ADVANCED MEDICAL OPTICS INC
Form S-4
August 02, 2002

As filed with the Securities and Exchange Commission on August 2, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

Under
THE SECURITIES ACT OF 1933

Advanced Medical Optics, Inc.*

(Exact name of registrant as specified in its charter)

Delaware	**3851**	**33-0986820**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

1700 E. St. Andrew Place
Santa Ana, California 92799-5162
(714) 247-8200
(Address, including zip code, and telephone number, including area code, of each of the co-registrants principal executive offices)

* See Additional Registrant below.

Aimee S. Weisner
Corporate Vice President, General Counsel and Secretary
1700 E. St. Andrew Place
Santa Ana, California 92799-5162
(714) 247-8200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Lawrence B. Cohn
Christopher D. Ivey
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
(949) 725-4000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Exchange Note	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee(1)
9 1/4% Senior Subordinated Notes Due 2010(2)	$200,000,000	100.0%	$200,000,000	$18,400
Guarantee of the 9 1/4% Senior Subordinated Notes due 2010(3)	N/A	N/A	N/A	N/A

(1) The registration fee has been calculated pursuant to Rule 457 under the Securities Act. The Proposed Maximum Aggregate Offering Price is estimated solely for the purpose of calculating the registration fee.
(2) The 9 1/4% Senior Subordinated Notes due 2010 will be the obligations of Advanced Medical Optics, Inc.
(3) AMO Holdings, LLC is a guarantor on an unconditional basis of the obligations of Advanced Medical Optics, Inc. under the 9 1/4% Senior Subordinated Notes due 2010. Pursuant to Rule 457(n), no additional registration fee is being paid in respect of the guarantee. The guarantee is not traded separately.

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 this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Additional Registrant

Exact name of registrant as specified in its charter; address, including zip code, and telephone number, including area code, of principal executive office	State or other jurisdiction of incorporation or organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
AMO Holdings, LLC c/o Advanced Medical Optics, Inc. 1700 E. St. Andrew Place Santa Ana, California 92799-5162 Telephone (714) 247-8200	Delaware	3851	46-0469779

Subject to completion, dated August 2, 2002

PROSPECTUS

$200,000,000

Advanced Medical Optics, Inc.

OFFER TO EXCHANGE

**$200,000,000 principal amount of its 9 1/4% Senior Subordinated Notes due 2010,
which have been registered under the Securities Act of 1933, as amended,
for any and all of its outstanding 9 1/4% Senior Subordinated Notes due 2010.**

We are offering to exchange all of our outstanding 9 1/4% senior subordinated notes due 2010, which we refer to as the old notes, for our registered 9 1/4% senior subordinated notes due 2010, which we refer to as the exchange notes. We refer to the old notes and the exchange notes collectively as the notes. The terms of the exchange notes are identical to the terms of the old notes except that the exchange notes have been registered under the Securities Act of 1933 (the Securities Act) and, therefore, are freely transferable.

Please consider the following:

Our offer to exchange the old notes for the exchange notes will be open until 5:00 p.m., New York City time, on , 2002, unless we extend the offer.

You should carefully review the procedures for tendering the old notes beginning on page 85 of this prospectus.

If you fail to tender your old notes, you will continue to hold unregistered securities and your ability to transfer them could be adversely affected.

No public market currently exists for the exchange notes. We do not intend to list the exchange notes on any securities exchange and, therefore, no active public market is anticipated.

Information about the notes:

The notes will mature on July 15, 2010.

We will pay interest on the notes semi-annually on January 15 and July 15 of each year, commencing January 15, 2003 at the rate of 9 1/4% per year.

We may redeem the notes on or after July 15, 2006.

In addition, on or before July 15, 2005, we may redeem up to 35% of the notes with the net proceeds of certain public equity offerings if at least 65% of the originally issued aggregate principal amount of notes remains outstanding.

