

# Inamed Corporation



THE 17TH ANNUAL

# Health Care Conference

GUIDES FOR  
THE JOURNEY®

| PiperJaffray.

Piper Jaffray  
17th Annual Healthcare Conference  
New York  
January 26, 2005

*Enhancing Lives*



*Nick Teti*  
*Chairman, President and CEO*  
*INAMED Corporation*

# Safe Harbor

When we estimate revenues, operating margins, capital expenditures, cash and other financial metrics, and discuss expected regulatory, clinical results or other business developments and objectives, such estimates and results are forward-looking statements and no assurance can be given that the estimates will be accurate. Please refer to INAMED's SEC Form 10-K report for additional information on the uncertainties, risk factors related to our business.

The following summary points are subject to and qualified in their entirety by the oral presentation of INAMED management that will accompany these summary points today. Accordingly, these summary points should not be relied upon as being complete discussions of the matters to which they pertain today or in the future.



# Agenda

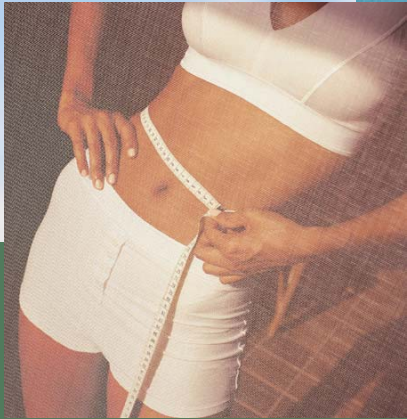
- **Company Overview**
- **2004 Preliminary Sales by Franchise**
- **Selected Financial Data**
- **2005 Key Events**
- **Franchise Overviews**
- **2005 Guidance**
- **Conclusion**

# Our Vision

To Enhance the Quality of People's Lives through the development and marketing of innovative, high-quality, science-based products.



Look Younger



Be Healthier



Feel Younger

# Enhancing Lives Through...



- **Obesity Intervention Products (Inamed Health)**

- Lap-Band® System - treats obesity by limiting food intake, reducing appetite and slowing digestion
- BIB® System - induces temporary weight loss by partially filling the stomach



## Inamed Aesthetics

- **Facial Aesthetics Treatments (Inamed Aesthetics)**

- Cosmetic products to treat wrinkles and rejuvenate the face
- Full array of Dermal Fillers: Collagen and Hyaluronic Acid-based



- **Breast Aesthetics Products (Augmentation and Reconstruction)**

- Saline filled implants
- Silicone Gel filled implants

# Company Growth Drivers

- Demographics

- Longer lifetimes
- Challenge to maintain active youthful lifestyle

- Demand

- Aging population seeks to enhance their lives
- Increasing societal acceptance of physical enhancement
- Procedures becoming more refined and less invasive
- Extreme weight gain is an increasing health problem

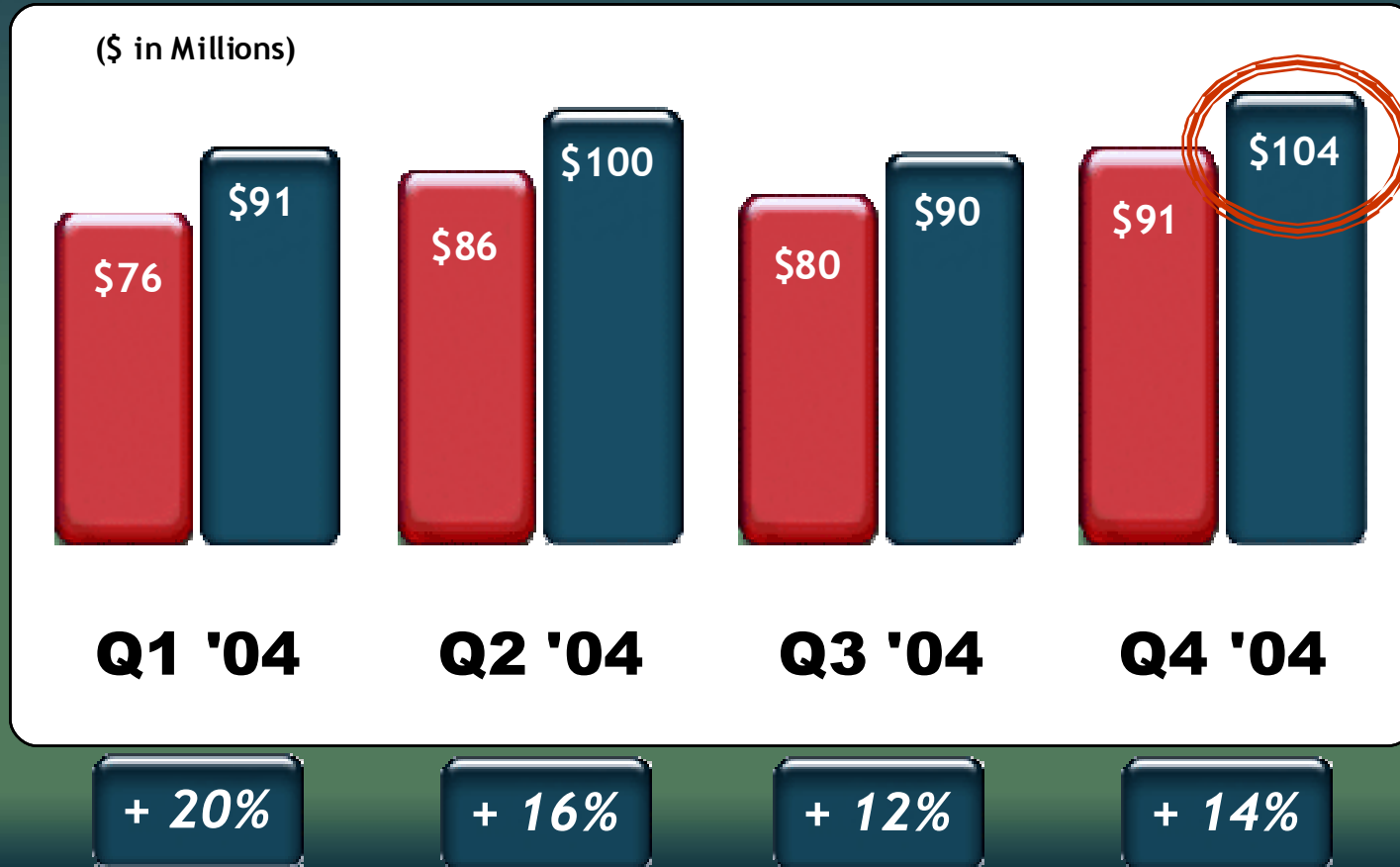
- Strong, diverse pipeline with High Probability of Technical Success

**The Company is committed, strategically and tactically, to continue to invest in order to capitalize on the favorable demographic trends and strong market acceptance in all of its franchises going forward..**

