

INAMED CORP
Form 425
November 15, 2005

Filed by Allergan, Inc.

**Pursuant to Rule 425 under the
Securities Act of 1933, as amended**

**Subject Company: Inamed Corporation
Commission File No.: 1-09741**

**Forward-looking
Statements
Supplemental
Information**

Forward Looking Statement Information

This presentation contains forward-looking information about Allergan and the combined company after completion of the transactions described herein. Forward-looking statements are statements that are not historical facts. The use of future tense and words such as *expect*, *believe*, *will*, *may*, *anticipate* and similar expressions are intended to identify forward looking statements. These statements include, among other things, the following:

financial projections and estimates and their underlying assumptions;

statements regarding anticipated financial or operating performance and cash flows, including expected growth in revenues, earnings and EPS, revenue mix and the additional cash available for incremental R&D investment;

statements regarding plans, objectives and expectations with respect to future operations and products, including anticipated market growth and product mix;

statements regarding expected revenue and cost synergies from the proposed combination of the two companies;

the expected timing of the proposed transaction; and

other statements regarding strategies, objectives, goals and targets.

Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Allergan, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, among other things:

the possibility that approvals or clearances required to be obtained by Allergan from regulatory and other agencies and bodies will not be obtained in a timely manner;

the possibility that divestitures may not be completed in a timely manner;

the possibility that the anticipated synergies and other benefits from the acquisition cannot be fully realized;

the possibility that assumptions regarding Inamed's assets and liabilities are incorrect;

the possibility that the costs or difficulties related to the integration of Inamed's operations with Allergan will be greater than expected;

the possible delay in the completion of the steps required to complete the eventual combination of the two companies;

business and economic conditions in the principal markets for the companies' products, and other risk factors relating to their industry as detailed from time to time in Allergan's or Inamed's reports filed with the SEC. Additional risks and information concerning these and other factors can be found under the heading "Certain Factors and Trends Affecting Allergan and its Businesses" in Allergan's 2004 Form 10-K and its Form 10-Q for the quarter ended September 30, 2005.

The forward-looking statements included in this presentation represent Allergan's expectations as of the date hereof, and such statements are based upon, among other things, the currently existing industry conditions, market conditions and prices, the economy in general and Allergan's assumptions. Allergan may change its expectations, at any time and without notice, based upon any changes in such factors, in Allergan's assumptions or otherwise. The cautionary statements contained in this presentation should be considered in connection with any subsequent written or oral forward-looking statements that Allergan or persons acting on its behalf might issue. This presentation includes estimates and other information prepared by third parties for which Allergan assumes no responsibility.

These forward-looking statements should not be relied upon as representing Allergan's views as of any date subsequent to the date hereof. Allergan undertakes no obligation to release publicly any revisions to any forward-looking statements and other statements to reflect events or circumstances after the date hereof, including unanticipated events.

Additional Information

Allergan intends to file a Registration Statement on Form S-4 and may file other documents with the SEC in connection with the proposed acquisition of Inamed. Inamed stockholders should read those filings, and any other filings made by Allergan with the SEC in connection with the proposed acquisition, as they will contain important information. These SEC filings, as well as Allergan's other public SEC filings, can be obtained without charge at the SEC's website at www.sec.gov, and at Allergan's website at www.Allergan.com.

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Allergan - Reconciliation of Selected Non-GAAP Financial Measuresin millions, except per share amounts

	Year Ended December 31, 2004		
	GAAP	Non-GAAP Adjustments	Adjusted
<i>Product sales</i>			
Net sales	\$ 2,045.6	\$	\$ 2,045.6
Cost of sales	386.7		386.7
Product gross margin	1,658.9		1,658.9
<i>Research services</i>			
Research service revenues			
Cost of research services			
Research services margin			
Selling, general and administrative	778.9	2.4 ^(a)	781.3
Research and development	345.6		345.6
Restructuring charge (reversal)	7.0	(7.0) ^(b)	
Operating income (loss)	527.4	4.6	532.0
Interest income	14.1		14.1
Interest expense	(18.1)		(18.1)
Unrealized gain (loss) on derivative instruments, net	(0.4)	0.4 ^(c)	
Gain on investments, net	0.3		0.3
Other, net	8.8	(11.5) ^(d)	(2.7)
	4.7	(11.1)	(6.4)
Earnings (loss) before income taxes and minority interest	532.1	(6.5)	525.6
Provision for income taxes	154.0	1.8 ^(e)	155.8
Minority interest	1.0		1.0
Net earnings (loss)	\$ 377.1	\$ (8.3)	\$ 368.8
Net earnings (loss) per share:			
Basic	\$ 2.87		\$ 2.81

Diluted	\$ 2.82	\$ 2.75
Weighted average number of common shares outstanding:		
Basic	131.3	131.3
Diluted	133.9	133.9

Selected ratios as a percentage of net sales

Gross profit	81.1%	81.1%
Selling, general and administrative	38.1%	38.2%
Research and development	16.9%	16.9%
(a) Patent infringement settlement.		
(b) Restructuring charge related to the scheduled termination of Allergan's manufacturing and supply agreement with AMO.		
(c) Unrealized gain/(loss) on the mark-to-market adjustment to derivative instruments.		
(d) Technology transfer fee and income from revised Vitrase collaboration agreement with ISTA Pharmaceuticals.		
(e) Favorable recovery of previously paid state income taxes and tax effect for non-GAAP adjustments.		