Upon the occurrence of certain change of control events, each holder of notes may require us to purchase all or a portion of its notes.

The notes are unsecured obligations and are subordinated to our senior indebtedness and the subsidiary guarantees are subordinated to our subsidiaries senior indebtedness.

Participating in the exchange offer involves risks. See Risk Factors beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2002.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the SEC is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled Prospectus Summary and Business, contains forward-looking statements. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expects, intends, plans, anticipates, believes, estimates, predicts, potential, continu these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined in Risk Factors and elsewhere in this prospectus. These factors may cause our actual results to differ materially from any forward-looking statement.

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 are under no duty to update any of the forward-looking statements after the date of this prospectus.

MARKET AND INDUSTRY DATA AND FORECASTS

This prospectus includes market share and industry data and forecasts that we obtained from internal company surveys, market research, consultant surveys, publicly available information and industry publications and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal company surveys, industry forecasts and market research, which we believe to be reliable based upon management s knowledge of the industry, have not been verified by any independent sources. Forecasts are particularly likely to be inaccurate, especially over long periods of time. In addition, we do not know what assumptions regarding general economic growth were used in preparing the forecasts we cite. Except where otherwise noted, references to North America include only the continental United States and Canada, and statements as to our position relative to our competitors or as to market share refer to the most recent available data.

TRADEMARKS AND TRADE NAMES

We own or have rights to trademarks or tradenames 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-n-Clean®, C1ariFlex®, ComfortPLUS, Complete®, Consept F®, Consept 1 Step®, Diplomax®, Injector Ring, OptiEdge, Oxysept 1 Step®, PhacoFlex II® SI30NB®, SI40NB®, and SI55NB®, Prestige®, Sensar®, Sovereign®, The Unfolder®, Total Care®, UltraCare®, Ultrazyme®, Verisyse, Vitrax®, and Whitestar.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission (SEC) a registration statement on Form S-4 to register the exchange notes offered by this prospectus. This prospectus does not contain all the information contained in the registration statement, including its exhibits and schedules. You should refer to the registration

statement including the exhibits and schedules, for further information about us and the exchange notes. Statements we make in this prospectus about certain contracts or other documents are not necessarily complete. When we make such statements, we refer you to the copies of the contracts or documents that are filed as exhibits to the registration statement because those statements are qualified in all respects by reference to those exhibits. The registration statement, including exhibits and schedules, is on file at the offices of the SEC and may be inspected without charge.

We also file annual, quarterly, special reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s public reference room at the following address:

Public Reference Room
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the operations of the public reference rooms. Our SEC filings are also available at the SEC s web site at *http://www.sec.gov.*

You can obtain a copy of any of our filings, at no cost, by writing to or telephoning us at the following address:

Advanced Medical Optics, Inc.
1700 E. St. Andrew Place
Santa Ana, California 92799-5162
Attention: General Counsel
(714) 247-8200.

To ensure timely delivery, please make your request as soon as practicable and, in any event, no later than five business days prior to the expiration of the exchange offer.

PROSPECTUS SUMMARY

This summary highlights important information about our business and about this exchange offer. It does not include all information you should consider before participating in the exchange offer. Please review this prospectus in its entirety, including the risk factors and our financial statements and the related notes, before you decide to participate in the exchange offer. Unless otherwise noted, all references to Advanced Medical Optics, AMO, we, our or us and similar terms in this prospectus refer to Advanced Medical Optics, Inc., together with its subsidiarie

Data contained in this prospectus relating to the size and our share of the global markets for our products are based on our market research and data compiled from a variety of independent sources in each of the ten largest geographic markets for our products, as measured by net sales of our products. We believe that these geographic markets together account for approximately 80% of the total worldwide market for these products. We define the ophthalmic surgical products market to include the development, manufacture and marketing of intraocular lenses, phacoemulsification systems, viscoelastics, microkeratomes and surgical packs containing items used in cataract surgery.

