

ADVANCED MEDICAL OPTICS INC

Form S-3

August 05, 2005

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As filed with the Securities and Exchange Commission on August 5, 2005

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

ADVANCED MEDICAL OPTICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

33-0986820

(IRS Employer Identification Number)

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1700 E. St. Andrew Place

Santa Ana, California 92705

(714) 247-8200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Aimee S. Weisner

Corporate Vice President, General Counsel and Secretary

1700 E. St. Andrew Place

Santa Ana, California 92705

(714) 247-8200

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

With a copy to:

Jennifer A. Bensch, Esq.

Skadden, Arps, Slate, Meagher & Flom LLP

300 South Grand Avenue, Suite 3400

Los Angeles, California 90071

(213) 687-5000

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

CALCULATION OF REGISTRATION FEE

| Title Of Each Class of Securities To Be Registered | Amount To Be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount Of Registration Fee |
|---|--|---|--|---|
| 1.375% Convertible Senior Subordinated Notes due 2025 Common Stock, par value \$0.01 per share (including the associated Rights to purchase Series A Junior Participating Preferred Stock) (3) | \$ 150,000,000(1) 3,546,105 shares(4) | 100%(2) | \$ 150,000,000(2) | \$ 17,655.00 (5) |

-
- (1) Represents the aggregate principal amount at maturity of the notes originally issued by the registrant on July 18, 2005.
 - (2) Equals the aggregate principal amount of the notes being registered. Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
 - (3) Rights to purchase Series A junior participating preferred stock of the registrant are attached to all shares of the registrant's common stock in accordance with the Rights Agreement, dated June 24, 2002, by and between the registrant and Mellon Investor Services, LLC, as rights agent. The rights are not exercisable until the occurrence of events specified in the Rights Agreement are evidenced by the certificates for the common stock and are transferable solely with the common stock. The value attributable to the rights, if any, is reflected in the value of the common stock.
 - (4) Represents the maximum number of shares of common stock initially issuable upon conversion of the notes. Pursuant to Rule 416 under the Securities Act, also includes such indeterminate number of shares of common stock as may be issued from time to time upon conversion of the notes as a result of the anti-dilution provisions contained therein.
 - (5) No separate consideration will be received for the shares of common stock issuable upon conversion of the notes, and, therefore, no registration fee is required pursuant to Rule 457(i) under the Securities Act.
-

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The selling securityholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 5, 2005

PRELIMINARY PROSPECTUS

\$150,000,000

**1.375% Convertible Senior Subordinated Notes due 2025 and Shares of
Common Stock Issuable Upon Conversion of the Notes**

On July 18, 2005, we issued and sold \$150,000,000 aggregate principal amount of our 1.375% Convertible Senior Subordinated Notes due 2025 in a private offering. Selling securityholders will use this prospectus to resell the notes and the shares of our common stock issuable upon conversion of the notes.

Interest is payable on January 1 and July 1, commencing January 1, 2006. In addition, beginning with the six-month period commencing July 1, 2011, we will also pay contingent interest during any six-month period in which the trading price of the notes, measured over a specified number of trading days, is 120% or more of the principal amount of the notes.

During the periods described herein, holders may convert their notes into cash or, under certain circumstances, cash and shares of our common stock, in each case having an aggregate conversion value equal to the applicable conversion rate multiplied by the weighted average price of our common stock measured over a specified number of trading days. The initial conversion rate is 21.0084 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$47.60 per share), subject to adjustment.

The notes will be convertible at any time on or prior to the trading day preceding June 1, 2011 only during specified periods under the following circumstances: (1) subject to certain exceptions, during the five business-day period following any five consecutive trading-day period in which for each day of such period the trading price of the notes is less than 103% of the conversion value; (2) if a fundamental change occurs; or (3) upon the occurrence of specified corporate transactions. On and after June 1, 2011 until the trading day preceding the maturity date, holders may

convert their notes at any time as described above regardless of the foregoing circumstances.

