

ADVANCED MEDICAL OPTICS INC

Form S-3

September 11, 2003

Table of Contents

As filed with the Securities and Exchange Commission on September 11, 2003

Registration No. 333-

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)

1700 E. St. Andrew Place

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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:

Brian S. McCarthy, 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. "

Table of Contents

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
3½% Convertible Senior Subordinated Notes due April 15, 2023	\$140,000,000(1)	100%(2)	\$140,000,000(2)	\$11,326
Common Stock, par value \$0.01 per share (including the associated Rights to purchase Series A Junior Participating Preferred Stock (3)	6,816,796 shares(4)			(5)

- (1) Represents the aggregate principal amount at maturity of the notes originally issued by the registrant on June 24, 2003.
- (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 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.

Table of Contents

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 September 11, 2003

PROSPECTUS

\$140,000,000

3½% Convertible Senior Subordinated Notes due April 15, 2023

and

Shares of Common Stock Issuable Upon Conversion of the Notes

On June 24, 2003, we issued and sold \$140,000,000 aggregate principal amount of our 3½% Convertible Senior Subordinated Notes due April 15, 2023 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.

Each holder's notes are convertible, at such holder's option, into shares of our common stock at a conversion rate of 48.6914 shares per \$1,000 principal amount of notes (which represents a conversion price of approximately \$20.538 per share), subject to adjustment as described in this prospectus, only in the following circumstances: (1) during any fiscal quarter commencing after September 30, 2003 if the closing sale price of our common stock exceeds 120% of the conversion price for at least 20 trading days in the 30 consecutive trading-day period ending on the last trading day of the preceding fiscal quarter; (2) subject to certain exceptions, during the five business days after any five consecutive trading day period in which the trading price per \$1,000 principal amount of the notes for each day of such period was less than 95% of the product of the closing sale price of our common stock and the conversion rate; (3) upon the occurrence of specified credit rating events with respect to the notes; (4) if the notes have been called for redemption; or (5) upon the occurrence of certain corporate events. Upon conversion, we have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock.

The notes bear interest at a rate of 3½% per year. Interest on the notes is payable on April 15 and October 15 of each year, beginning on October 15, 2003. Beginning with the six-month interest period commencing April 15, 2008, we will pay contingent interest during any six-month interest period if the trading price of the notes for each of the five trading days ending on the second trading day immediately preceding the first

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day of the applicable six-month period equals 120% or more of the principal amount of the notes.

The notes are subject to special United States federal income tax rules. For a discussion of the special tax regulations governing contingent payment debt securities, see United States Federal Income Tax Consequences.

Each holder may require us to repurchase its notes on April 15 of 2008, 2013 and 2018 or upon specified events at a purchase price equal to 100% of the principal amount plus accrued but unpaid interest, including contingent interest, if any. If a holder requires us to repurchase notes, we may choose to pay the repurchase price in cash or shares of our common stock or a combination of cash and shares of our common stock. We may redeem some or all of the notes on or after April 18, 2008.

Our common stock is listed on the New York Stock Exchange under the symbol AVO. On September 10, 2003, the closing sale price of our common stock as reported by the New York Stock Exchange was \$17.55 per share.

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

The notes are unconditionally guaranteed by our subsidiary AMO Holdings, LLC. Provided that we do not issue any senior subordinated debt securities guaranteed by any of our subsidiaries, the AMO Holdings guarantee will terminate on the date we have paid in full all of our 9¼% senior subordinated notes due 2010.

The notes are subordinated in right of payment to all of our existing and future senior indebtedness, including indebtedness under our senior credit facility, and the subsidiary guarantee is subordinated in right of payment to the subsidiary guarantor's existing and future senior indebtedness. Claims of creditors and holders of preferred stock of our non-guarantor subsidiaries generally will have priority with respect to the assets of those subsidiaries over our claims and the claims of our creditors, including holders of the notes. The notes rank equal in right of payment to our outstanding 9¼% senior subordinated notes due 2010.