Company Overview

We are a global leader in the development, manufacture and marketing of medical devices for the eye and contact lens care products. Our market research indicates that we are the second largest global manufacturer and marketer of ophthalmic surgical products and contact lens care products, in each case as measured by net sales in 2001 in the markets in which we compete. Through a significant commitment to internal research and development and alliances and partnerships, we have demonstrated success in the introduction of new and innovative products. We believe we are the technology leader in our markets and that our brands are among the most trusted and recognized in our industry. We have a strong global sales and distribution network, with approximately 300 sales representatives operating in approximately 20 countries and marketing products in approximately 60 countries.

Demand for ophthalmic products is driven by a variety of factors, including an aging population, advances in medical technology, improved therapies and economic growth in emerging markets. Many ophthalmic conditions, such as cataracts (an irreversible progressive condition in which clouding of the eye s natural lens eventually leads to blindness) and presbyopia (the progressive loss of flexibility of the eye s natural lens), are strongly correlated with age. Cataracts are currently the leading cause of vision loss among adults age 55 and older. We estimate that, in 2001, approximately 2.4 million cataract procedures were performed in the United States, and more than 5.0 million were performed worldwide, making cataract extraction the most commonly performed surgical procedure in the United States and most other developed nations. The treatment of cataracts is the largest segment of the global ophthalmic surgical products market, generating revenues of approximately $1.5 billion in 2001.

The worldwide market for contact lenses was approximately $3.5 billion in 2001. The global contact lens care products market, which includes disinfecting and cleaning solutions for contact lenses and lens rewetting products, generated revenues of approximately $1.2 billion in 2001.

The following table sets forth the total size and our share of the global markets for certain of our products in 2001:

Market Segment	Estimated Market Size (in millions)	Estimated AMO Share	AMO Market Position
Ophthalmic surgical products:			
Intraocular lenses	$ 595	25%	#2
Phacoemulsification systems	$ 287	16%	#2
Contact lens care products:			
Contact lens care products	$ 1,200	21%	#2
Contact lens care products (excluding the U.S.)	$ 845	25%	#1

Ophthalmic Surgical Products

Our ophthalmic surgical products business develops, manufactures and markets medical devices for the cataract and refractive surgery markets, with a technology-driven focus on the higher margin segments of these markets. We believe we are the second largest company in the global cataract surgery products market and have made a strong entry into the refractive surgery market with the introduction of the AMADEUS microkeratome.

Cataract Market

The largest segment of the ophthalmic surgical market is the treatment of cataracts. Most patients affected by cataracts can be treated through a minimally invasive surgical procedure in which the patient s natural lens, which has become clouded, is broken up, removed and replaced with an artificial intraocular lens (IOL), which is implanted in the lens capsule to restore sight. We pioneered small incision cataract surgery with the development of the foldable IOL, and developed the first and only multifocal IOL that has been approved by the Food and Drug Administration.

Within the cataract surgery market we focus on three major segments:

Foldable intraocular lenses. As compared to non-foldable lenses, foldable IOLs allow for smaller surgical incisions, which has been associated with less induced astigmatism, rapid stabilization of the wound, and faster visual rehabilitation. We offer surgeons a choice of high quality, innovative monofocal silicone, monofocal acrylic and multifocal silicone IOLs, together with various systems of implementation devices. According to our market research, sales of foldable IOLs have grown faster than any other segment within the cataract surgery products market since 1998, growing from less than 50% to greater than 85% of the global IOL market in 2001, and generated revenues of approximately $517 million in 2001. We believe that in 2001, we experienced the highest sales growth in the global foldable IOL market, with a growth rate of 8%, and had the second leading share of the market, estimated at approximately 28%. Our ARRAY multifocal silicone IOL has been granted new technology intraocular lens, or NTIOL, status by the U.S. Centers for Medicare and Medicaid Services, resulting in higher reimbursement rates for its use.