With respect to each \$1,000 principal amount of notes surrendered for conversion, we will deliver the conversion value to holders as follows: (1) an amount in cash (the principal return) equal to the lesser of (a) the aggregate conversion value of the notes to be converted and (b) \$1,000, and (2) if the aggregate conversion value of the notes to be converted is greater than the principal return, an amount in shares (the net shares) equal to such aggregate conversion value, less the principal return (the net share amount). The number of net shares to be delivered will be determined by dividing the net share amount by the weighted average price of our common stock measured over a specified number of trading days.

In addition, if a fundamental change occurs prior to July 1, 2011, we will increase, for the time periods specified herein, the conversion rate under the circumstances described herein. Notwithstanding the foregoing, in no event will the total number of shares issuable upon conversion exceed 23.6407 per \$1,000 principal amount of notes, subject to adjustment.

Each holder may require us to repurchase in cash all or a portion of its notes at a repurchase price equal to 100% of the principal amount plus accrued and unpaid interest (including contingent interest, if any) and additional interest, if any on July 1, 2011, July 1, 2016 and July 1, 2021 or at any time prior to maturity upon a fundamental change.

We may redeem some or all of the notes on or after July 6, 2011 at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest (including contingent interest, if any) and additional interest, if any.

The notes will be subject to special United States federal income tax rules. For a discussion of the special tax regulations governing contingent payment debt instruments, see Certain United States Federal Income Tax Considerations.

Our common stock is listed on the New York Stock Exchange under the symbol EYE. The last reported sale price of our common stock on August 4, 2005 was \$41.01 per share.

The notes are not listed on any securities exchange or included in any automated quotation system.

Investing in the notes and our common stock issuable upon conversion of the notes involves risks that are described in the Risk Factors section of this prospectus beginning on page 6.

We will not receive any of the proceeds from the sale of the notes or the shares of common stock by the selling securityholders. The notes and the shares of common stock may be offered by the selling securityholders in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. The timing and amount of any sale are within the sole discretion of the selling securityholders. In addition, the shares of common stock may be offered from time to time through ordinary brokerage transactions on the New York Stock Exchange. See Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or any accompanying prospectus supplement is

truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's website at www.sec.gov. Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol "EYE" and all reports, proxy statements and other information filed by us with the NYSE may be inspected at the NYSE's offices at 20 Broad Street, New York, New York 10005. You may find additional information about us and our subsidiaries at <http://www.amo-inc.com>. The information on our website is not a part of this prospectus.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than information in such future filings deemed, under SEC rules, not to have been filed), after the date of this prospectus and until we have sold all of the notes to which this prospectus relates or this offering is otherwise terminated:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, filed on March 2, 2005;

our Quarterly Reports on Form 10-Q for the quarters ended March 25 and June 24, 2005, filed on April 29, 2005 and August 1, 2005, respectively; and

our Current Reports on Form 8-K, filed on January 3, 2005, January 5, 2005, January 13, 2005, March 7, 2005, March 22, 2005, April 18, 2005, May 18, 2005, May 31, 2005, July 13, 2005 (2), July 19, 2005 and July 27, 2005, and on Form 8-K/A, filed on September 9, 2004 and July 13, 2005.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Advanced Medical Optics, Inc.

1700 E. St. Andrew Place

Santa Ana, California 92705

Tel.: (714) 247-8348

Attention: Erika Richmond

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Exhibits to the filings will not be sent, however, unless those exhibits have been specifically incorporated by reference in this prospectus.

The information incorporated by reference in this prospectus is an important part of this prospectus. Any statement in a document incorporated by reference in this prospectus will be deemed to be modified or superseded to the extent a statement contained in this prospectus or any other subsequently filed document that is incorporated by reference in this prospectus modifies or supersedes such statement.