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 8.

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 _____, 2003.

Table of Contents

TABLE OF CONTENTS

<u>WHERE YOU CAN FIND MORE INFORMATION</u>	i
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	ii
<u>SUMMARY</u>	1
<u>RISK FACTORS</u>	8
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	19
<u>USE OF PROCEEDS</u>	20
<u>PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY</u>	20
<u>DESCRIPTION OF THE NOTES</u>	21
<u>DESCRIPTION OF CAPITAL STOCK</u>	40
<u>UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u>	45
<u>SELLING SECURITYHOLDERS</u>	51
<u>PLAN OF DISTRIBUTION</u>	53
<u>LEGAL MATTERS</u>	55
<u>EXPERTS</u>	55

Unless otherwise indicated, all references in this prospectus to Advanced Medical Optics, AMO, company, we, our, us or similar terms refer to Advanced Medical Optics, Inc., together with its subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file periodic reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). You may read and copy any document that we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, DC 20549 and the SEC's regional office located at 500 West Madison Street, Suite 1400, Chicago, IL 20549. You may obtain further information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings also are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. In addition, you may inspect our SEC filings at the offices of the New York Stock Exchange, Inc. at 20 Broad Street, New York, New York 10005. You may find additional information about Advanced Medical Optics and its 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 (other than current reports furnished under Item 9 or 12 of Form 8-K), 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, 2002, filed with the SEC on March 14, 2003;

our Quarterly Reports on Form 10-Q for the quarter ended March 28, 2003, filed with the SEC on May 5, 2003, and for the quarter ended June 27, 2003, filed with the SEC on August 5, 2003; and

our Current Reports on Form 8-K, filed with the SEC on April 1, 2003, June 18, 2003, June 19, 2003, June 20, 2003, June 26, 2003, July 1, 2003, July 8, 2003, July 17, 2003 and July 23, 2003.

Table of Contents

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) 247-8200

Attention: Investor Relations

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 trademarks or trade names that we use in conjunction with the sale of our products, including, without limitation, each of the following: Advanced Medical Optics, Allervisc[®], Amadeus, AMO[®], Array[®], blink, Blink-n-Clean[®], ClariFlex[®], Complete[®], Complete[®]ComfortPLUS Concept F[®], Concept 1 Step[®], Diplomax[®], Injector Ring, OptiEdge, Oxysept 1 Step[®], PhacoFlex[®] II SI30NB[®], SI40NB[®], SI55NB[®], Prestige[®], Sensar[®], Sovereign[®], Sovereign[®]Compact, The Unfolder[®], Total Care[®], UltraCare[®], Ultrazyme[®], Verisyse, Vitrax[®], and Whitestar.

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 1993, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical fact are forward-looking statements for purposes of these sections, including, without limitation, statements as to the anticipated effects of this offering; any predictions of earnings, revenues, 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, predicts, 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.

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Some of the factors that might cause actual results to differ materially from the forward-looking statements we make in this prospectus, might cause us to modify our plans or objectives, may affect our ability to pay timely amounts due under the notes and/or may affect the value of the notes and the shares of common stock issuable upon conversion of the notes include, but are not limited to, those described under Risk Factors in this prospectus.

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 future results, levels of activity, performance or achievements. We undertake no obligation to update any of the forward-looking statements to reflect events or developments after the date of this prospectus.

Table of Contents

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 prospectus in its entirety, including the risk factors section, and the information incorporated by reference in this prospectus, before you decide to purchase any notes or shares of our common stock.

Advanced Medical Optics, Inc.

We were incorporated in Delaware in October 2001 as a subsidiary of Allergan, Inc. Allergan spun-off our company to its stockholders by way of a pro rata distribution of all of our shares of common stock on June 29, 2002. As a result of our spin-off from Allergan, we are now an independent public company, and Allergan has no continuing stock ownership in us.