Phacoemulsification systems. Phacoemulsification is a method of cataract extraction that is used to break a clouded natural lens into small fragments for removal prior to its replacement with an IOL. We estimate that phacoemulsification is used in approximately 90% of cataract surgery procedures in the United States. We believe that we currently market the largest family of phacoemulsification systems, which offer advanced technology for control and safety. Based on our market research, the global market for phacoemulsification systems generated approximately $287 million in revenues in 2001. We estimate that we had the second largest share of the global phacoemulsification systems market in 2001, estimated at approximately 16%, with a majority of our sales being derived from consumables and related equipment.

Related surgical accessories. In addition to our IOLs and phacoemulsification systems, we also offer ancillary products related to the cataract surgery market. These include insertion systems, viscoelastics, custom surgical packs, and capsular tension rings.

Refractive Market

We believe that the second largest segment of the ophthalmic surgical market is the market for the minimally invasive surgical treatment of refractive disorders, namely myopia (near-sightedness), hyperopia (far-sightedness), and astigmatism. We believe our existing IOL technologies and global sales and distribution network provide us with significant opportunities in the refractive market.

Laser assisted in-situ keratomileusis (commonly referred to as LASIK) and insertion of IOLs are two procedures used to treat refractive disorders. The LASIK procedure involves the use of an automated cutting device, called a microkeratome, to create a corneal flap so that a laser can be used to reshape the cornea to

achieve vision correction. We entered the LASIK market in May 2000 with the AMADEUS microkeratome. Insertion of IOLs can also be used to treat refractive disorders. Our ARRAY multifocal silicone IOL currently is the only IOL approved to treat presbyopia in Europe. We also market the Verisyse IOL in Europe to treat myopia, hyperopia and astigmatism.

Contact Lens Care Products

We offer a comprehensive line of contact lens care products, including single-bottle multi-purpose cleaning and disinfecting solutions, daily cleaners, enzymatic cleaners and lens rewetting drops. Based on our market research, the global market for contact lens care products generated sales of approximately $1.2 billion in 2001. We believe that we were the second leading manufacturer and marketer of contact lens care products in 2001, with a global market share of approximately 21%. In Asia, which we believe is one of the fastest-growing contact lens care markets, net sales of our contact lens care products grew by 20% in 2001.

Single-Bottle Solutions. In response to the increasing popularity of more frequent lens replacement and consumer interest in more convenient lens care regimens, the contact lens care market continues to evolve towards greater use of single-bottle multi-purpose solutions. According to our market research, the global sales for multi-purpose solutions grew at a rate of approximately 14% in 2001 to approximately $395 million. We market our COMPLETE brand multi-purpose solution, a convenient, single-bottle chemical disinfecting system for soft contact lenses, on a worldwide basis. We believe that COMPLETE is currently the only multi-purpose solution that incorporates an ocular lubricant, which contributes to its Food and Drug Administration-approved unique comfort claim. We believe our COMPLETE product is the fastest growing multi-purpose solution in the world, growing at a rate of approximately 30% in 2001, with rapid market share growth in Japan. We have also recently introduced our in-eye lens cleaner, COMPLETE BLINK-N-CLEAN.

Hydrogen Peroxide-Based Solutions. We also offer contact lens care products that use hydrogen peroxide-based disinfection systems. Our leading hydrogen peroxide system products are our OXYSEPT 1 STEP, ULTRACARE and CONSEPT 1 STEP hydrogen peroxide neutralizer/disinfection systems.

Our Competitive Strengths

We believe that the following competitive strengths differentiate us from other companies in the ophthalmic industry:

Proven track record, trusted and recognized brands and a 40-year commitment to eye care. For over 40 years, we have developed, manufactured and marketed innovative and high quality eye care products. We have engaged in extensive marketing efforts to promote our reputation for high quality products and to establish and maintain close relationships with eye care professionals around the world. We believe that in the ophthalmic surgical products market, surgeons tend to remain with the IOL brands and phacoemulsification systems to which they have become accustomed. Similarly, we believe that contact lens wearers tend to remain loyal to the brand of solution and other contact lens care products provided to them with their contact lenses by their eye care professional.