TRADEMARKS AND TRADE NAMES

We own or have rights to use certain trademarks or tradenames that we use in conjunction with the sale of our products, including, without limitation, each of the following: *Advanced Medical Optics*® (and design), *Amadeus*, *AMO*, *Array* (and design), *Baerveldt*®, *blink contacts*, *Blink-n-Clean*®, *CeeOn*®, *ClariFlex*, *ComfortPLUS*®, *COMPLETE*®, *COMPLETE MoisturePLUS*, *COMPLETE Rapidcare*, *Consept F*, *Consept 1 Step*, *Endosol*, *GMAqua*, *Healon*®, *Healon5*® (and design), *Healon GV*®, *Injector Ring*, *Innovating Vision*, *LC65*, *Lens Plus*®, *Ocupure*, *OptiEdge*, *Oxysept*®, *Oxysept 1 Step*, *PhacoFlex*® II, *Proficient*, *ReZoom* (and design), *Sensar*®, *Sovereign*®, *Sovereign Compact*®, *SI30NB*®, *SI40NB*®, *Stabileyes*, *Stylus*®, *Tecnis*®, *The Unfolder*®, *Total Care*®, *UltraCare*®, *Ultrazyme*®, *Verisyse*, *Vitrax*®, and *WhiteStar*® (and design).

As a result of our merger with VISX, Incorporated, we also own or have rights to the following trademarks or tradenames: *VISX*®, *VISX STAR*®, *VISXPRESS*®, *VISX STAR S2*, *VISX STAR S3*®, *STAR S2*, *STAR S3*®, *VISX STAR S4*, *STAR S4*, *VISX STAR S3 ActiveTrak*®, *VISX University*®, *Custom Vue*® (and design), *PreVue*®, *CUSTOM-CAP*®, *VSS*, *VisionKey*®, *WaveScan*®, and *WaveScan WaveFront*®.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Exchange Act. All statements other than statements of historical fact are forward-looking statements for purposes of this prospectus and the information incorporated by reference herein, including, without limitation, statements as to the anticipated effects and benefits of the VISX merger, any predictions of earnings, revenue, expenses or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new products; any statements regarding future economic conditions; any statements concerning our future operations, financial condition and prospects; and any statements of assumptions underlying the foregoing. In some cases, you can identify forward-looking statements by terminology such as may, will, would, could, should, expects, intends, plans, anticipates, believes, estimates, seeks, potential, likely, continue, or similar words, or expressions of the negative of these terms. These forward-looking statements are only predictions and, accordingly, are subject to substantial risks, uncertainties and assumptions.

Some of the factors that might cause actual results to differ materially from the forward-looking statements made in this prospectus or that might cause us to modify our plans or objectives include, but are not limited to, the following:

Uncertainties associated with the research and development and regulatory processes;

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Our ability to make and integrate acquisitions or enter into strategic alliances;

Exposure to risks associated with doing business outside of the United States, where we conduct a significant amount of our sales and operations;

Foreign currency risks and fluctuation in interest rates;

Our ability to introduce new commercially successful products in a timely manner;

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Our ability to maintain a sufficient and timely supply of products we manufacture;

Our reliance on sole source suppliers for raw materials and other products;

Intense competition from companies with substantially more resources and a greater marketing scale;

Risks and expenses associated with our ability to protect our intellectual property rights;

Risks and expenses associated with intellectual property litigation and infringement claims;

Unexpected losses due to product liability claims, product recalls or corrections, or other litigation;

Our ability to maintain our relationships with health care providers;

Risks, uncertainties and delays associated with extensive government regulation of our business, including risks associated with regulatory compliance, quality systems standards, and complaint-handling;

Our ability to attract, hire and retain qualified personnel;

Risks associated with indemnification obligations and potential tax liabilities associated with our spin-off from Allergan;

Our significant debt, which contains covenants limiting our business activities;

The impact of a change in the accounting treatment of stock options or other significant changes to generally accepted accounting principles;

Risks associated with our ability to successfully integrate VISX and realize the benefits of the combined company;

Changes in market acceptance of laser vision correction;

The possibility of long-term side effects and adverse publicity regarding laser correction surgery;

The effect of weak or uncertain general economic conditions on the ability of individuals to afford laser vision correction; and

Reliance on a small number of customers for a significant portion of our laser vision correction revenues.

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Other factors that may cause our actual results to differ from the forward-looking statements contained herein and that may affect our prospects in general are included under the heading "Risk Factors" in this prospectus and in our filings with the SEC.

We caution you that any forward-looking statement reflects only our belief at the time the statement is made. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements to reflect events or developments after the date of this prospectus.