Our Businesses

We are a global leader in the development, manufacture and marketing of medical devices for the eye and eye care products. We have two major product lines: ophthalmic surgical and eye care.

Ophthalmic Surgical Product Line

Our ophthalmic surgical products business develops, manufactures and markets medical devices for the cataract and refractive surgery markets. We focus on three major segments of the cataract surgery market:

foldable intraocular lenses, referred to as IOLs, implanted in the lens capsule to restore sight;

phacoemulsification machines used to break-up the cloudy human lens prior to its replacement with an IOL; and

related surgical accessories such as implantation systems, viscoelastics and disposables.

Foldable IOLs we market for small incision cataract surgery include the Array[®] multifocal silicone IOL; our PhacoflexII[®] line of monofocal silicone IOLs; and the Sensar[®] acrylic IOL. Our third-generation silicone IOL is the ClariFlex[®] lens. Both the ClariFlex[®] and Sensar[®] lenses have our patented OptiEdge square edge, with a design intended to reduce post-surgical posterior capsular opacification (PCO), the need for subsequent laser procedures, and the potential for unwanted glare and reflections following implantation. Along with foldable IOLs, we also market a series of insertion systems for each of our foldable lens models, referred to as The UnFolder[®] implantation systems. These systems assist the surgeon in achieving controlled release of IOLs.

Phacoemulsification is a method of cataract extraction that uses ultrasound waves to break the natural lens into small fragments that can then be removed. We currently market the Prestige[®], AMO[®] Diplomax[®], Sovereign[®] and Sovereign[®] Compact phacoemulsification systems. We also market AMO[®] Vitrax[®] and CoEase viscoelastics used to maintain the anterior chamber and protect endothelial cells during cataract surgery. We have partnered with Allegiance Healthcare Corporation to provide custom surgical procedure packs to our U.S. and European customers. We also market and distribute the Injector Ring capsular tension rings in Europe that are manufactured by Corneal Laboratories. Capsular tension rings are inserted into the capsular bag during cataract surgery and function to stabilize the capsular bag during placement of IOLs.

Table of Contents

In the refractive surgery market, we offer the Amadeus microkeratome. Surgeons use microkeratomes in LASIK procedures to cut a flap of corneal tissue that is folded back during the laser procedure and then folded back to its original position. We are the exclusive worldwide distributor of the Amadeus microkeratome and SurePass[®] microkeratome blades, which are manufactured by SIS AG, Surgical Instrument Systems in Switzerland. In addition, we market the Verisyse phakic IOL in Europe, used in refractive surgery for the correction of hyperopia, myopia and astigmatism. This lens is undergoing late-stage trials in the United States. Once approved, we intend to market and distribute the lens globally, with exclusive marketing and distribution rights in the United States, Mexico, Canada and Japan. We also have a co-marketing agreement with VISX Incorporated, which sells excimer laser systems for vision correction.

In January 2003, we acquired from Optikon worldwide distribution rights to an AMO branded vitreal retinal system. This system allows us to enter a new market segment for treatments for the back of the eye.

Eye Care Product Line

We develop, manufacture and market a full range of products for use with most types of contact lenses. These products include single-bottle multi-purpose cleaning and disinfecting solutions to destroy harmful microorganisms in and on the surface of contact lenses; daily cleaners to remove undesirable film and deposits from contact lenses; enzymatic cleaners to remove protein deposits from contact lenses; and contact lens rewetting drops to provide added wearing comfort. Our leading brands include blink, Complete[®], Complete[®] MoisturePLUS, Complete Blink-N-Clean[®], Consept F[®], Consept 1 Step[®], Oxysept 1 Step[®], UltraCare[®], Ultrazyme[®] and Total Care[®].

International Operations

Our products are sold in over 60 countries. International sales represented 72%, 69% and 69% of total sales for the years ended December 31, 2002, 2001 and 2000, respectively, and 74% for the six months ended June 27, 2003. Of those international sales, sales in Japan represented 27%, 25% and 24% for the years ended December 31, 2002, 2001 and 2000, respectively, and 27% for the six months ended June 27, 2003.