# 2004 PRELIMINARY SALES RESULTS

# Worldwide Sales

## Period-over-Period Sales & Growth \*

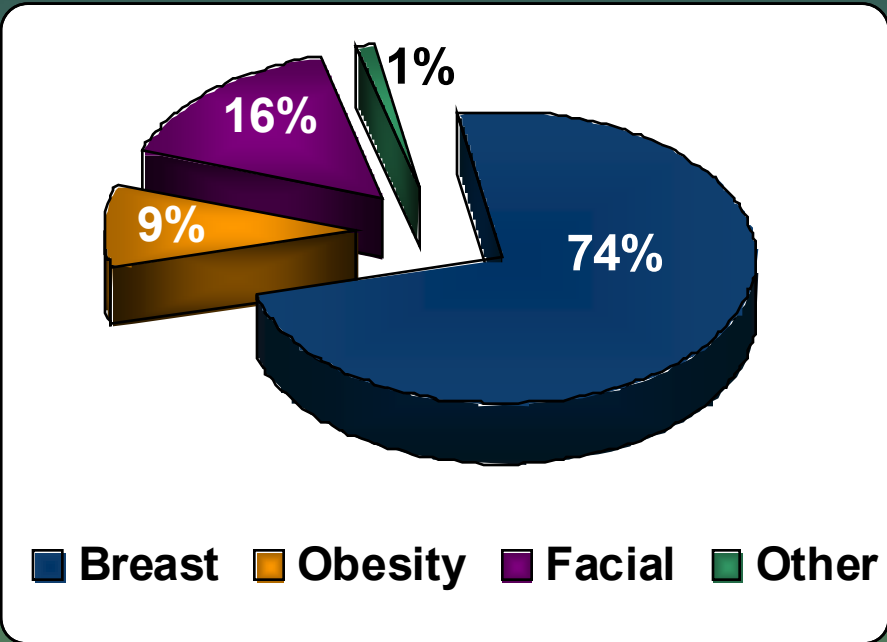


\* Unaudited

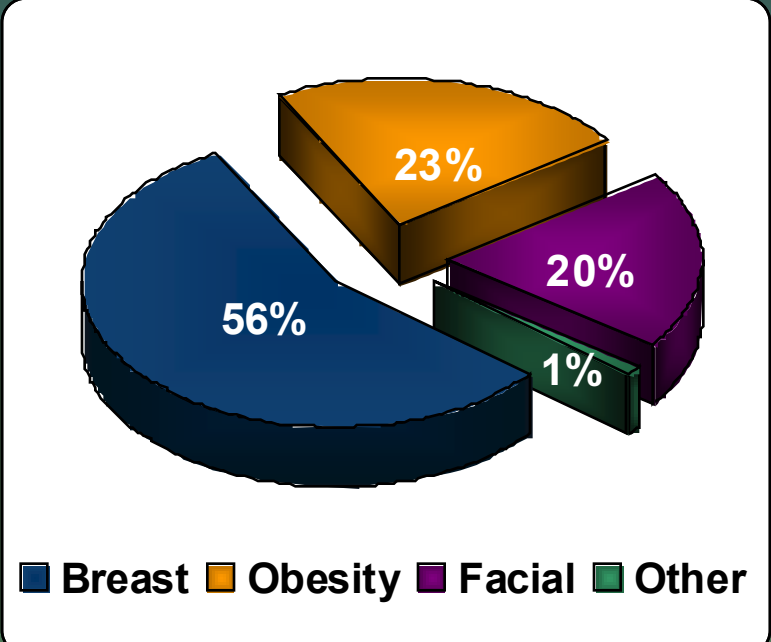
# Revenue Balance

## Diversifying Business Mix

% Sales (F-Y 1999)



% Sales (@ 12/31/04) \*



\* Unaudited

# 2005 KEY EVENTS

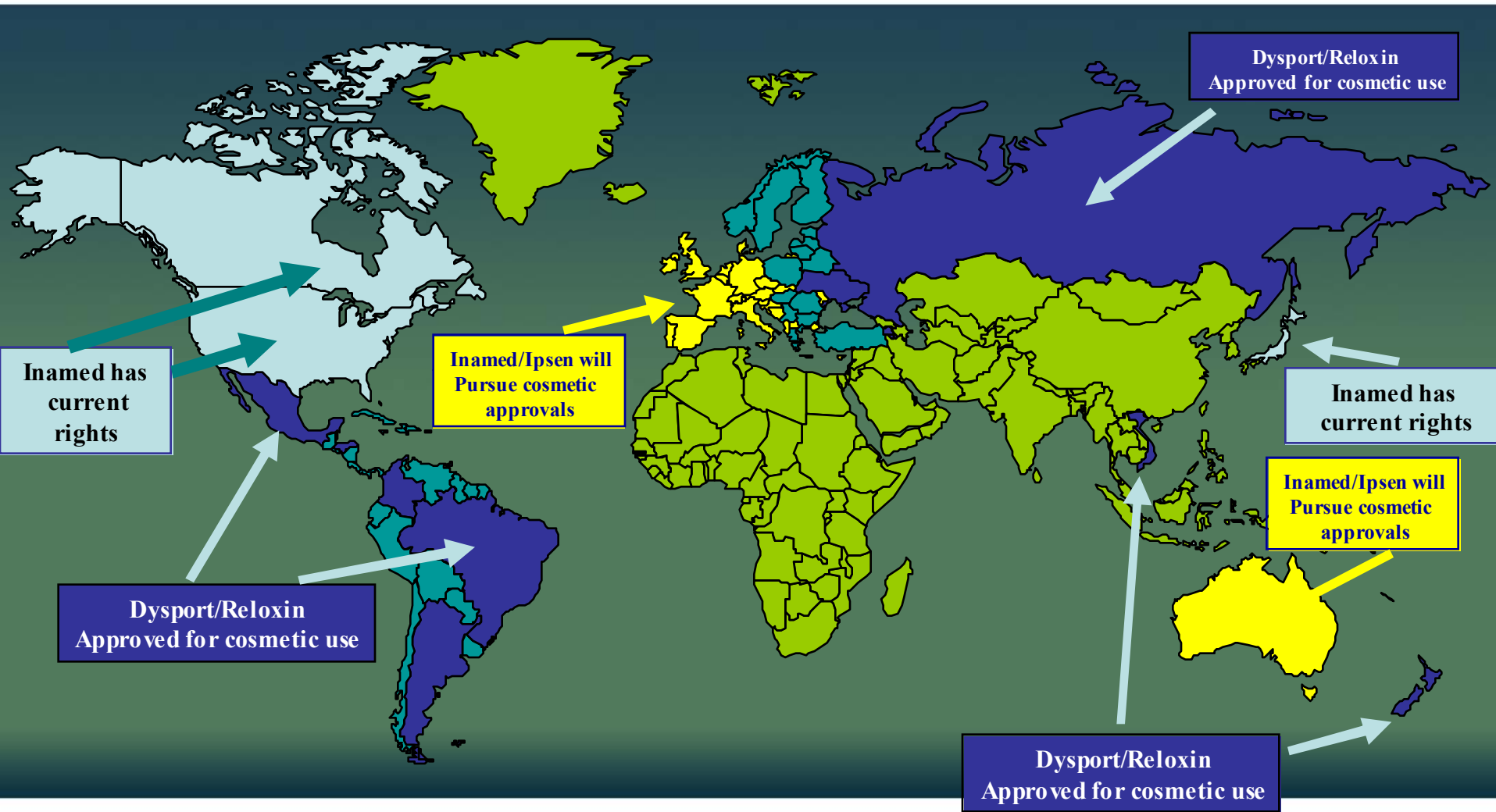
# Inamed - Key Events in 1<sup>st</sup> Half 2005