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SUMMARY

This summary highlights some important information about our business and about this offering. It does not include all of the information you should consider before deciding to purchase any notes or shares of our common stock. Please review this entire prospectus and the information incorporated herein by reference, including the risk factors section and our consolidated financial statements and related notes before you decide to purchase any notes or shares of our common stock.

On May 27, 2005, we completed our acquisition of VISX through a merger transaction. Except as otherwise indicated in this prospectus or as the context may otherwise indicate, in this prospectus the words we, our, us and AMO refer to Advanced Medical Optics, Inc. and its subsidiaries, including VISX after consummation of the VISX merger, and VISX means VISX, Incorporated and its subsidiaries prior to and after consummation of the VISX merger, as applicable. Unless stated otherwise, as used herein on an as adjusted basis or as adjusted means after giving effect to the original offering of the notes, including the use of proceeds therefrom.

Our Company and the VISX Merger

We are a global leader in the development, manufacture and marketing of medical devices for the eye. On May 27, 2005, we completed our acquisition of VISX for a total consideration of approximately \$1.38 billion, consisting of approximately 27.8 million shares of our common stock, the fair value of VISX stock options converted to AMO stock options and approximately \$176.2 million in cash. Prior to the VISX merger, we had two major product lines: ophthalmic surgical and eye care. Our ophthalmic surgical product line provides medical devices for use in the cataract and refractive surgery markets. In the cataract surgery market, we focus on the four key products required for cataract surgery—foldable intraocular lenses, or IOLs, implantation systems, phacoemulsification systems and viscoelastics. In the refractive surgery market, in addition to IOLs and viscoelastics, we market microkeratomes for use in the LASIK procedure. Our eye care product line provides a full range of contact lens care products for use with most types of contact lenses. These products include single-bottle, multi-purpose cleaning and disinfecting solutions, hydrogen peroxide-based disinfecting solutions, daily cleaners, enzymatic cleaners and contact lens rewetting drops. In 2004, we began selling contact lenses in Europe, as well. Our products were sold in approximately 60 countries, and we had direct operations in approximately 20 countries.

In June 2004, we completed our acquisition of Pfizer Inc.'s ophthalmic surgical business, which expanded our viscoelastic and IOL product offerings, allowing us to offer a more comprehensive portfolio of products required to perform cataract surgery. We acquired the *Healon* family of viscoelastic products and the *Tecnis* and *CeeOn* IOL brands. The addition of the *Healon* family, one of the leading viscoelastic brands, significantly expanded our viscoelastic product line. The *Tecnis* and *CeeOn* IOL brands further strengthened our position in the ophthalmic surgery market with the *Tecnis* multifocal IOL brand expanding our product offerings into the refractive correction market. We also acquired the *Baerveldt* glaucoma shunt, or drainage device, which provided an entry for us into the glaucoma market.

As a result of the VISX merger, we are a leader in the design and development of proprietary technologies and systems for laser vision correction of refractive vision disorders. VISX products include the VISX *STAR* Excimer Laser System, which is a fully integrated ophthalmic medical device incorporating an excimer laser and a computer driven workstation; the VISX *WaveScan* System, which is a diagnostic device that uses laser beam technology to measure comprehensive refractive errors of the eye and derive comprehensive refractive information about a patient's individual optical system; and VISX treatment cards, which provide the user with specific access to proprietary software and are required to operate the VISX *STAR* Excimer Laser System.

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We sell the VISX products worldwide. The majority of revenues from the VISX business are generated through licensing fees charged for the performance of laser vision correction using the VISX *STAR* Excimer Laser System. The license fee charged for a particular procedure depends on whether the procedure is performed in the United States or internationally, and the type of procedure involved. VISX has also licensed its technology to other laser system companies and generally receives royalties for the sale of its systems or for procedures that are performed in the United States using its systems.

We were incorporated in Delaware in October 2001 as a subsidiary of Allergan, Inc. (Allergan). Allergan spun-off our company to its stockholders by way of a distribution of all of our shares of common stock on June 29, 2002. As a result of our spin-off from Allergan, we are a publicly traded, independent company and Allergan has no continuing stock ownership in us. Our principal executive offices are located at 1700 E. St. Andrew Place, Santa Ana, California 92705. Our telephone number is (714) 247-8200. Our website can be found at www.amo-inc.com. Information on our website is not deemed to be a part of this prospectus.