Our Agreements with Allergan

As a result of the spin-off, we and Allergan operate independently of each other as separate public companies. Neither we nor Allergan has any beneficial stock ownership interest in the other. In connection with the spin-off, we entered into a contribution and distribution agreement with Allergan that, together with other ancillary agreements with Allergan, have facilitated our separation. These agreements continue to govern our relationship with Allergan subsequent to the spin-off and provide for the allocation of employee benefits, tax and other liabilities and obligations. The material ancillary agreements include: a transitional services agreement, a manufacturing agreement, an employee matters agreement and a tax sharing agreement. The manufacturing agreement will expire on June 29, 2005. The transitional services agreement will expire on June 29, 2005, although most services under this agreement were terminated at the end of June 2003. For copies of these agreements, please refer to [Where You Can Find More Information](#).

Address and Telephone Number

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The mailing address and telephone number of our principal executive offices are: Advanced Medical Optics, Inc., 1700 E. St. Andrew Place, Santa Ana, California 92705, Tel.: (714) 247-8200.

Table of Contents

Recent Developments

Tender Offer

On July 23, 2003, we repurchased \$115 million of the \$200 million aggregate outstanding principal amount at maturity of our 9¼% senior subordinated notes due 2010 pursuant to a modified Dutch auction cash tender offer, which we refer to in this prospectus as the Tender Offer.

Spain Manufacturing Facility

On July 17, 2003, a Spanish subsidiary of ours entered into an agreement with Alcon CUSI, S.A., a subsidiary of Alcon, Inc., to purchase an existing manufacturing facility in Madrid, Spain. We will pay approximately \$22 million for the facility, which will manufacture eye care products, including our Complete® branded product line. The transaction is subject to the satisfaction of regulatory requirements and customary closing conditions, and is expected to close in early November, 2003.

Value Added Tax Receivable

As part of our spin-off from Allergan, Allergan transferred to us certain assets, which included a receivable for the reimbursement of certain previously paid value added taxes, or VAT, in the amount of approximately \$5.8 million. In August 2003, we were notified that Allergan received an aggregate of approximately \$4.2 million from the applicable tax authorities related to these VAT assets. We submitted a formal request to Allergan for recovery of the amount held by Allergan as required by the spin-off agreements, which Allergan denied. We therefore have initiated dispute resolution procedures to recover the funds. Although we believe that Allergan has improperly withheld these funds, we are unable to determine the outcome of this matter at this time.

Table of Contents**THE OFFERING**

Securities Offered	\$140,000,000 aggregate principal amount of our 3½% Convertible Senior Subordinated Notes due April 15, 2023.
Maturity Date	April 15, 2023
Ranking, Subsidiary Guarantee	<p>The notes are unconditionally guaranteed by our wholly owned subsidiary AMO Holdings, LLC. Provided that we do not issue any senior subordinated debt securities guaranteed by any of our subsidiaries, the AMO Holdings guarantee will terminate on the date we have paid in full all of our 9¼% senior subordinated notes due 2010.</p> <p>The notes are subordinated in right of payment to all of our existing and future senior indebtedness, including indebtedness under our senior credit facility, and the subsidiary guarantee is subordinated in right of payment to the subsidiary guarantor's existing and future senior indebtedness. Claims of creditors and holders of preferred stock of AMO's non-guarantor subsidiaries generally will have priority with respect to the assets of those subsidiaries over the claims of AMO and its creditors, including holders of the notes. The notes rank equal in right of payment to our outstanding 9¼% senior subordinated notes due 2010.</p> <p>As of June 27, 2003, after giving effect to the Tender Offer, we would have had approximately \$14 million of senior indebtedness outstanding, consisting of borrowings under our senior credit facility, and \$85 million aggregate principal amount at maturity of our 9¼% senior subordinated notes due 2010 outstanding, and our subsidiaries would have had approximately \$60 million of liabilities (excluding intercompany indebtedness). Approximately \$12 million of our senior credit facility has been reserved to support letters of credit issued on our behalf, and approximately \$74 million, exclusive of letters of credit, was available for future borrowing as of June 27, 2003.</p>
Interest	3½% per annum on the principal amount, from June 24, 2003, payable semi-annually in arrears in cash on April 15 and October 15 of each year, beginning October 15, 2003.
Contingent Interest	Beginning with the six-month interest period commencing April 15, 2008, we will pay contingent interest in cash during any six-month interest period if 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. 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 notes during the five trading days immediately preceding the first day of the applicable six-month interest period.