- International Botulinum Toxin Type A Preliminary Agreement Signed Jan
- The launch of Captique Jan
- Health Canada's Panel Meeting for Silicone and the BioDimensional 410 March
- FDA Panel Meeting on Silicone Breast Implants April
- Aggressive PR campaign around Safety of Silicone Breast Implants 1<sup>st</sup> Q
- Launch of DTC Advertising Campaign for Lap Band 1<sup>st</sup> Q
- Filing of a National Coverage Decision request with CMS -- through American Society of Bariatric Surgery 1<sup>st</sup> Q
- Launch Hydracell HV in G5 1<sup>st</sup> Q
- Juvederm 24, 24 HV & 30 HV 6 month Clinical Study follow-up -----complete 2<sup>nd</sup> Q

# 2005 - Reloxin Preliminary Agreement

- Reloxin Preliminary Agreement signed in January 2005
- Partnership with Ipsen Limited
- Cosmetic / aesthetic use
- Exclusive distribution rights in selected International markets
- Rights include Europe
- Inamed currently has exclusive rights in the U.S., Canada and Japan
- Ipsen's Botulinum toxin type A (Dysport) - marketing authorization in over 65 countries
- Approved for cosmetic use in 10 countries
- Currently pursuing regulatory approval in key International markets

# Ipsen/Inamed Agreement for Reloxin/Dysport (for cosmetic use)



# FRANCHISE OVERVIEW

# INAMED Health



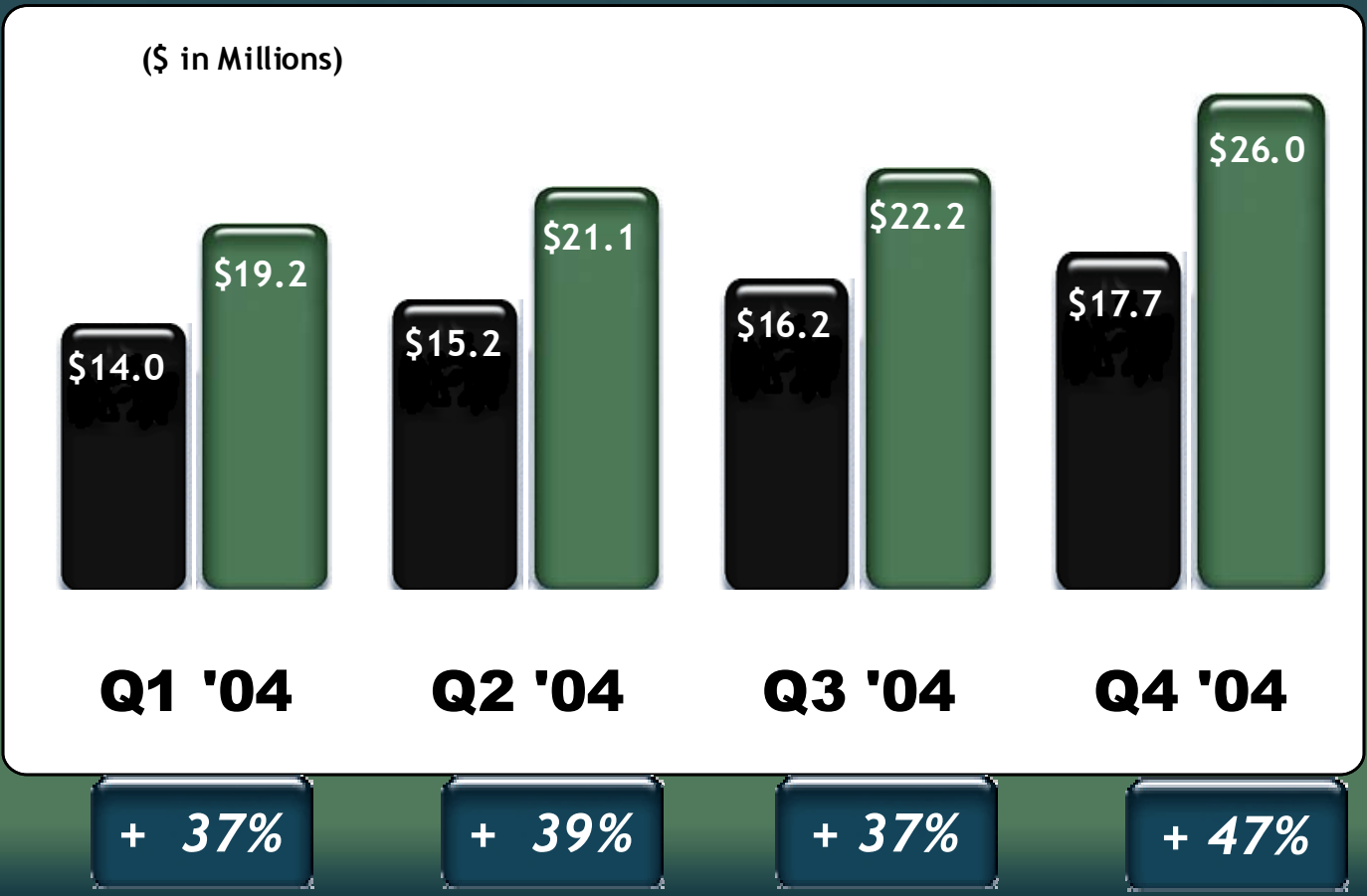
“As a nurse, I researched my options. I chose the LAP-BAND because it was the safest procedure. I’ve lost 160 pounds since surgery!”

LAP-BAND Patient Brooke



# INAMED Health Sales Summary

## Period-over-Period Sales & Growth \*



\* Unaudited

# Obesity Products

## ○ LAP-BAND System - *Obesity Intervention*

- Least invasive surgical option
- No cutting or stapling of the stomach wall or bowel
- Significantly lower mortality risk than other obesity surgical procedures\*
- Low risk of nutritional deficiencies
- Adjustable
- Reversible



© 2002 SPOTLIGHT HEALTH

# Inamed Health--2005 Strategy

- To increase the number of LAP-BAND surgeries at existing proctored practices through focused account development