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The Offering

We provide the following summary solely for your convenience. This summary is not a complete description of the notes. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the notes and our common stock issuable upon conversion of the notes, see the sections entitled "Description of the Notes" and "Description of Capital Stock" in this prospectus. With respect to the discussion of the terms of the notes on the cover page, in this section and in the section entitled "Description of the Notes," the words "we," "our," "us" and "AMO" refer only to Advanced Medical Optics, Inc. and not any of its subsidiaries.

| | |
|----------------------------|--|
| Issuer | Advanced Medical Optics, Inc. |
| Notes Offered | \$150.0 million aggregate principal amount of 1.375% Convertible Senior Subordinated Notes due 2025. |
| Payment at Maturity | July 1, 2025. |
| Interest | 1.375% per year. Interest will be payable in cash on January 1 and July 1 of each year, beginning January 1, 2006. |
| Contingent Interest | <p>Beginning with the six-month interest period commencing July 1, 2011, we will pay contingent interest in cash during any six-month interest period in which the trading price of the notes for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the notes.</p> <p>During any interest period when contingent interest shall be payable, the contingent interest payable per \$1,000 principal amount of notes will equal 0.25% of the average trading price of \$1,000 principal amount of the notes during the five trading days immediately preceding the first day of the applicable six-month interest period.</p> |
| Ranking | <p>The notes will be our general unsecured senior subordinated obligations. Accordingly, they will be:</p> <ul style="list-style-type: none"> subordinated in right of payment to all of our existing and future indebtedness, including our senior credit facility, but excluding indebtedness that expressly provides that it ranks equal or subordinate in right of payment to the notes; equal in right of payment to all of our existing and future senior subordinated indebtedness, including our 2.50% convertible senior subordinated notes due 2024 and our 3 1/2% convertible senior subordinated notes due 2023; and senior in right of payment to all of our future subordinated indebtedness. <p>In addition, our secured creditors, including the lenders under our senior credit facility, will have a prior claim, ahead of the notes, on the assets securing their secured debt, and the creditors of our subsidiaries, including the lenders under our senior credit facility in the case of our subsidiaries that are guarantors of the senior credit facility, will have a prior claim, ahead of the notes, on the assets of such subsidiaries.</p> <p>As of June 24, 2005, we (excluding our subsidiaries) would have had:</p> <ul style="list-style-type: none"> total senior indebtedness of approximately \$109.5 million on an as adjusted basis, all of which would have been secured by substantially all of our assets, and the ability to borrow under our senior credit facility additional senior secured indebtedness of approximately \$184.8 million on an as adjusted basis; |

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total senior subordinated indebtedness of approximately \$505.6 million on an as adjusted basis; and

no indebtedness contractually subordinated to the notes on an as adjusted basis.

As of June 24, 2005, our subsidiaries would have had approximately \$165.5 million of indebtedness and other liabilities, including trade payables but excluding intercompany liabilities, on an as adjusted basis, all of which would have had a prior claim, ahead of the notes, on the assets of those subsidiaries.

Conversion Rights

Holders may convert their notes into cash or, under certain circumstances, cash and shares of our common stock at any time on or prior to the trading day preceding June 1, 2011, subject to prior redemption or repurchase only during the specified periods under the following circumstances:

during the five business days after any five consecutive trading-day period in which the trading price per \$1,000 principal amount of notes for each day of such measurement period was less than 103% of the conversion value, which equals the product of the closing sale price of our common stock and the conversion rate then in effect; or

if a fundamental change occurs; or

during prescribed periods upon the occurrence of certain corporate events described under Description of the Notes Conversion Rights Conversion Upon Specified Corporate Transactions.

On and after June 1, 2011, to (and including) the trading day preceding the maturity date, subject to prior redemption or repurchase, the notes will be convertible into cash and, if applicable, shares of our common stock regardless of the foregoing circumstances.

The initial conversion rate is 21.0084 shares of common stock per \$1,000 principal amount of notes, which represents an initial conversion price of approximately \$47.60 per share, subject to adjustment, as described under Description of Notes Conversion Rights Conversion Rate Adjustments.