30

Allergan - Reconciliation of Selected Non-GAAP Financial Measures

	Year Ended December 31, 2003		Year Ended December 31, 2002		Year Ended December 31, 2001				
	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted
Product Sales									
Net sales - pharmaceutical only	\$ 1,672.7		\$ 1,672.7	\$ 1,357.2	\$	\$ 1,357.2	\$ 1,142.1	\$	\$ 1,142.1
Non-pharmaceutical sales (primarily contract sales)	82.7		82.7	27.8		27.8			
Total	1,755.4		1,755.4	1,385.0		1,385.0	1,142.1		1,142.1
Cost of sales - pharmaceutical only	242.5		242.5	191.4	(3.7)(f)	187.7	198.1		198.1
Cost of sales - non-pharmaceutical	77.8		77.8	30.3		30.3			
Product gross margin	1,435.1		1,435.1	1,163.3	3.7	1,167.0	944.0		944.0
Research services margin	1.5		1.5	3.7		3.7	4.2		4.2
Selling, general and administrative	693.6		693.6	629.5	(39.2)(g)	590.3	481.1	(2.9)(n)	478.2
Research & development	763.5	(458.0)(a)	305.5	233.1	(4.7)(h)	228.4	227.5	(40.0)(l)	187.5
Legal settlement				118.7	(118.7)(i)				
Technology fees from related party							(0.7)		(0.7)
Restructuring charge (reversal) and asset write-offs, net	(0.4)	0.4 (b)		62.4	(62.4)(b)		(1.7)	1.7 (m)	
Operating income (loss)	(20.1)	457.6	437.5	123.3	228.7	352.0	242.0	41.2	283.2
Interest income	13.0		13.0	15.8		15.8	30.6		30.6
Interest expense	(15.6)		(15.6)	(17.4)		(17.4)	(18.1)		(18.1)

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Gain (loss) on investments				(30.2)	30.2 (j)		(4.5)	4.5 (j)	
Unrealized gain (loss) on derivative instruments, net	(0.3)	0.3 (c)		(1.7)	1.7 (c)		4.2	(4.2)(c)	
Contribution to The Allergan Foundation									
Other, net	(6.5)	0.9 (d)	(5.6)		1.0 (k)	1.0	6.1	(6.5)(o)	(0.4)
	(9.4)	1.2	(8.2)	(33.5)	32.9	(0.6)	18.3	(6.2)	12.1
Earnings (loss) from continuing operations before income taxes and minority interest	(29.5)	458.8	429.3	89.8	261.6	351.4	260.3	35.0	295.3
Provision for income taxes	22.2	101.1 (e)	123.3	25.1	73.3 (e)	98.4	88.5	(1.5)(e)	87.0
Minority Interest	0.8		0.8	0.7		0.7	0.6		0.6
Earnings from continuing operations	\$ (52.5)	\$ 357.7	\$ 305.2	\$ 64.0	\$ 188.3	\$ 252.3	\$ 171.2	\$ 36.5	\$ 207.7
Basic earnings (loss) per share from continuing operations	\$ (0.40)	\$ 2.74	\$ 2.34	\$ 0.49	\$ 1.46	\$ 1.95	\$ 1.30	\$ 0.28	\$ 1.58
Diluted earnings (loss) per share from continuing operations	\$ (0.40)	\$ 2.71	\$ 2.31	\$ 0.49	\$ 1.43	\$ 1.92	\$ 1.29	\$ 0.26	\$ 1.55
Estimated AMO Spin-off Adjustments						\$ (0.04)			\$ (0.07)
Diluted earnings (loss) per share from continuing operations with AMO Spin-off adjustments						\$ 1.88			\$ 1.48

Effect of adopting
EITF 04-8

\$ (0.01)

Adjusted Diluted
Earnings per Share

\$ 2.30

Total net sales \$ 1,755.4 \$ (45.9)(p) \$ 1,709.5 \$ 1,385.0 \$ 6.5 (p) \$ 1,391.5 \$ 1,142.1 \$ 28.8 (p) \$ 1,170.9

Footnote references are on separate slide.