Leading market positions across product lines. We have leading positions in our market segments. Our market research indicates that in the markets in which we compete, we held the second largest share of the global ophthalmic surgical products markets and the second largest share of the global market for contact lens care products in 2001. In addition, excluding the U.S., we believe we were the leading global manufacturer and marketer of contact lens care products in 2001. We also are a leader in the contact lens care business in Asia, which we believe is one of the fastest growing markets for contact lens care products.

Strong strategic position to take advantage of stability in the ophthalmic surgery industry. We believe that our key product segment, cataract surgical products, benefits from the demographic drivers of increased life

expectancies and worldwide economic growth. According to industry sources, the number of cataract surgery procedures performed in the U.S. has grown at a compound annual growth rate of approximately 4% over the last ten years. We believe that our market leadership positions us to take advantage of the stability of this market and to capitalize on opportunities for growth.

Global sales and distribution network. We have an experienced and extensive global sales and distribution network, comprising approximately 300 sales representatives operating in approximately 20 countries and marketing products in approximately 60 countries. In response to the different healthcare systems throughout the world, our sales and marketing strategy and organizational structure differ by region, with each region given relative autonomy in determining its own tactical marketing strategies. We also use third party distributors for the distribution of our products in smaller international markets.

Opportunistic strategic alliances. We have entered into partnerships and alliances seeking to leverage our sales force, distribution infrastructure and research and development efforts without the need to invest significant capital. For example, through our co-marketing agreement with VISX Incorporated, the global leader in sales of excimer laser systems used in LASIK procedures, VISX promotes the use of our microkeratomes to users of VISX s excimer lasers. In addition, our partnership with Ophtec B.V. to manufacture our own brand of IOLs for refractive disorders creates a significant opportunity for us to strengthen our leadership position in the refractive surgery market. We also partner with Allegiance Healthcare Corporation, a leading supplier of healthcare products to hospitals, laboratories and other healthcare related entities, to provide custom surgical packs to Allegiance s U.S., Canadian and European customers.

Experienced management team. We have a strong and experienced management team led by Jim Mazzo, who, prior to joining us, was with Allergan for 22 years. Our senior management team has an average of 14 years of experience in the healthcare products industry both with us and with other major participants in the industry. The long and diverse experience of our senior management provides a competitive advantage through their knowledge of the industry, familiarity with our customers and understanding of the development, manufacturing and sale of our products.

Our Strategies

We seek to strengthen our global leadership position in growing, high margin segments of the vision correction market by capitalizing on our strong positions in the ophthalmic surgical and contact lens care products markets. We believe that executing our strategy will enable us to capture increasing market share and achieve profitable growth in our revenues. As part of our strategy we intend to:

Continue to strengthen our global portfolio of brands by being the technology leader in our markets. We believe that technology and new product offerings drive our industry. We intend to introduce improved and more technologically advanced products to gain market share and establish ourselves as a leader across all product lines.

Focus research and development efforts on next-generation technologies and devices that are safe, effective and address large unmet needs. We believe that our long-term success will be driven by the continued introduction of new and innovative products in the ophthalmic surgical and contact lens care products markets. We intend to take advantage of our newly focused business through an increased commitment to ophthalmic research and development designed to extend existing product lines and develop next-generation technologies.

Build on our strong market position by increasing investment in attractive market segments and selected geographies. We intend to expand our presence in attractive, growing market segments, such as applying our IOL technologies in the refractive surgery market. We believe that our existing expertise in the ophthalmic industry, and specifically in the cataract surgical products segment, together with our strong brands and extensive

sales and marketing network, will enable us to more rapidly enter other ophthalmic products segments, as evidenced by the rapid market-share growth of the AMADEUS microkeratome. We also intend to continue our focus on geographic regions with strong growth prospects, such as Asia.