At the time notes are tendered for conversion, for each \$1,000 principal amount of notes converted, a holder will be entitled to receive cash and shares of our common stock, if any, the aggregate value of which (the conversion value) will be determined by multiplying the applicable conversion rate by the average of the daily volume weighted average price of our common stock for each of the ten consecutive trading days beginning on the second trading day immediately following the day the notes are tendered for conversion (the ten day weighted average price). With respect to each \$1,000 principal amount of notes surrendered for conversion, we will deliver the conversion value to holders as follows: (1) an amount in cash (the principal return) equal to the lesser of (a) the aggregate conversion value of the notes to be converted and (b) \$1,000, and (2) if the aggregate conversion value of the notes to be converted is greater than the principal return, an amount in shares (the net shares) equal to such aggregate conversion value, less the principal return (the net share amount). The number of net shares to be delivered will be determined by dividing the net share amount by the ten day weighted average price of our common stock measured over a specified number of trading days. Notwithstanding the foregoing, in no event will the total number of shares issuable upon conversion exceed 23.6407 per \$1,000 principal amount of notes, subject to adjustment.

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|---|---|
| | <p>Upon any conversion, subject to certain exceptions, holders will not receive any cash payment representing accrued and unpaid interest (including contingent interest, if any) and additional interest, if any. See Description of Notes Conversion Rights.</p> |
| Make Whole Amount | <p>On or prior to July 1, 2011, upon the occurrence of a fundamental change, under certain circumstances, we will provide for a make whole amount by increasing, for the time period described herein, the conversion rate by a number of additional shares for any conversion of notes in connection with such fundamental change transactions, as described under Description of Notes Conversion Rights Make Whole Amount. The amount of additional shares will be determined based on the price paid per share of our common stock in the transaction constituting a fundamental change and the effective date of such transaction.</p> <p>No make whole premium will be paid if the stock price is less than \$42.30 or if the stock price exceeds \$200.00 (in each case, subject to adjustment).</p> |
| Sinking Fund | <p>None.</p> |
| Optional Redemption by AMO | <p>We may not redeem the notes prior to July 6, 2011. We may redeem some or all of the notes for cash on or after July 6, 2011 at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest (including contingent interest, if any) and additional interest, if any, to, but not including, the redemption date.</p> |
| Optional Repurchase Right of Holders | <p>Holders may require us to repurchase in cash all or a portion of their notes on July 1, 2011, July 1, 2016 and July 1, 2021 at a repurchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest (including contingent interest, if any) and additional interest, if any, to, but not including, the repurchase date.</p> |
| Fundamental Change Repurchase Right of Holders | <p>Holders may require us to repurchase in cash all or a portion of their notes upon a fundamental change (as described under Description of the Notes Repurchase at the Option of the Holder Fundamental Change Put) at a repurchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest (including contingent interest, if any) and additional interest, if any, to, but not including, the repurchase date. No make whole amount will be payable to a holder that elects to have its notes so repurchased.</p> |
| Events of Default | <p>If an event of default on the notes occurs, the principal amount on the notes, plus accrued and unpaid interest (including contingent interest, if any) and additional interest, if any, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving AMO.</p> |
| Registration Rights | <p>Pursuant to a registration rights agreement we have entered into with the initial purchasers of the notes, we have filed a shelf registration statement, of which this prospectus is a part, with the SEC relating to the resale of the notes and the common stock issuable upon conversion of the notes. We have agreed to use our reasonable best efforts to keep the shelf registration statement effective until the date that there are no longer any registrable securities, as defined in Description of Notes Registration Rights. We are required to pay liquidated damages on each interest payment date if we fail to keep such registration statement effective during the specified time periods. See Description of Notes Registration Rights.</p> |

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Trading

The notes will not be listed on any securities exchange or included in any automated quotation system. The notes initially sold to qualified institutional buyers are eligible for trading in the PORTALSM Market. However, the notes resold pursuant to this prospectus will no longer be eligible for trading in The PORTALSM Market. An active or liquid market may not develop for the notes.

New York Stock Exchange Symbol for Our Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol EYE.

Use of Proceeds

We will not receive any of the proceeds upon the resale of the notes or the common stock by any selling security holder.