Table of Contents

Conversion	<p>Holders of notes may convert their notes into shares of our common stock at a conversion rate of 48.6914 shares per \$1,000 principal amount of notes (which represents a conversion price of approximately \$20.538 per share), subject to adjustment, on or prior to the final maturity date only under the following circumstances:</p>
	<p>during any fiscal quarter commencing after September 30, 2003 if the closing sale price of our common stock exceeds 120% of the conversion price for at least 20 trading days in the 30 consecutive trading-day period ending on the last trading day of the preceding fiscal quarter; or</p>
	<p>during the five business days after any five consecutive trading day period (the measurement period) in which the trading price per \$1,000 principal amount of notes for each day of such measurement period was less than 95% of the product of the closing sale price of our common stock and the conversion rate; provided, that a holder may not convert its notes in reliance on this provision after April 15, 2018 if on any trading day during such measurement period the closing sale price of our common stock was between 100% and 120% of the then current conversion price of the notes; or</p>
	<p>during any period in which the credit rating assigned to the notes by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (S&P) and Moody's Investor Services and its successors (Moody's) is below CCC+ or Caa2, respectively, or if either of these rating agencies does not rate or no longer rates the notes, or if either of these rating agencies suspends or withdraws the rating assigned to the notes; or</p>
	<p>if the notes have been called for redemption; or</p>
	<p>upon the occurrence of certain corporate events described under Description of Notes Conversion of Notes Conversion Upon Specified Corporate Transactions.</p>
	<p>Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock.</p>
Sinking Fund	None.
Optional Redemption	Beginning April 18, 2008, we may redeem any of the notes for cash by giving holders at least 30 days notice. We may redeem the notes in whole or in part at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, including contingent interest, if any, to, but excluding, the redemption date.

Table of Contents

Fundamental Change	If a Fundamental Change (as described under Description of Notes Repurchase at Option of the Holder Upon a Fundamental Change) occurs prior to maturity, each holder may require us to repurchase all or part of its notes at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, including contingent interest, if any, to, but excluding, the repurchase date. We may choose to pay the repurchase price in cash, shares of our common stock, shares of common stock of the surviving corporation, or a combination of cash and shares of the applicable common stock. If we elect to pay all or a portion of the repurchase price in common stock, shares of the applicable common stock will be valued at 97.5% of the average closing sale price of such common stock for the five trading days ending on the third trading day prior to the applicable repurchase date.
Repurchase at the Option of the Holder	Holders may require us to repurchase all or a portion of their notes for cash on April 15, 2008, 2013 and 2018 at a repurchase price of 1Holders may require us to repurchase all or a portion of their notes for cash on April 15, 2008, 2013 and 2018 at a repurchase price of 100% of their principal amount, plus accrued and unpaid interest, including contingent interest, if any, to, but excluding, the repurchase date. We may choose to pay the repurchase price in cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to pay all or a portion of the repurchase price in common stock, shares of our common stock will be valued at 97.5% of the average closing sale price of our common stock for the five trading days ending on the third trading day prior to the applicable repurchase date.
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.
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 PORTAL market. However, the notes resold pursuant this prospectus will no longer be eligible for trading in the PORTAL market. An active or liquid market may not develop for the notes.
Common Stock	Our common stock is listed on the New York Stock Exchange under the symbol AVO.