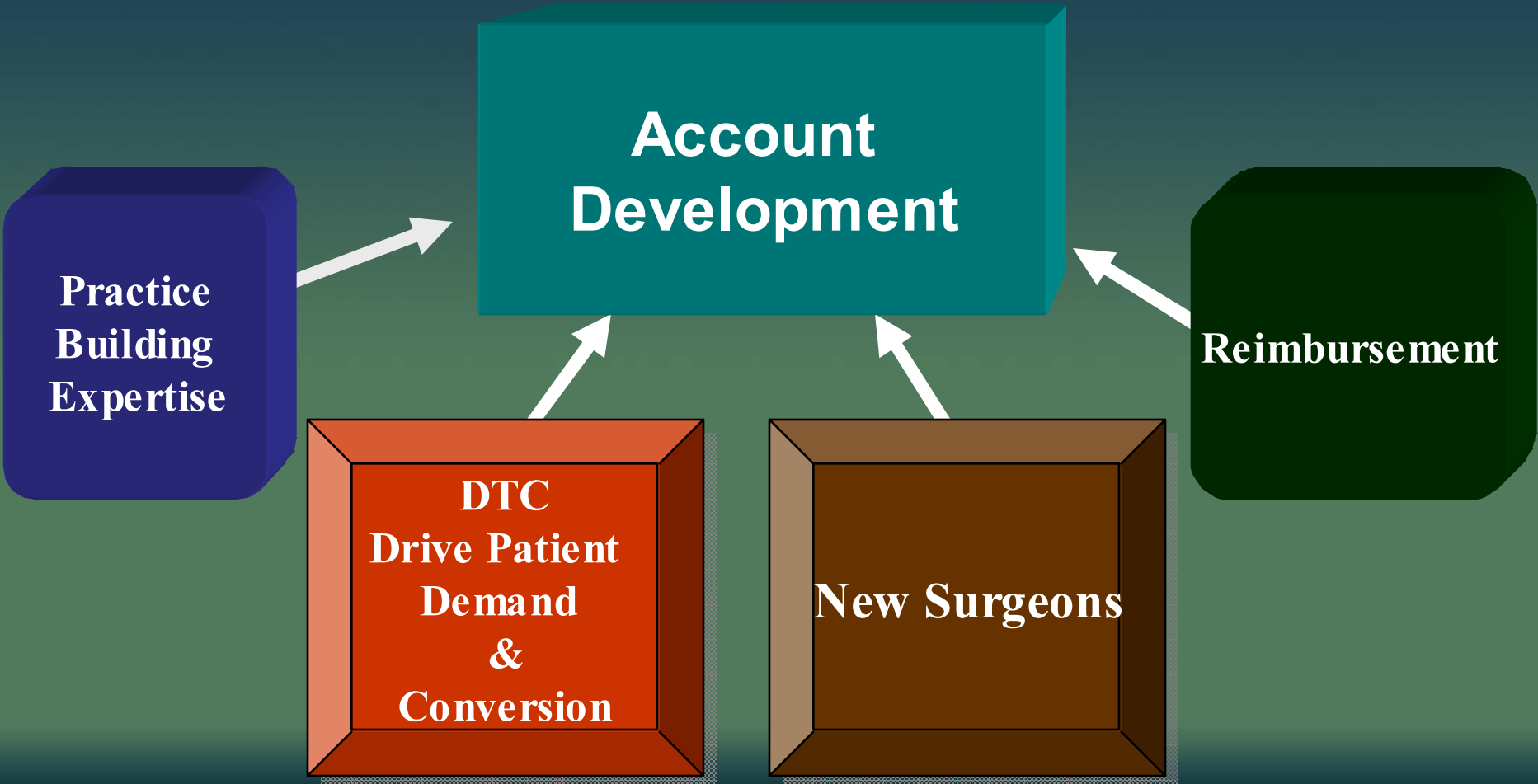
# U.S. LAP-BAND Positioning



*The Preferred Weight Loss Surgery Choice.*

- The least invasive surgical option
  - Ten times safer than gastric bypass
- Gradual, sustained long-term weight loss
- Effectively treats obesity-related co-morbidities

# Account Development - Key Tactics



# 2005 Direct Response -- TV Campaign

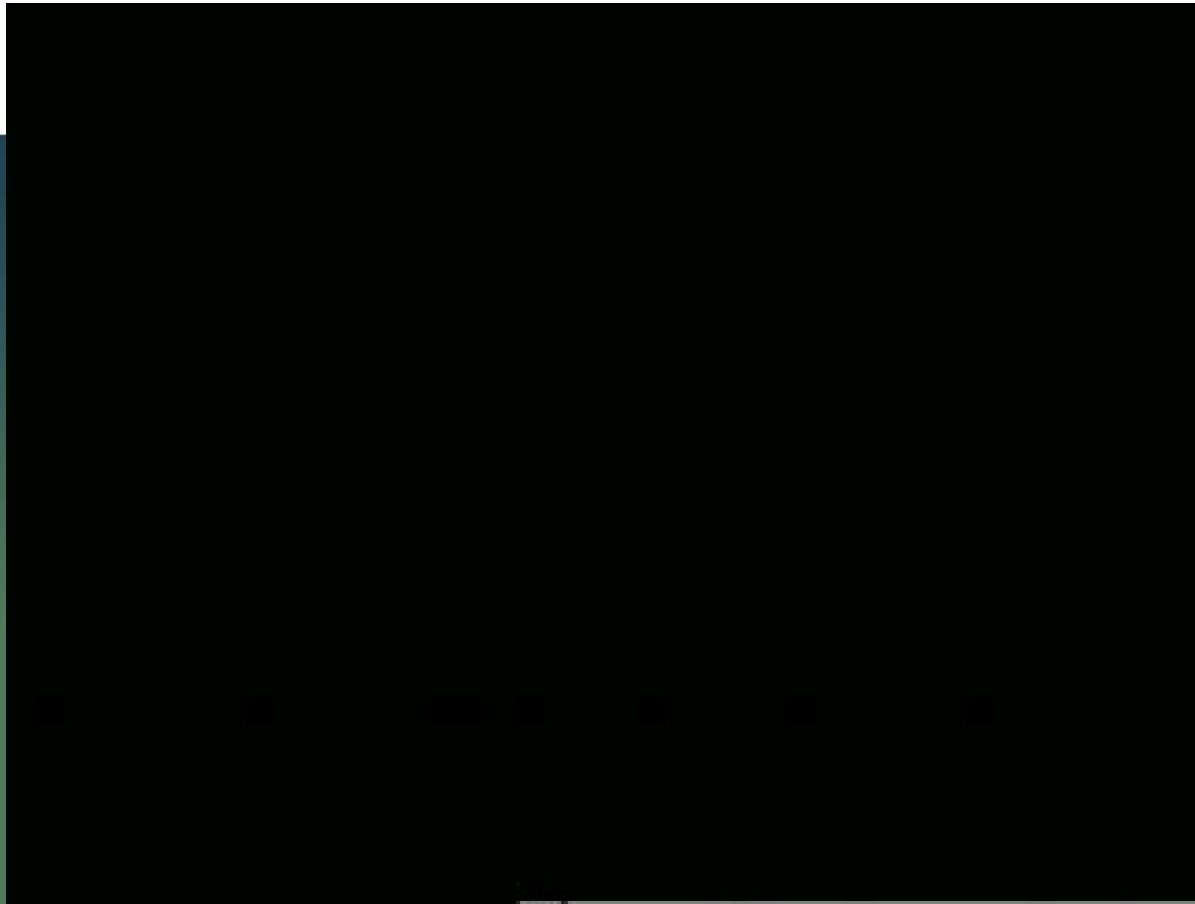
## ➤ Program Overview

- All advertising will be administered and optimized by INAMED-contracted media buyers
  - All leads will be processed through INAMED's call center
- Short form TV ads (30, 60 120 seconds) will be used in (Q1)
  - Long Form (infomercial) ads will be tested and running by Q2
- All leads will be directed only to 2005 Key Account Targets

## ➤ Key Metrics

- Cost per lead
- Conversion rate (% of leads that get surgery)
- Cycle time (from qualified lead to surgery)
- Return on Investment- 2005 & 2006