United States Federal Income Tax Considerations

We and each holder of notes will agree to treat the notes, for United States federal income tax purposes, as debt instruments that are subject to the Treasury regulations that govern contingent payment debt instruments and to be bound by our application of such regulations to the notes, including our determination that the rate at which interest will be deemed to accrue for United States federal income tax purposes will be 6.90% compounded semi-annually. Accordingly, each holder will recognize taxable income significantly in excess of cash received while the notes are outstanding. In addition, a U.S. Holder will recognize ordinary income upon a sale, exchange, conversion, redemption, or repurchase of the notes at a gain. See Certain United States Federal Income Tax Considerations.

Risk Factors

See Risk Factors for a discussion of factors that should be considered with respect to an investment in the notes.

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RISK FACTORS

You should carefully consider the following risks and other information included or incorporated by reference in this prospectus before deciding to purchase any notes or shares of our common stock. These risks and uncertainties are not the only ones we face. Others that we do not know about now, or that we do not now think are important, may also impair our business. The risks described in this section and included or incorporated by reference in this prospectus could cause our actual results to differ materially from those anticipated.

Risks Relating to Our Business

Although we expect that the VISX merger will result in benefits to the combined company, the combined company may not realize those benefits because of integration and other challenges.

Our ability to realize the anticipated benefits of the VISX merger will depend, in part, on our ability to integrate the VISX business with our business. The combination of two independent companies is a complex, costly and time-consuming process. This process may disrupt our business, and may not result in the full benefits expected by us, if any. The difficulties of combining the operations of the companies include, among others:

coordinating marketing functions;

unanticipated issues in integrating information, communications and other systems;

unanticipated incompatibility of purchasing, logistics, marketing and administration methods;

retaining key employees;

consolidating corporate and administrative infrastructures;

the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Our combination with VISX may not result in the realization of the full benefits and synergies, if any, anticipated from the VISX merger.

An unfavorable outcome in the securities class action lawsuit pending against VISX and certain of its directors and executive officers could result in VISX's stockholders having rights of rescission against the merger.

On or about November 12, 2004, two putative class action lawsuits were filed in the Superior Court of the State of California, County of Santa Clara, against VISX and its board of directors. The cases were captioned William Kinchy vs. VISX, Incorporated, et al., Case No. 104CV030447 and Douglas Shearer vs. VISX, Incorporated, et al., Case No. 104CV030452 and subsequently consolidated under the Kinchy case. The Kinchy amended complaint seeks an injunction prohibiting VISX from consummating the merger and rights of rescission against the merger and any of the terms of the Merger Agreement, as well as attorneys' fees and costs. On March 14, 2005, VISX reached an agreement in principle with plaintiff's counsel pursuant to which plaintiff will release the defendants, as well as us and certain VISX agents and affiliates from all claims that have been brought or could have been brought under state or federal law arising out of or relating to the VISX merger. This settlement agreement, however, remains subject to approval by the court. There can be no assurance that such approval will be obtained.

We may not successfully make or integrate acquisitions or enter into strategic alliances.

As part of our business strategy, we intend to pursue selected acquisitions and strategic alliances and partnerships. We compete with other ophthalmic surgical products and eye care companies, among others, for these opportunities and we cannot assure you that we will be able to effect strategic alliances, partnerships or acquisitions on commercially reasonable terms or at all. Even if we do enter into these transactions, we may experience:

delays in realizing the benefits we anticipate, or we may not realize the benefits we anticipate at all;

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difficulties in integrating any acquired companies and products into our existing business;

attrition of key personnel from acquired businesses;

costs or charges;

difficulties or delays in obtaining regulatory approvals;

higher costs of integration than we anticipated; or

unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development or expansion of our existing operations.

Consummating these transactions could also result in the incurrence of additional debt and related interest expense, as well as unforeseen contingent liabilities, all of which could have a material adverse effect on our business, financial condition and results of operations. We may also issue additional equity in connection with these transactions, which would dilute our existing stockholders.

We conduct a significant amount of our sales and operations outside of the United States, which subjects us to additional business risks that may cause our profitability to decline.