Table of Contents

United States Federal Income Tax Considerations

We and each holder of the notes agreed in the indenture, for United States federal income tax purposes, to treat the notes as contingent payment debt instruments and to be bound by our application of the United States Treasury regulations that govern contingent payment debt instruments. Under such regulations, even if we do not pay any contingent interest on the notes, a beneficial owner of the notes who is a U.S. Holder, as defined below under United States Federal Income Tax Consequences, will be required to include interest, which we refer to as tax original issue discount, at the rate described below in its gross income for United States federal income tax purposes, regardless of whether such owner uses the cash or accrual method of tax accounting. This imputed interest will accrue at a rate equal to 8.125% per year, computed on a semiannual bond equivalent basis, which represents the yield on our noncontingent, nonconvertible, fixed-rate debt with terms and conditions otherwise similar to those of the notes. The rate at which this imputed interest will accrue for United States federal income tax purposes will exceed the stated cash interest payable on the notes.

Each holder of the notes will recognize a gain or loss on the sale, exchange, purchase by us at the holder's option, conversion, redemption or retirement of a note in an amount equal to the difference between the amount realized, including the fair market value of any common stock received upon conversion, and the holder's adjusted tax basis in the notes. Any gain recognized by a holder on the sale, exchange, purchase by us at the holder's option, conversion, redemption or retirement of a note generally will be ordinary interest income; any loss generally will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. Holders should consult their tax advisers as to the United States federal, state, local or other tax consequences of acquiring, owning and disposing of the notes. See United States Federal Income Tax Consequences.

Risk Factors

You should carefully consider the information set forth under Risk Factors in this prospectus beginning on page 8 and all other information included or incorporated by reference in this prospectus before deciding to purchase any notes or shares of our common stock.

Table of Contents

RISK FACTORS

You should carefully consider the following factors and other information included and 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 in information included or incorporated by reference in this prospectus could cause our actual results to differ materially from those anticipated.

Risks Relating to Our Business

We have a limited history operating as an independent company upon which you can evaluate us.

We have a limited operating history as a stand-alone entity. Prior to our separation from Allergan on June 29, 2002, the optical medical device business was operated by Allergan as a part of its broader corporate organization rather than as a stand-alone company. Our historical financial information prior to our separation from Allergan is not representative of what our historical results as an independent company would have been and, therefore, is not indicative of our future results. Financial information for all periods prior to June 29, 2002 includes those revenues and expenses directly attributable to our operations and allocations for services provided to us by Allergan. Historically, Allergan performed all corporate functions for us. As a separate entity, we incur costs for these functions that are higher than the amounts allocated to us in our historical consolidated financial statements. In addition, our transitional services agreement with Allergan will expire on June 29, 2005, although most services under this agreement were terminated by the end of June 2003. As a result, we may incur potentially higher costs to have third parties provide these services. We also 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.

We have a significant amount of debt and may incur additional debt in the future. Our level of debt could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.

We have a significant amount of debt. As of June 27, 2003, after giving effect to the Tender Offer, we would have had approximately \$242 million of outstanding debt. In addition, approximately \$12 million of our senior credit facility has been reserved to support letters of credit issued on our behalf, and approximately \$74 million, exclusive of letters of credit, was available for future borrowing as of June 27, 2003.

This level of debt could have significant consequences, including:

making it more difficult for us to meet our payment and other obligations under the notes and our other outstanding debt;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;

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reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Table of Contents

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt. If we incur additional debt, the risks described with respect to the notes would increase.

Our ability to meet our payment and other obligations under our debt depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our senior credit facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the notes and our other debt.

A significant amount of our debt agreements contain covenant restrictions that may limit our ability to operate our business.