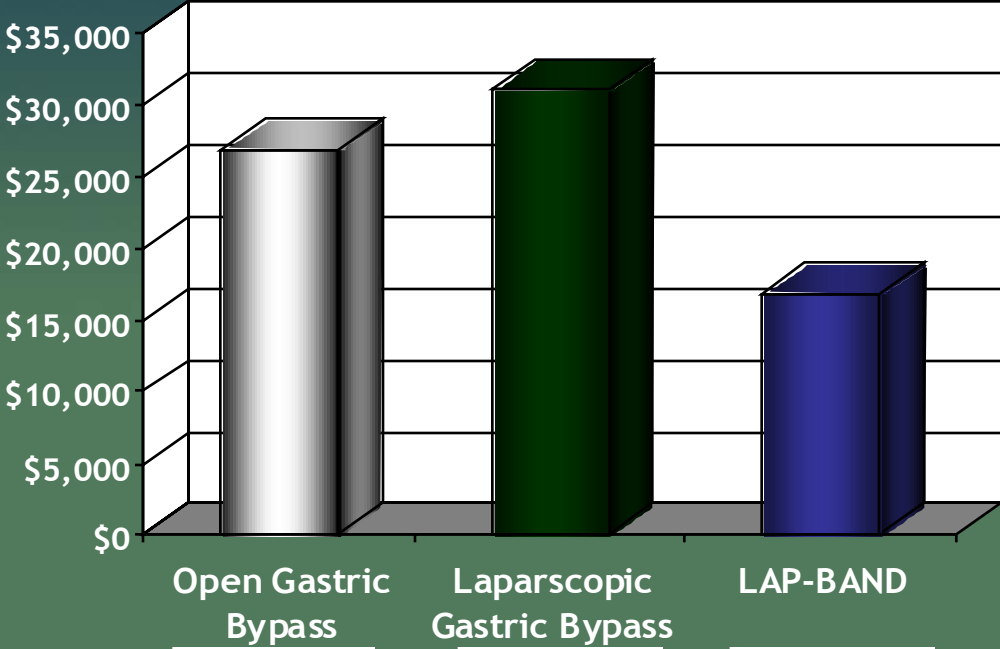


## LAP-BAND Commercial

# Obesity Procedure Cost Studies

Mercy Hospital - Davenport, Iowa

1 Year of Discharge Data (Avg. Cost/Procedure)



Gastric Bypass 1.6 to 1.8 times the avg. cost of LAPBAND Procedure

Average Cost Per Procedure

**\$26,917**  
n = 23

**\$31,044**  
n = 114

**\$16,892**  
n = 85

N = Number of Procedures Tracked

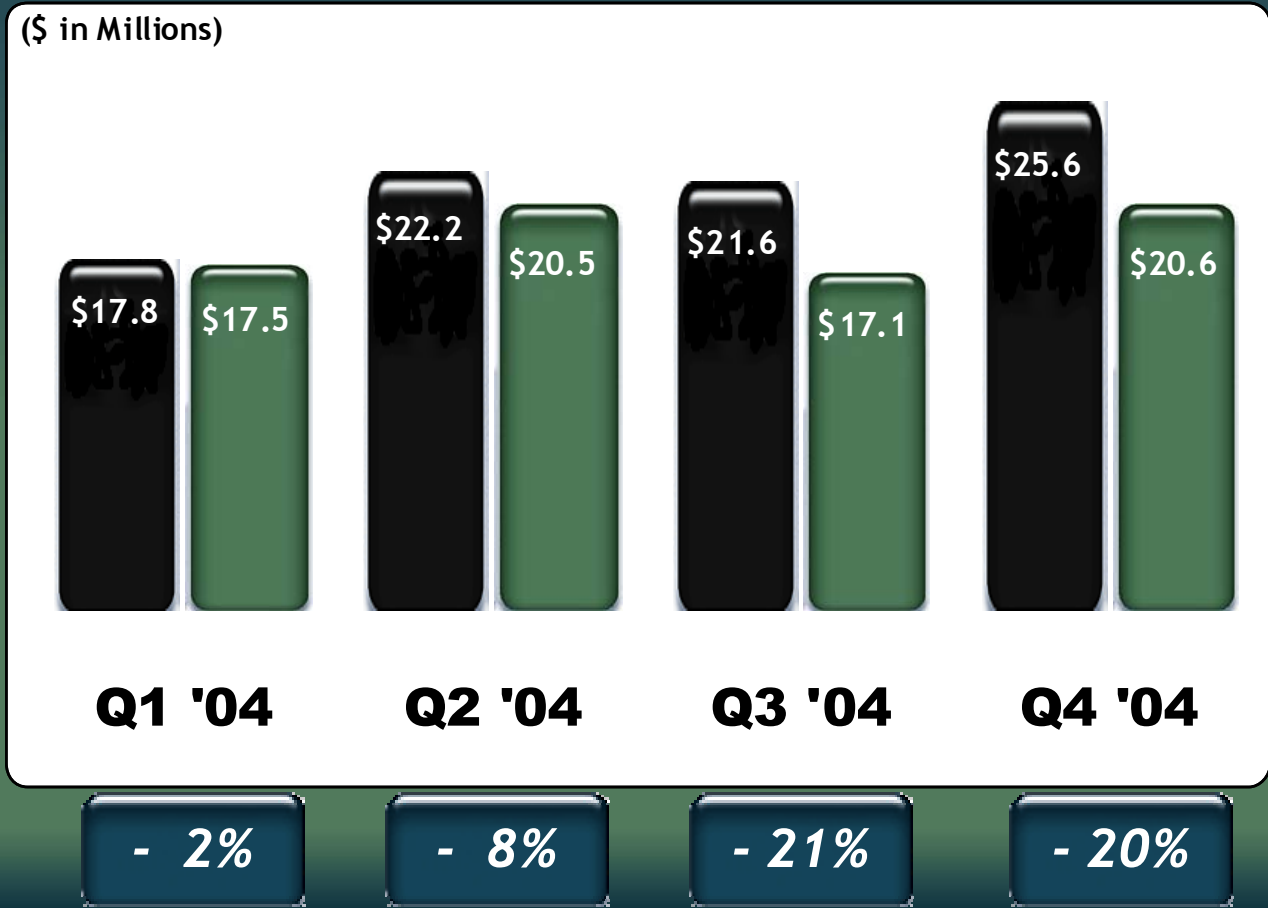


# INAMED Aesthetics - Facial



# Facial Aesthetics Sales Summary

## Period-over-Period Sales & Growth \*



\* Unaudited

# Facial Aesthetics Growth Drivers

- Minimally-Invasive procedures increasing faster than Surgical procedures in plastic surgery
- Strong Volume growth expected to continue for both dermal fillers and botulinum toxins—in excess of 25%\*
- Collagen, Hyaluronic-Acid and botulinum toxin Type A treatments are all key components of this growth
- **GROWING CONSUMER ACCEPTANCE**