Leverage our global presence and extensive distribution network to introduce new product and service offerings. Our global sales, marketing, and support network enables us to understand variations in local regulatory and marketing environments. We plan to utilize our global scope and local expertise to facilitate the introduction of new products and more efficiently reach new customers.

Proactively pursue strategic alliances to maximize the potential of our brands and more efficiently build leading positions within the industry. We plan to supplement our internal research and development activities and existing product offerings with a commitment to identifying, obtaining and marketing new technologies through alliances and partnerships. We intend to explore new potential alliances that would better enable us to leverage our sales force, gain access to promising technologies and broaden our product offerings without the need for substantial capital investments.

Separation from Allergan

Allergan, Inc. spun-off our company to its stockholders by way of a pro rata distribution of all of our shares of common stock. The distribution of our common stock was made to Allergan s stockholders of record on June 14, 2002 and was completed 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. Prior to the spin-off, Allergan operated two distinct businesses: the specialty pharmaceuticals business and the optical medical device business. The optical medical device business, which is now owned and operated by us, consists of the ophthalmic surgical products business and the contact lens care products business.

The primary corporate purpose for the spin-off was to enhance the success of both the specialty pharmaceuticals business and the optical medical device business by resolving the conflicts that had evolved, and were exacerbated, by the operation of both businesses within a single affiliated group of corporations. Recognizing each business s own substantially different financial, investment and operating characteristics, human resource demands, return on invested capital profiles, capital requirements and growth opportunities, we expect that the separation of the optical medical device business from the specialty pharmaceuticals business will enable us to adopt strategies and pursue objectives that are appropriate to our business.

In connection with our spin-off from Allergan, we entered into a senior credit facility, consisting of a $100.0 million term loan, which was fully drawn at the time of the spin-off, and a $35.0 million revolving credit facility, approximately $17.0 million of which has been reserved to support letters of credit issued on our behalf. We will not receive any cash proceeds from the issuance of the exchange notes. We used a portion of the initial borrowings under our senior credit facility and the proceeds we received from the offering of the old notes as set forth in the following table (in millions):

Sources		**Uses**	
Senior credit facility	$100.0	Repaid indebtedness borrowed from	
Old notes (1)	197.2	Allergan(2)	$ 90.4
		Distribution to Allergan(3)	56.3
		Repaid non-U.S. liabilities(4)	111.4
		Working capital	29.0
		Fees and expenses	10.1
Total	$297.2	Total	$ 297.2

(1) Net of $2.8 million of original issue discount.

(2) Reflects indebtedness that we borrowed from Allergan to purchase various assets in connection with the spin-off. See Management s Discussion and Analysis of Financial Condition and Results of Operations Separation from Allergan.

(3) Reflects a distribution in exchange for various assets contributed to us in connection with the spin-off. See Management s Discussion and Analysis of Financial Condition and Results of Operations Separation from Allergan.

(4) Reflects indebtedness that we assumed from Allergan and immediately repaid as part of the spin-off. See Management s Discussion and Analysis of Financial Condition and Results of Operations Separation from Allergan.

Our spin-off from Allergan, the entering into our senior credit facility, the sale of the old notes and the use of proceeds from our initial borrowings under the senior credit facility and the sale of the old notes are referred to in this prospectus as the Transactions.

We are a Delaware corporation initially incorporated in October 2001. Our executive offices are located at 1700 E. St. Andrew Place, P.O. Box 25162, Santa Ana, California 92799-5162, and our phone number is (714) 247-8200.