The agreements governing our senior credit facility and our outstanding 9¼% senior subordinated notes contain, and any of our future debt agreements may contain, covenant restrictions that limit our ability to operate our business, including restrictions on our ability to:

incur additional debt,

create liens,

make investments,

enter into transactions with affiliates,

sell assets,

declare or pay dividends or other distributions to stockholders, and

consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

Under our senior credit facility, we are required to deposit 70% of the net proceeds from the issuance of any senior subordinated securities into a separate cash collateral account and use those net proceeds to repay borrowings under the credit facility or indebtedness outstanding at the time we entered into the credit facility. Our senior credit facility also requires us to maintain specific leverage and interest coverage ratios. Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions.

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A failure to comply with these covenants could result in a default under the notes and our other debt, which could permit the holders to accelerate such debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt.

Our ability to engage in acquisitions and other strategic transactions using our stock is subject to limitations because of the federal income tax requirements for a tax-free spin-off.

Our ability to issue additional equity or engage in transactions involving a change in ownership of our stock are constrained by our agreements with Allergan and are subject to limitations because of the federal income tax requirements for a tax-free spin-off. In addition, our tax sharing agreement and contribution and distribution agreement with Allergan limit our ability to use our stock for acquisitions and other similar strategic transactions. We may determine that it is desirable to incur debt or issue equity in order to fund our working capital, capital

Table of Contents

expenditure and research and development requirements, as well as to make other investments. If we are unable to engage in such financing transactions within the tax constraints discussed above or to complete such debt or equity financing on terms acceptable to us, our business will be harmed. In addition, many of our competitors are not subject to similar restrictions and may issue their stock to complete acquisitions, expand their product offerings and speed the development of new technology. Therefore, these competitors may have a competitive advantage over us.

We may be required to satisfy certain indemnification obligations to Allergan, or may not be able to collect on indemnification rights from Allergan.

Under the terms of our contribution and distribution agreement with Allergan, we and Allergan have each agreed to indemnify each other from and after the distribution with respect to the debt, liabilities and obligations retained by our respective companies. These indemnification obligations could be significant. The ability to satisfy these indemnities, if called upon to do so, will depend upon the future financial strength of each of our companies. We cannot determine whether we will have to indemnify Allergan for any substantial obligations, and we do not have control over or clear visibility to the settlement of certain claims and lawsuits which require partial indemnification by us. We also cannot assure you that, if Allergan is required to indemnify us for any substantial obligations, Allergan will have the ability to satisfy those obligations.

We may be responsible for federal income tax liabilities that relate to the distribution of our common stock by Allergan.

Allergan has received a ruling from the Internal Revenue Service to the effect that the spin-off qualified as a tax-free transaction. If either we or Allergan breach representations to each other or to the Internal Revenue Service, or if we or Allergan take or fail to take, as the case may be, actions that result in the spin-off failing to meet the requirements of a tax-free spin-off pursuant to Section 355 of the Internal Revenue Code, the party in breach will indemnify the other party for any and all resulting taxes. If we were required to pay any of the potential taxes described above, the payment would have a material adverse effect on our financial position.

We face intense competition, and our failure to compete effectively could have a material adverse effect on our profitability and results of operations.

The markets for our ophthalmic surgical device and eye care products are intensely competitive and are subject to rapid and significant technological change. We have numerous competitors in the United States and abroad, including, among others, large companies such as Alcon, Inc., a subsidiary of Nestle S.A.; Bausch & Lomb and its acquired businesses, Chiron Vision and Storz Ophthalmics; CIBA Vision Corporation, a unit of Novartis; Pfizer's acquired business, Pharmacia Ophthalmics; Staar Surgical; and Moria. Many of our competitors have substantially more resources and a greater marketing scale than we do. If we are unable to develop and produce or market our products to effectively compete against our competitors, our operating results will materially suffer.

Our business is subject to extensive government regulation.