# Facial Aesthetics Products & Pipeline

Product	Description
Juvederm®--completing enrollment in U.S. pivotal study-3 formulations in trials <i>Juvederm 2<sup>nd</sup> generation (high viscosity products) 24HV and 30HV</i>	<ul style="list-style-type: none"> <li>• Hyaluronic Acid - No skin test</li> <li>• Marketed under the name Hydracore® in Europe</li> <li>• Approved in 37 countries; licensed for US, Canada and Australia (exclusive) and Europe G5 (non-exclusive)</li> <li>• <i>Juvederm 2<sup>nd</sup> generation products 24HV and 30HV launched in Canada and soon to be launched Europe in 4<sup>th</sup> Quarter</i></li> </ul>
Hylaform® <i>Hylaform® Plus--New</i> <i>CAPTIQUE™-----New</i>	<ul style="list-style-type: none"> <li>• Hyaluronic Acid - No skin test</li> <li>• Approved in 28 countries, including US</li> <li>• <i>Approved 10/13 - first large particle size HA approved in U.S.</i></li> <li>• <i>Approved 11/19 - Inamed's First NA Stabilized HA approved in U.S.</i></li> </ul>
CosmoDerm®/CosmoPlast®	<ul style="list-style-type: none"> <li>• Collagen treatment - No skin test</li> <li>• On market in US and Canada</li> <li>• <i>Cosmoderm/Cosmoplast launched in Spain and Italy--Q4 in France</i></li> </ul>
Reloxin®	<ul style="list-style-type: none"> <li>• Botulinum Toxin Type A Cosmetic Wrinkle Treatment</li> <li>• In Phase 3 trials for cosmetic indication in US &amp; Canada</li> <li>• Worldwide 2004 estimated Market \$450M*/ growth rate 20+%/year</li> </ul>
Zyderm™/Zyplast™	<ul style="list-style-type: none"> <li>• Collagen treatment/On market in 77 countries</li> <li>• Gold standard - 20+ years on the market</li> </ul>

\* Source: Morgan Stanley Equity Research, Marc Goodman, "Allergan, Inc.", Page 9, July 28, 2004.



# Captique

WRINKLE CORRECTION

NEW *Captique*<sup>™</sup>  
RESTYLANE GEL

FDA-Approved



*Captique*

INAMED  
AESTHETICS

HYALFORM/HYALFORM PLUS    COSMOFORM/COSMOFORM+    ZYDERM/ZYDERM+

## Captivating Beauty

Captique is the newest FDA-Approved Non-Animal Stabilized Hyaluronic Acid dermal filler.

The way your skin looks is directly related to the way your skin is supported. As we age, the natural support layers in the skin break down resulting in the formation of wrinkles.

Captique gel, a clear gel containing a purified form of hyaluronic (H1 ʼɑʼ(ronʼik) acid, adds volume lost during the aging process by temporarily smoothing out facial lines and wrinkles.

Captique gel is injected just under the skin's surface in order to temporarily correct wrinkles.



*Captique*<sup>™</sup>

# Reloxin Clinical Data

# Reloxin (Dysport) Phase 2 Study - U.S.

Allistair Carruthers, MD, Gary Monheit, MD, et al.

Study: A randomized, double-blind, placebo-controlled study to determine the optimal dose of Dysport® for the treatment of glabellar lines.

Objectives: Evaluate the efficacy and safety of 3 doses of Dysport in the treatment of glabellar lines.

## Methodology:

- Patients were injected with a total of 20, 50 or 75 units of Dysport or placebo at 5 sites across the forehead at day.
- Follow-up assessments were carried out on Days 7, 30, 60, 90 and 120 after treatment. Adverse events were also elicited by telephone on Day 3.

## Results:

- The 50-unit dose was as effective as the 75-unit dose, and their duration of action was similar.
- The most common adverse events were mild headache and nasopharyngitis, which occurred in a very low frequency in all treatment groups.

## Conclusion:

*All doses of Dysport resulted in a significant improvement in the glabellar frown lines and were well tolerated. From these data, the 50-unit dose was selected as the optimal dose for treatment.*

# Reloxin (Dysport) Phase 3 Study - France

Benjamin Ascher, MD, et al.

(J Am Acad Dermatol 2004; 51:223-33)

Study: A randomized, double-blind, placebo-controlled study to determine the efficacy and safety of three doses of Dysport® in the treatment of glabellar lines.

Objectives: Evaluate the efficacy and safety of 3 doses of Dysport in the treatment of glabellar lines.

Methodology:

- 119 patients with moderate to severe glabellar lines at rest were treated with 25, 50, or 75 units Dysport or placebo at 5 intramuscular glabellar sites.
- Outcome measures included evaluations by independent experts from blinded standardized photos at rest 1 month after treatment, physician and patient evaluations during a 6-month period.

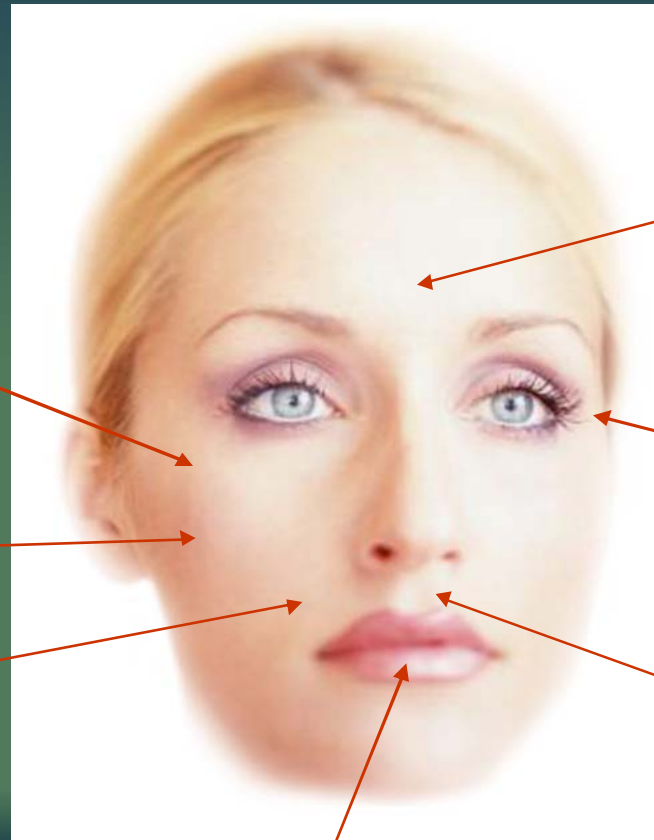
Results:

- Significant efficacy was reported for all 3 doses for at least 3 months after injection.
- Investigator and patient evaluations suggested that 50 units was the optimal dose.
- Dysport was well tolerated; no blepharoptosis was reported.

Conclusion: *Dysport is an effective and safe treatment for glabellar lines*

# The Future INAMED World of Facial Aesthetics

*Combination use will also be a key opportunity*



*Sculpting:*  
**Juvederm 30 HV**  
**HydraFill HV**

*Skin Atrophy/Hydration:*  
**Elastance**  
**Creams**

*Nasolabial folds:*  
**Juvederm**  
**Hylaform/Plus**  
**Captique**

*Glabellar lines:*  
**Reloxin**

*Periorbital lines (Crows Feet):*  
**CosmoDerm/Zyderm**

*Perioral lines:*  
**Juvederm 24HV**

*Loss of lip volume and definition:*

**Juvederm**  
**HydraFill**  
**CosmoPlast/Zyplast**

# Facial Aesthetics - Strategic Intent

**Strategic Intent:** expand current facial aesthetics product line in the top US and International markets through the in-licensing, acquisition, development and innovative commercialization of a comprehensive line of high quality/science products that address health and the beauty of the skin.

