



# Second Quarter 2010

## Overview

ISTA Pharmaceuticals is the fourth largest branded ophthalmic pharmaceutical business in the U.S. ISTA's four marketed products plus its product candidates include therapies for inflammation, ocular pain, allergy, glaucoma, and dry eye. The Company is developing a strong product pipeline to fuel future growth and market share, supporting its goal to become the leading niche ophthalmic pharmaceutical company in the U.S. For additional information regarding ISTA, please visit ISTA Pharmaceuticals' website at <http://www.istavision.com/>.

2009 Results Set the Stage for 2010	Setting the Stage for Growth & Profitability in 2010																						
<p><b>Record Financial Performance</b></p> <ul style="list-style-type: none"> <li>- Net revenue grew 33% to \$110.6 MM</li> <li>- Generated &gt;\$2 MM cash</li> <li>- \$54 MM cash at year end</li> </ul> <p><b>Other Key Accomplishments</b></p> <ul style="list-style-type: none"> <li>- BEPREVE approved and launched</li> <li>- Xibrom: the 9th largest product prescribed by U.S. ophthalmologists</li> <li>- Positive Phase 2 results for bromfenac dry eye</li> <li>- Bromfenac once-daily sNDA filed</li> <li>- Scaled up the sales force to 165 reps</li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; font-weight: normal;">Management Expectations</th> </tr> </thead> <tbody> <tr> <td><b>Net Revenue</b></td> <td style="text-align: right;"><b>\$147 — \$165 million</b></td> </tr> <tr> <td style="padding-left: 20px;">Xibrom</td> <td style="text-align: right;">\$95 — \$105 million</td> </tr> <tr> <td style="padding-left: 20px;">BEPREVE</td> <td style="text-align: right;">&gt;\$20 million</td> </tr> <tr> <td>Gross Margin *</td> <td style="text-align: right;">74% - 76%</td> </tr> <tr> <td>R&amp;D *</td> <td style="text-align: right;">18% - 22%</td> </tr> <tr> <td>SG&amp;A *</td> <td style="text-align: right;">48% - 52%</td> </tr> <tr> <td>Operating Income</td> <td style="text-align: right;">\$8—\$10 million</td> </tr> <tr> <td>Net Income &amp; EPS (44 MM shares) <i>(without warrant valuation expense)</i></td> <td style="text-align: right;">&gt;\$1 million &amp; &gt;\$0.02</td> </tr> <tr> <td><b>CASH FLOW</b></td> <td style="text-align: right;"><b>\$6 — \$10 million</b></td> </tr> <tr> <td>* % of Net Sales</td> <td></td> </tr> </tbody> </table>		Management Expectations	<b>Net Revenue</b>	<b>\$147 — \$165 million</b>	Xibrom	\$95 — \$105 million	BEPREVE	>\$20 million	Gross Margin *	74% - 76%	R&D *	18% - 22%	SG&A *	48% - 52%	Operating Income	\$8—\$10 million	Net Income & EPS (44 MM shares) <i>(without warrant valuation expense)</i>	>\$1 million & >\$0.02	<b>CASH FLOW</b>	<b>\$6 — \$10 million</b>	* % of Net Sales	
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## Key Commercial Products

Ocular Allergy - 2009 U.S. Market Size ~ \$600 million

(bepotastine besilate ophthalmic solution) 1.5%

**BEPREVE®** (bepotastine besilate ophthalmic solution) 1.5% is a twice-daily prescription eye drop treatment for ocular itching associated with allergic conjunctivitis in patients two years of age and older.

ISTA conducted multiple clinical studies, evaluating the safety, efficacy, onset and duration of effect of BEPREVE. Two Phase 3 double-masked, placebo-controlled, conjunctival allergen challenge (CAC) studies demonstrated BEPREVE significantly reduced ocular itching. In addition, the studies achieved statistical significance and demonstrated BEPREVE's rapid onset of action in providing relief to persons with ocular itching associated with allergic conjunctivitis.

Inflammation - 2009 U.S. Market Size ~ \$325 million

(bromfenac ophthalmic solution) 0.09%

**Xibrom™** is the first twice-a-day topical, non-steroidal, anti-inflammatory approved for the treatment of ocular inflammation and pain following cataract surgery.