Our products and operations are subject to extensive regulation in the United States by the Food and Drug Administration and various other federal and state regulatory agencies, including healthcare fraud and abuse provisions, such as anti-kickback and physician self-referral laws and regulations. Additionally, in many foreign countries in which we market our products, we are subject to similar regulations. Compliance with these regulations is expensive and time-consuming. If we fail to comply, we may be subject to fines, injunctions and penalties that could harm our business. Product sales, introductions or modifications may be delayed or canceled as a result of U.S. or foreign regulatory processes, which

could cause our sales to decline. Failure to obtain

Table of Contents

regulatory clearance or approvals of new products we develop, any limitations imposed by regulatory agencies on new product use or the costs of obtaining regulatory clearance or approvals could have a material adverse effect on our business, financial condition and results of operations. In addition, if we, our subcontractors or third party manufacturers or suppliers of products we distribute fail to comply with applicable manufacturing regulations, our business could be harmed.

Health care initiatives and other cost-containment pressures could cause us to sell our products at lower prices, resulting in less revenue to us. In the United States, a significant percentage of the patients who receive our IOLs are covered by the federal Medicare program. Reductions in Medicare reimbursement rates and the implementation of other price controls could adversely affect our revenues and financial condition. In addition, changes in existing regulatory requirements or adoption of new requirements could hurt our business, financial condition and results of operations.

We could experience losses due to product liability claims or product recalls or corrections.

We have in the past been, and continue to be, subject to product liability claims and product recalls. As part of our spin-off from Allergan, we assumed the defense of any litigation involving claims related to our business and will indemnify Allergan for all related losses, costs and expenses. As part of our risk management policy, we have obtained third-party product liability insurance coverage. Product liability claims against us may exceed the coverage limits of our insurance policies or cause us to record a self-insured loss. Even if any product liability loss is covered by an insurance policy, these policies have substantial retentions or deductibles that provide that we will not receive insurance proceeds until the losses incurred exceed the amount of those retentions or deductibles. To the extent that any losses are below these retentions or deductibles, we will be responsible for paying these losses. A product liability claim in excess of applicable insurance or a substantial product recall could have a material adverse effect on our business, financial position and results of operations.

Our eye care business competes in a market with marginal growth on a global basis.

We believe that revenue growth of the eye care market in international markets is offset by a decline in the U.S. market, resulting in marginal growth on a global basis in 2002 as compared to 2001. Our eye care business is impacted by trends in the contact lens market such as technological and medical advances in surgical techniques for the correction of vision impairment. Less expensive one-bottle chemical disinfection systems have gained popularity among soft contact lens wearers instead of peroxide-based lens care products, which historically have been our strongest family of lens care products. Also, the growing use and acceptance of daily and extended wear contact lenses and laser correction procedures, along with the other factors above, could have the effect of continuing to reduce demand for lens care products generally. We cannot assure you that we have established appropriate or sufficient marketing and sales plans to mitigate the effect of these trends upon our eye care business. If we cannot timely generate new sources of revenue to offset any decline in revenues from these trends, our operating results will materially suffer.

We conduct a significant amount of our sales and operations outside of the United States. Such sales and operations subject us to additional business risks, such as business interruption, increased costs and currency exchange rate fluctuations, and 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 two manufacturing sites are located outside the continental United States, in Añasco, Puerto Rico and Hangzhou, China. In addition, a Spanish subsidiary of ours has entered into an agreement to purchase an existing manufacturing facility in Madrid, Spain, subject to satisfaction of regulatory requirements and

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customary closing conditions. In 2002, we derived approximately \$386.8 million, or 72%, of our net sales, from sales of our products outside of the United States. In addition, in 2002, we derived 27% of our net sales in Japan. For the six months ended June 27, 2003, we derived 74% of our net sales from sales of our products

Table of Contents

outside the United States and 27% 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:

the impact of severe acute respiratory syndrome (SARS) on sales of our products and on our manufacturing capacity in China for certain eye care products;

unexpected changes in foreign regulatory requirements;

differing local product preferences and product requirements;

fluctuations in foreign currency exchange rates;

political and economic instability;

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.