- Aggressively pursue the development and approval timelines for the product pipeline in key global markets
- Acquire “cutting edge” technologies and/or partner with leading global providers of facial aesthetics products
- Build strong global brands for Inamed offerings



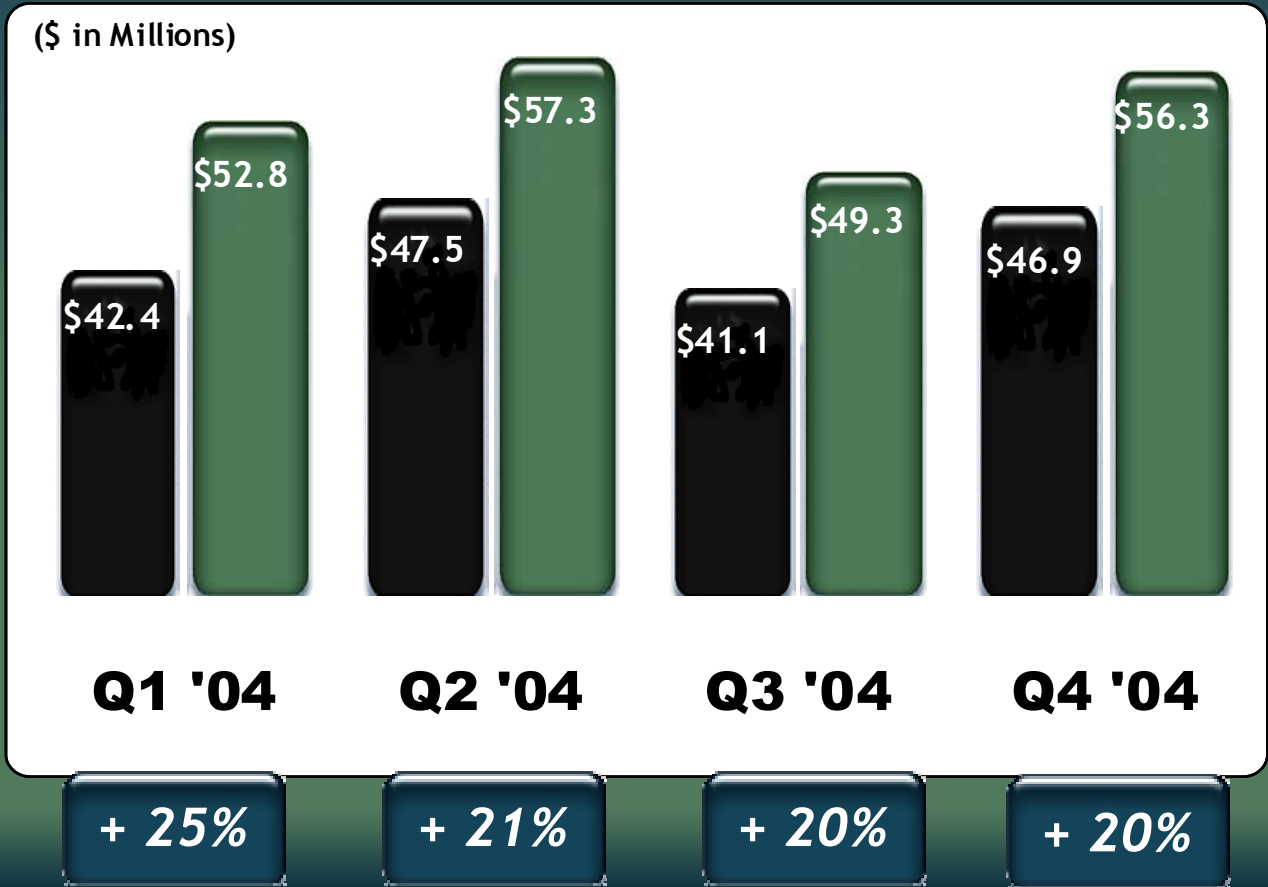
\* Source: American Society for Aesthetic Plastic Surgery (ASAPS)

# INAMED Aesthetics - Breast



# Breast Aesthetics Sales Summary

## Period-over-Period Sales & Growth \*



\* Unaudited

# Breast Implant Products

- Saline - US
- Silicone Gel - Outside of U.S.
  - International sales mix is 90 +% Silicone and < 10% Saline
  - FDA Independent Panel Review Tentatively Schedule for April, 05
- BioDIMENSIONAL Cohesive Gel Matrix - International Markets
  - Only “Customized”™ implant in Int’l/Euro markets
  - PMA submitted to FDA - December, 2004
  - #1 Silicone breast implant sold internationally

# Breast Implant Market -- SOLID

## INAMED the Worldwide Leader in Breast Aesthetics Sales

- Steady growth gives the company a strong business to leverage from
- Duopoly market in the US with steady growth - INAMED continues to gain market share
- Significant progress of differentiation efforts in Europe with Style 410 BioDIMENSIONAL silicone gel matrix products
- Growing consumer acceptance for augmentation procedures
- Societal acceptance keeps increasing, especially with higher visibility in prime time TV programming



\* Source: American Society of Plastic Surgeons (ASPS)

# Breast Aesthetics - Clinical Data

## Product Differentiation

### Saline Implant Deflation Rates and Patient Follow-up Comparison at 5 and 7 Years\*

	AUGMENTATION				RECONSTRUCTION			
	5-YEAR		7-YEAR		5-YEAR		7-YEAR	
	<u>INAMED</u>	<u>MENTOR</u>	<u>INAMED</u>	<u>MENTOR</u>	<u>INAMED</u>	<u>MENTOR</u>	<u>INAMED</u>	<u>MENTOR</u>
DEFLATION RATE	6.8%	9.7%	9.8%	16.4%	7.5%	18.0%	12.4%	26.9%
PATIENTS	901	1,264	876	1,264	237	416	194	416
FOLLOW UP RATE	81.0%	5.0%	85.0%	50.0%	80.0%	52.0%	83.0%	71.0%

## Product Development Initiatives

- Continue to differentiate BioDIMENSIONAL cohesive gel matrix product line
- Launch new 510 cohesive gel matrix product line internationally



*\*INAMED Corporation data at 5-years is taken from Table 2 of INAMED's Directions for use of BIOCELL(TM) Textured and Smooth Saline-Filled Breast Implants (M712-C 11/02). INAMED Corporation 7-year data has been submitted to the FDA in INAMED's 2004 Annual Report for BIOCELL(TM) Textured and Smooth Saline-Filled Implants.*

*Mentor Corporation data is taken from Tables 7a and 7b of Mentor's Product Insert Data Sheet for Saline-Filled & Spectrum(TM) Mammary Prostheses (102865-001 Rev. A Effective January 2004)*

# Canada & United States Silicone Advisory Panel Meetings

- Submission for both Responsive & next generation Cohesive Silicone Gel breast implants PMA's to be reviewed by Health Canada Advisory Panel
  - Review to take place in Ottawa in early March
- Supplemental submission for pending Responsive silicone gel breast implants PMA to be reviewed by FDA Independent Advisory Panel
  - Review to take place on April 11-13, 2005

# Safety Of Silicone Breast Implants

In October, 2003, the General and Plastic Surgery Devices Panel convened by the Food and Drug Administration (FDA) questioned the amount of long-term safety data related to silicone breast implants.