Glaucoma (Beta-blockers) - 2009 U.S. Market Size ~ \$173 million

(timolol maleate ophthalmic solution) 0.5%

**Istalol®** is a once-daily patent-protected eye drop solution of timolol, a beta blocking agent for the treatment of glaucoma. In clinical trials, Istalol demonstrated safety and efficacy comparable to a twice-a-day timolol solution.

## MANAGEMENT

**Vicente Anido, Jr., Ph.D.**  
*President and Chief Executive Officer*

**Glenn E. Davis**  
*Vice President, Legal and Chief Compliance Officer*

**Marvin J. Garrett**  
*Vice President, Regulatory Affairs, Quality & Compliance*

**Kathleen McGinley**  
*Vice President, Human Resources & Corporate Services*

**Kirk McMullin**  
*Vice President, Operations*

**Timothy R. McNamara, Pharm.D.**  
*Vice President, Clinical Research and Medical Affairs*

**Tom Mitro**  
*Vice President, Sales & Marketing*

**Lauren Silvernail**  
*Chief Financial Officer and Vice President, Corporate Development*

## BOARD OF DIRECTORS

**Vicente Anido, Jr., Ph.D.**  
*President and Chief Executive Officer*

**Richard C. Williams**  
*Chairman of the Board / Committee: Audit (Chairman)*

**Peter Barton Hutt**  
*Committee: Nominating and Corporate Governance (Chairman)*

**Kathleen D. LaPorte**  
*Committee: Compensation*

**Benjamin F. McGraw, III, Pharm.D.**  
*Committees: Audit and Compensation (Chairman)*

**Dean J. Mitchell**  
*Committee: Compensation*

**Andrew J. Perlman, M.D., Ph.D.**  
*Committee: Nominating and Corporate Governance*

**Wayne I. Roe**  
*Committee: Audit*

## SELECTED PIPELINE PRODUCTS OVERVIEW

### **Inflammation (NSAIDs) - 2009 U.S. Market Size ~ \$325 million**

#### **Bromfenac Once-Daily for Ocular Inflammation**

Phase 3 positive preliminary results announced August 2009

- Statistically significant results in primary endpoint: absence of ocular inflammation 15 days following cataract surgery
- Statistically significant results in secondary endpoint: elimination of ocular pain one day post surgery
- No serious ocular or systematic adverse events

PDUFA Action Date—October 16, 2010

### **Prescription Dry Eye - 2009 U.S. Market ~ \$502 million**

#### **Bromfenac - New Formulation**

Phase 2 positive preliminary results announced June 2009

- Statistical significance in primary endpoint: conjunctival staining (Lissamine Green test) vs. baseline
- Statistical significance on objective sign: corneal staining (Fluorescein test) vs. baseline
- No serious ocular or systemic adverse events
- Plan to start Phase 3 studies in 2010

### **Nasal Allergy - 2009 U.S. Market Size ~ \$2.2 billion**

#### **Bepotastine Spray for Nasal Allergy**

Bepotastine's proof of concept in nasal allergy demonstrated in BEPREVE clinical studies

- Secondary endpoint in BEPREVE ocular clinical studies
- Significant improvement in nasal rhinorhea, nasal congestion and total non-ocular symptoms score

Obtained North American nasal rights to bepotastine in 2007

- Licensed after BEPREVE Phase 2/3 study results

2010 milestones for bepotastine nasal

- Complete formulation development
- Plan to initiate full-scale development in 2010

Largest market of any product candidate in ISTA's pipeline

## FORWARD-LOOKING STATEMENTS

This Fact Sheet contains historical information, as well as certain "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based on ISTA's expectations, as of the date of this fact sheet, and are subject to risks and uncertainties that could cause actual results to differ materially. Important factors that could cause actual results to differ from current expectations include, among others, such risks and uncertainties as detailed from time to time in ISTA's public filings with the U.S. Securities and Exchange Commission, including but not limited to ISTA's Annual Report on Form 10-K for the year ended December 31, 2009.

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**NASDAQ: ISTA**

**Shares Outstanding:**  
33.3 Million

**52-week price range:**  
\$2.44 - \$6.83