined by the Board) under the independence requirements of the American Stock Exchange and applicable law. The members of the Committee will be appointed by and serve at the discretion of the Board. Committee members may be removed at any time by a majority vote of independent directors. The Board will appoint the Chairperson of the Committee.
3. **Specific Responsibilities and Duties.** The Board delegates to the Committee the express authority to do the following, to the fullest extent permitted by applicable law and the Corporation’s Certificate of Incorporation and Bylaws:
- (a) **Compensation Policies.** Review, evaluate and make recommendations to the full Board with respect to management’s proposals regarding the Company’s overall compensation policies, and establish performance-based incentives that support and reinforce the Company’s long-term strategic goals, organizational objectives and shareholder interests.
  - (b) **Chief Executive Officer (“CEO”) Compensation and Goals.** Review and recommend for approval by the Board goals and objectives relevant to the CEO’s compensation, evaluate the CEO’s performance in light of those goals and objectives, and set the CEO’s compensation level (including, but not limited to, salary, long and short-term incentive plans, retirement plans, deferred compensation plans, equity award plans, change in control or other severance plans, as the Committee deems appropriate) based on this evaluation.
  - (c) **Executive Officers.** Consider and recommend for approval by the Board the selection, retention and remuneration arrangements for other executive officers and establish, review and approve compensation plans in which any executive officer is eligible to participate. Such remuneration arrangements can include long and short-term incentive plans, retirement plans, deferred compensation plans, equity award plans, change in control or other severance plans, as the Committee deems appropriate.
  - (d) **Other Senior Officers and Employees.** Receive and evaluate performance target goals for the senior officers and employees (other than executive officers) and review periodic reports from the CEO as to the performance and compensation of such senior officers and employees.
  - (e) **Incentive Compensation Plans.** Make recommendations to the Board with respect to the Company’s incentive-compensation plans and equity-based compensation plans.

- (f) **Board.** Set and review the compensation for the Board and committee members.
  - (g) **Review and Publication of Charter.** Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. Publish the Charter as required by the rules and regulations of applicable law and listing requirements and as otherwise deemed advisable by the Committee.
  - (h) **Annual Review.** Annually review the Committee's own performance.
  - (i) **Other Actions.** Perform any other activities consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board deems necessary or appropriate.
4. **Meetings.** The Committee will meet with such frequency, and at such times as its Chairperson, or a majority of the Committee, determines. A special meeting of the Committee may be called by the Chairperson and will be called promptly upon the request of any two Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated to each member prior to the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Company's Bylaws applicable to meetings of Board committees will govern meetings of the Committee. The Committee will report to the full Board at each regular meeting of the Board as to its actions taken since the date of the last regular meeting.
5. **Minutes.** Minutes of each meeting will be kept with the regular corporate records.
6. **Subcommittees.** The Committee has the power to appoint subcommittees.
7. **Reliance; Experts; Cooperation.**
- 7.1 **Retention of Independent Counsel and Advisors.** The Committee has the power, in its discretion, to retain at the Company's expense such independent counsel and other advisors and experts as it deems necessary or appropriate in carrying out its duties.
  - 7.2 **Reliance Permitted.** In carrying out its duties, the Committee is authorized to and will act in reliance on management, the independent public accountants, internal auditors, and outside advisors and experts, as it deems necessary or appropriate.
  - 7.3 **Investigations.** The Committee has the authority to conduct any investigation it deems necessary or appropriate in fulfilling its duties.
  - 7.4 **Required Participation of Employees.** The Committee shall have unrestricted access to the independent public accountants, the internal auditors, internal and outside counsel, and anyone else in the Company, and may require any officer or employee of the Company or the Company's outside counsel or independent public accountants to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.