
CEO's Message TO SHAREHOLDERS

Dear Shareholders,

Building on the foundation of technology innovation and product development that has been a key driver of our growth strategy for 25 years, Cynosure reported record revenue, strong profitability, and significant positive cash flows in 2015.

Revenue for the year ended December 31, 2015 was \$339.5 million, 16% higher than in 2014. Net income of \$15.8 million, or \$0.70 per diluted share, helped drive cash generation from operating activities of \$37.7 million.

Our financial and operational performances are underpinned by a strategy centered on product innovation, technology excellence, and global distribution. Our product portfolio features an award-winning lineup of solutions including PicoSure®, SculpSure®, MonaLisa Touch®, and Icon™. Our systems address an expansive range of in-demand, high-volume indications that affect patients in fast-growing regions around the world.

As a shareholder, you are no doubt focused on the future. So are we. With the most comprehensive product offerings in our history, and a new recurring revenue business model expected to play an increasing role in our success, we believe we have never had a more exciting market landscape in front of us.

Introducing SculpSure for Non-Invasive Fat Reduction

More than a quarter of the world's adult population – approximately 1.3 billion people – is considered overweight, defined as a Body Mass Index between 25 and 30. Adding the millions of people who simply want to treat small areas of concentrated fat, you begin to understand the significant addressable market for SculpSure, our new breakthrough hyperthermic laser technology for non-invasive fat reduction.

Our latest technology addresses one of the fastest growing aesthetic categories, with a 30% increase in nonsurgical fat reduction procedures performed from 2013 to 2015¹. A survey by the American Society of Dermatologic Surgery reveals that 89% of Americans report feeling bothered by excess weight on their bodies. What's remarkable about SculpSure is that its versatile template system allows patients to achieve a more slender, sculpted figure in just 25 minutes. This is ideal not only for men and women who are pressed for time, but it's also great for physicians, whose practices depend on efficiency and optimization.

¹ American Society for Aesthetic Plastic Surgery

Although SculpSure is the world's first hyperthermic laser for nonsurgical fat reduction, we are not new to this market. In fact, we have been engaged in developing laser lipolysis technology for a decade, having introduced the minimally invasive Smartlipo® to wide acclaim in 2006. The expertise we gained with Smartlipo was critical to the research behind SculpSure, which began development in 2010.

SculpSure provides us a new and unique operating business platform. It is our first aesthetic system developed around a consumables-driven business model. In this case, the consumable is our Patented Applicators for Contouring (PACs), which physicians separately purchase through a USB-style "key" of 100 applicator uses. The combination of the SculpSure system and the PAC keys not only strengthens our gross margin profile but also provides a mechanism to drive utilization.

Supporting Aesthetic Practices at the Local Level

The feedback we have received from physicians and patients since launching SculpSure in late 2015 has only served to fuel our enthusiasm. Doctors report that they love the versatility of SculpSure's template applicator system to treat multiple anatomical areas and the system's hands-free feature. Patients laud the fast treatment time, the comfort of the procedure from start to finish, and the clinical results.

Our marketing strategy for SculpSure focuses on supporting the unique needs of each aesthetic practice. SculpSure is our first product with dedicated sales, field marketing, and field clinical teams. As part of our focus on delivering a world-class platform directly to the physician, along with an expanded sales distribution, we are investing in a dedicated infrastructure that includes field marketing reps and field clinical specialists, who provide ongoing training and support to the customer at the local level.

New Revenue Opportunities for PicoSure

We also continue the advancement of PicoSure, our multi-wavelength laser for tattoos, pigmentation, and skin rejuvenation. The China Food and Drug Administration's 2015 clearance of our 755 nm wavelength laser for tattoos reflects our focus on expanding our reach in multiple regions. The addition of the FOCUS Lens Array, our disposable energy delivery system, has enabled us to gain expanded clearances for the treatment of wrinkles and scars. Our new 532 nm wavelength, which received U.S. FDA clearance last year, creates a powerful dual-wavelength laser system for more effectively removing tattoos of all colors – including red, orange and yellow – in fewer treatments. This year we plan to introduce a third upgradable wavelength for PicoSure, a complementary 1064 nm laser delivery system for maximum versatility in treating the darkest skin types, completing this product platform.

Building our Brand in Gynecological Health

One of the advantages of our business model is that we are not reliant on a single product, platform, or aesthetic indication. We have leveraged our worldwide customer base, industry expertise, technological breadth, and skill as a business integrator to generate multiple growth opportunities.

These competitive advantages were exemplified again in 2015 with the launch of MonaLisa Touch, our fractional CO₂ laser therapy for symptoms associated with vaginal atrophy, a condition commonly seen in postmenopausal women, breast cancer survivors and women who have undergone a hysterectomy. The outstanding response to MonaLisa Touch has established us as a leader in light-based treatments for gynecological health. We are investing in and expanding the clinical reach of MonaLisa Touch by supporting studies at several major U.S. institutions comparing the laser to other therapies for vaginal atrophy and associated symptoms.

Driving Our Commercial Strategy with Clinical Data

Physicians will discuss their clinical experience with MonaLisa Touch in several presentations at the 36th Annual American Society for Laser Medicine and Surgery Conference, which takes place March 30-April 3 in Boston. These presentations underscore the central role we play in advancing important new therapies. They also illustrate the significance we place on supporting our products with objective data.

In addition to MonaLisa Touch, ASLMS will present four scientific abstracts on SculpSure and 10 scientific abstracts on PicoSure.

Expanding our Global Reach

We are truly an international business, represented by 857 employees at year end in 12 countries across North America, Asia and Europe and a global network of distributors in approximately 120 countries. Product revenue outside North America accounted for 39% of our revenue last year, compared with 48% in 2014. While an unfavorable foreign currency exchange and economic softness slowed our business in Europe, revenue in the Asia/Pacific region increased nearly 9% to \$70.2 million. Securing additional regulatory clearances in key overseas markets including China, Taiwan and Korea remains a key element of our strategic plan in 2016.

Maintaining a Strong Balance Sheet

We continue to plan carefully, invest prudently, and spend conservatively, a financial philosophy that has served us well. Our total cash, cash equivalents and short and long-term marketable securities balance at December 31, 2015 was \$182.8 million. In February 2016, our Board of Directors authorized the repurchase of up to \$35 million of our common stock, from time to time, on the open market or in privately negotiated transactions. The buyback program is effective until February 1, 2018.

Looking Ahead

Disciplined execution, technological innovation, and prudent financial management will continue to guide our priorities and anchor our strategy. Catalysts for the quarters ahead include:

- Launching SculpSure across our entire U.S. direct sales force
- Pursuing additional anatomical clearances for SculpSure
- Completing the rollout of SculpSure to our direct sales offices in the UK, France, Germany, Spain, and Australia
- Gaining additional international regulatory clearances
- Broadening the indications for use of MonaLisa Touch by supporting clinical research at several major U.S. institutions
- Extending our leadership in aesthetic health through pace-setting technology innovation and highly differentiated products

On behalf of our employees and Board of Directors, I thank our customers, partners and you, our shareholders, for your ongoing support.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Davin". The signature is fluid and cursive, with a large initial "M" and "D".

Michael Davin

Chairman and Chief Executive Officer

April 1, 2016