Summary of the Terms of the Exchange Offer

The Exchange Offer	$1,000 principal amount of exchange notes will be issued in exchange for each $1,000 principal amount of old notes validly tendered. As of the date of this prospectus, there is $200.0 million aggregate principal amount of old notes outstanding. The form and terms of the exchange notes are identical to those of the old notes, except that the exchange notes will be registered under the Securities Act.
Resale	Based upon interpretations by the staff of the SEC set forth in no-action letters issued to unrelated third parties, we believe that exchange notes may be offered for resale, resold or otherwise transferred to you without compliance with the registration and prospectus delivery requirements of the Securities Act, unless you: are an affiliate of ours within the meaning of Rule 405 under the Securities Act; are a broker-dealer who purchased the old notes directly from us for resale under Rule 144A or any other available exemption under the Securities Act of 1933; acquired the exchange notes other than in the ordinary course of your business; or have an arrangement with any person to engage in the distribution of exchange notes. However, we have not submitted a no-action letter and there can be no assurance that the SEC will make a similar determination with respect to the exchange offer. Furthermore, in order to participate in the exchange offer, you must make the representations set forth in the letter of transmittal that we are sending you with this prospectus.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2002, unless extended by us in our sole discretion, in which case the expiration date shall mean the latest date and time to which the exchange offer is extended.
Conditions to the Exchange Offer	The exchange offer is subject to certain customary conditions, some of which may be waived by us. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering Old Notes	If you wish to accept the exchange offer, you must complete, sign and date the letter of transmittal, or a copy of the letter of transmittal, in accordance with the instructions contained in this prospectus and in the letter of transmittal, and mail or otherwise deliver the letter of transmittal, or the copy, together with the old notes and any other required documentation, to the exchange agent at the address set forth in this prospectus. If you are a person holding the old notes through The Depository Trust Company and wish to accept the exchange offer, you must do so through The Depository Trust Company s Automated Tender Offer Program, by which you will agree to be bound by the letter of transmittal. By executing or agreeing to be bound by the letter of transmittal, you will be making a number of important representations to us as described under The Exchange Offer Procedures for Tendering Old Notes.

	We will accept for exchange any and all old notes that are properly tendered in the exchange offer prior to the expiration date. The exchange notes issued in the exchange offer will be delivered promptly following the expiration date. See The Exchange Offer Terms of the Exchange Offer.
Special Procedures for Beneficial Owners	If you are the beneficial owner of old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and wish to tender your old notes in the exchange offer, you should contact the person in whose name your notes are registered and promptly instruct the person to tender on your behalf. See The Exchange Offer Procedures for Tendering Old Notes.
Guaranteed Delivery Procedures	If you wish to tender your old notes and time will not permit your required documents to reach the exchange agent by the expiration date, or the procedure for book-entry transfer cannot be completed on time, you may tender your notes according to the guaranteed delivery procedures. See The Exchange Offer Guaranteed Delivery Procedures.
Withdrawal Rights	The tender of the old notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date.
Acceptance of Old Notes and Delivery of Exchange Notes	Subject to customary conditions, we will accept old notes which are properly tendered in the exchange offer and not withdrawn prior to the expiration date. The exchange notes will be delivered as promptly as practicable following the expiration date.
Consequence of Failure to Exchange	Old notes that are not tendered, or that are tendered but not accepted, will be subject to their existing transfer restrictions. We will have no further obligation to provide for registration under the Securities Act of such old notes.
Registration Rights Agreement	We sold the old notes in a private placement in reliance on Section 4(2) of the Securities Act. On June 20, 2002, we entered into a registration rights agreement with the initial purchasers of the old notes requiring us to make this exchange offer. The registration rights agreement also requires us to: cause the registration statement filed with respect to the exchange offer to be declared effective within 150 days of the issue date of the old notes; and consummate the exchange offer within 195 days of the issue date of the old notes. See The Exchange Offer Purpose and Effect. If we do not do so, liquidated damages will be payable on the old notes.
Certain U.S. Federal Income Tax Considerations	The exchange of old notes for exchange notes by tendering holders will not be a taxable exchange for federal income tax purposes, and such holders will not recognize any taxable gain or loss or any interest income for federal income tax purposes as a result of such exchange. See Certain United States Federal Income Tax Considerations.