Because we manufacture and sell a significant portion of our products in a number of foreign countries, our business is subject to risks associated with doing business internationally. In particular, our products are sold in over 60 countries, and our manufacturing facilities are located outside the continental United States, in Añasco, Puerto Rico; Madrid, Spain; and Hangzhou, China. In connection with the acquisition of Pfizer's ophthalmic surgical business, we acquired Pfizer's ophthalmic surgical products and certain manufacturing and research and development facilities located in Uppsala, Sweden; Groningen, Netherlands; and Bangalore, India. In 2004, on an historical basis, we derived approximately \$555 million, or 75%, of our net sales, from sales of our products outside of the United States, including 26% of our net sales in Japan. We intend to continue to pursue growth opportunities in sales internationally, which could expose us to greater risks associated with international sales and operations. Our international operations are, and will continue to be, subject to a number of risks and potential costs, including:

unexpected changes in foreign regulatory requirements;

differing local product preferences and product requirements;

fluctuations in foreign currency exchange rates;

political and economic instability;

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changes in foreign medical reimbursement and coverage policies and programs;

diminished protection of intellectual property in some countries outside of the United States;

trade protection measures and import or export licensing requirements;

difficulty in staffing and managing foreign operations;

differing labor regulations; and

potentially negative consequences from changes in tax laws.

Any of these factors may, individually or as a group, have a material adverse effect on our business and results of operations. In addition, we are particularly susceptible to the occurrence of any of these risks in Japan, due to our high concentration of sales in Japan.

As we expand our existing international operations, we may encounter new risks. For example, as we focus on building our international sales and distribution networks in new geographic regions, we must continue to develop relationships with qualified local distributors and trading companies. If we are not successful in developing these relationships, we may not be able to grow sales in these geographic regions. These or other similar risks could adversely affect our revenue and profitability.

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We are exposed to foreign currency risks from our international operations that could adversely affect our financial results.

A significant portion of our sales and operating costs are, and from time to time, a portion of our indebtedness may be, denominated in foreign currencies. We are therefore exposed to fluctuations in the exchange rates between the U.S. dollar and the currencies in which our foreign operations receive revenues and pay expenses, including debt service. Our consolidated financial results are denominated in U.S. dollars and therefore, during times of a strengthening U.S. dollar, our reported international sales and earnings will be reduced because the local currency will translate into fewer U.S. dollars. In addition, the assets and liabilities of our non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at the weighted average exchange rate for the period. Translation adjustments arising from the use of differing exchange rates from period to period are included in Accumulated other comprehensive income in Stockholders' equity. Gains and losses resulting from foreign currency fluctuations and remeasurements relating to foreign operations deemed to be operating in U.S. dollar functional currency are included in Other, net in our consolidated statements of operations. Accordingly, changes in currency exchange rates will cause our net earnings and stockholders' equity to fluctuate.

Our historical financial information and the historical financial information of Pfizer's ophthalmic surgical business incorporated by reference into this prospectus may not be indicative of future results.

Our historical financial information prior to our separation from Allergan does not reflect what our results of operations, financial condition and cash flows would have been had we been a separate, stand-alone entity pursuing independent strategies during the periods presented. We have not made adjustments to our historical financial information for periods prior to June 29, 2002 to reflect changes that occurred in our cost structure, financing and operations as a result of our separation from Allergan. In addition, our historical financial information for periods prior to June 29, 2002 does not reflect any increased costs associated with being a publicly traded, independent company. As a result, our historical financial information is not necessarily indicative of our future results of operations, financial condition and cash flows and should not be relied upon for evaluating our business.

The historical financial information of Pfizer's ophthalmic surgical business incorporated by reference into this prospectus does not reflect what the business' results of operations or financial condition would have been had it operated as a stand-alone entity. Prior to the acquisition of Pfizer's ophthalmic surgical business, Pfizer's ophthalmic surgical business was comprised of a group of products within Pfizer's Global Pharmaceutical Group. Pfizer acquired the business in April 2003 as part of its acquisition of Pharmacia. Prior to that time, the business was part of a larger ophthalmic franchise within Pharmacia that included certain ophthalmic pharmaceutical products, and, after the acquisition, Pfizer retained the business under a similar str