Contrary to this contention, there are in fact almost 100 published papers in the peer-reviewed biomedical literature assessing long-term effects of cosmetic breast implants, virtually all of which are reassuring in their lack of evidence for adverse effects.

# Safety Of Silicone Breast Implants

In summary, after almost a decade of extensive epidemiologic research, the weight of the epidemiologic evidence is overwhelmingly reassuring that there are no long-term adverse effects associated with silicone breast implants.

## Areas Studied:

- Connective Tissue Disease
- Fibromyalgia
- Breast Cancer
- Breast Cancer Detection
- Neurologic Disease
- Offspring Effects and Breast Feeding
- Rupture Incidence and Sequelae
- Long term Follow-up
- Suicide

# References

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# Breast Aesthetics - Tactical & Strategic Initiatives

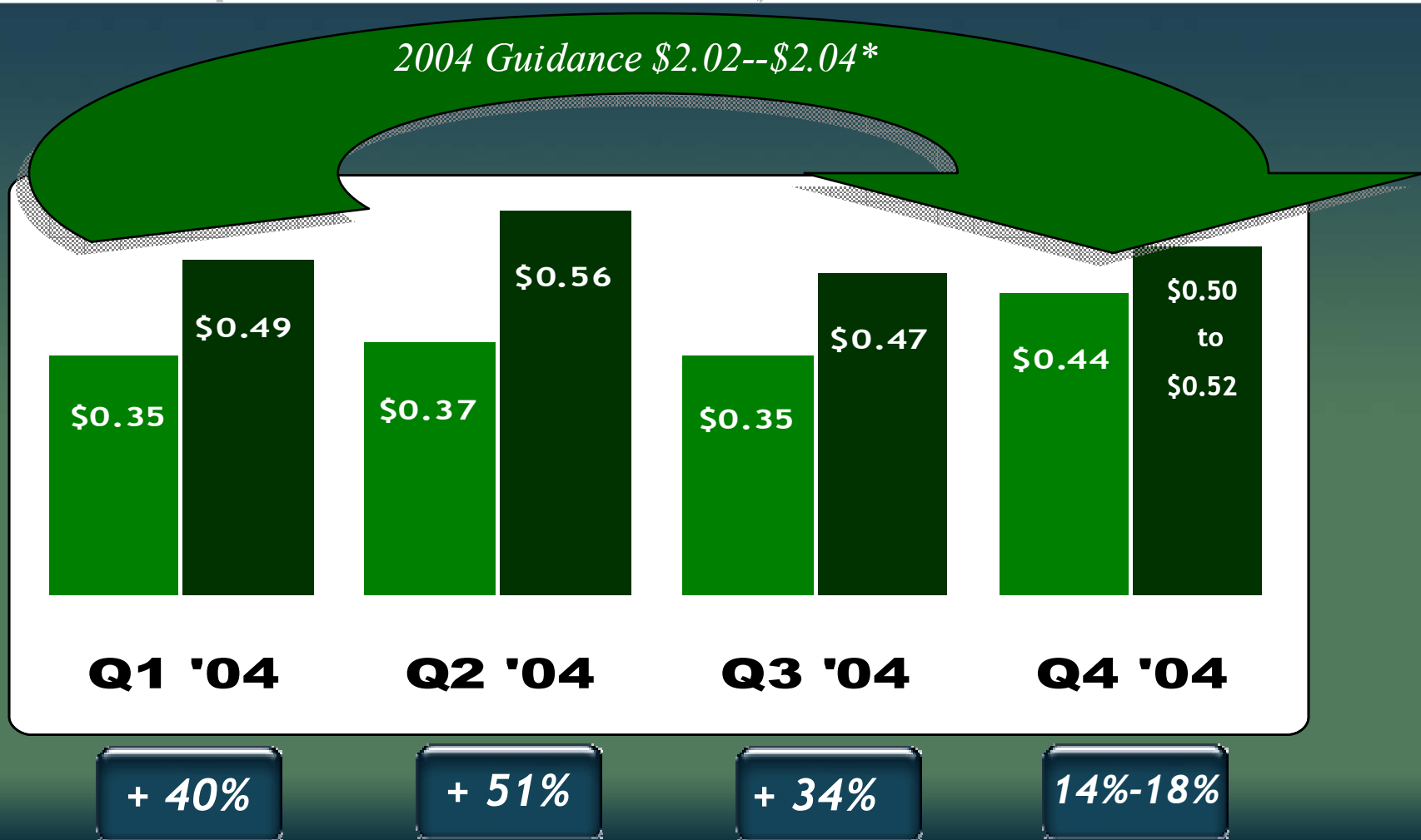
- Drive [Lookingyourbest.com](http://Lookingyourbest.com) reference source and doctor referral ----> 30 Millions “hits” to date
- Expand [Inamed Academy](http://InamedAcademy.com) “premier” educational services
- Execute practice building collaboration with [Nextech](http://Nextech.com), the leader in plastic surgery practice management software platforms.
- Rigorously pursue Positive Panel Meetings at Health Canada and FDA
- Bio-DIMENSIONAL 3<sup>rd</sup> generation cohesive gel in the US PMA Submitted/  
Panel Meeting Possible in the Fall
- Leverage leadership position/ evaluate and pursue the next generation of breast implants



# SELECTED FINANCIAL DATA

# Diluted Earnings Per Share

(period over period—EPS & Growth)



\* Non-GAAP diluted EPS, excluding Ethicon settlement and related second quarter litigation Expenses. GAAP EPS was \$0.27.



\*\* Unaudited

# Capital Structure

- Debt Reduction - \$83.5M (Q4 2002-present)
- Total Remaining Debt of \$25.0M\*
- Total Shareholder's Equity of \$412M\*
- Market Capitalization: ~\$2.3B
- Strong Cash and Cash Equivalents Position of \$108M\*\*



\* All Balance Sheet information is as of September 30, 2004  
\*\* Includes marketable securities

# 2005 GUIDANCE

# 2005 Financial Guidance

<b>Total Revenue</b>	<b>Mid double-digit growth</b>
<b>Inamed Health</b>	<b>Increase in excess of 30%</b>
<b>Inamed Aesthetics—Breast</b>	<b>Mid-double digit growth</b>
<b>Inamed Aesthetics---Facial</b>	<b>Increase slightly over 2004</b>
<b>GAAP EPS</b>	<b>\$2.24 - \$2.32</b>

# 2005 Guidance - Key Investment Year

- ✦ Captique Launch - Upfront launch spend in Q1 2005
- ✦ FDA Silicone Panel and Canadian Silicone review - Q1 2005---PR Campaign and Preparation
- ✦ Facial clinical development program entering key phases in early 2005 for Reloxin & Juvederm
- ✦ DTC/Direct Response program for Lap-Band—starting in Q1



\* All Balance Sheet information is as of September 30, 2004  
\*\* Includes marketable securities

# INAMED Well-Positioned

- Solid Current Product Portfolio/Three Diverse Franchises
- Favorable Demographics
- Growing Consumer Acceptance
- Strong Product Pipeline Continues to move forward/High PTS
- Excellent Gross Margins and Core Profitability
- Balance Sheet (growing cash/low debt) Affords Strategic Flexibility
- Global Presence





**INAMED**