Exchange Agent	The Bank of New York is serving as exchange agent in connection with the exchange offer.
Use of Proceeds	We will not receive any proceeds from the exchange offer.
Fees and Expenses	We will pay all expenses incident to the consummation of the exchange offer.

Summary of the Terms of the Exchange Notes

Issuer	Advanced Medical Optics, Inc.
Securities Offered	$200,000,000 aggregate principal amount of 9 1/4% Senior Subordinated Notes due 2010.
Interest	The exchange notes will bear interest at an annual rate of 9 1/4%. Interest is payable on January 15 and July 15 of each year.
Maturity Date	July 15, 2010
Optional Redemption	We may redeem the exchange notes, in whole or in part, on or after July 15, 2006 at the redemption prices set forth in this prospectus.
Guarantees	The exchange notes are guaranteed on a senior subordinated basis by all of our present and future domestic restricted subsidiaries (other than any such subsidiary that is a subsidiary of any of our foreign subsidiaries). The guarantees are unsecured senior subordinated obligations and are subordinated to all of such subsidiaries existing and future senior indebtedness, including guarantees of our senior credit facility.
Ranking	The exchange notes and the guarantees are our and the guarantors unsecured senior subordinated obligations, are subordinated to all of our and the guarantors existing senior indebtedness and will be subordinated to all of our and the guarantors future senior indebtedness. The notes and the guarantees will rank equally with all of our and the guarantors future senior subordinated indebtedness and will rank equally with or senior to all of our and the guarantors future subordinated obligations. The term senior indebtedness is defined in the Description of the Exchange Notes Certain Definitions section of this prospectus. As of June 28, 2002, we and the guarantors had: $100.0 million of senior indebtedness outstanding, and $35.0 million of additional borrowings available under our senior revolving credit facility. Currently, approximately $17.0 million of our senior revolving credit facility has been reserved to support letters of credit issued on our behalf. In addition, the notes are effectively subordinated to all indebtedness and other liabilities of our subsidiaries that are not guarantors. As of March 29, 2002, on a pro forma basis after giving effect to the Transactions, our non-guarantor subsidiaries would have had approximately $33.5 million of liabilities.

Equity Offering Optional Redemption	Before July 15, 2005, we may redeem up to 35% of the exchange notes with the net proceeds of certain public equity offerings at a redemption price of 109.25% of the principal amount thereof, plus accrued and unpaid interest, if at least 65% of the originally issued aggregate principal amount of the exchange notes remains outstanding. See Description of the Exchange Notes Optional Redemption.
Change in control	Upon certain change of control events, each holder of exchange notes may require us to repurchase all or a portion of its notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase. See Description of the Exchange Notes Offer to Purchase upon Change of Control.
Covenants	The indenture governing the exchange notes contains covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to: incur additional indebtedness, 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. These covenants are subject to important exceptions and qualifications, which are described under the heading Description of the Exchange Notes in this prospectus.
Use of proceeds	We will not receive any cash proceeds from the issuance of the exchange notes.
Risk Factors	See Risk Factors for a discussion of factors you should carefully consider before deciding to invest in the notes.

Summary Historical Financial Information

The following table sets forth certain summary historical financial information for each of the years in the three-year period ended December 31, 2001, for the three months ended March 30, 2001 and as of and for the three months ended March 29, 2002. The summary historical financial information for each of the years in the three-year period ended December 31, 2001 has been derived from our audited combined financial statements, which are included elsewhere in this prospectus. The summary historical financial information for the three months ended March 30, 2001 and as of and for the three months ended March 29, 2002 has been derived from our unaudited condensed combined financial statements, which are included elsewhere in this prospectus, and, in our opinion, is presented on a basis consistent with the information from our audited combined financial statements. Our historical financial information may not be indicative of the results of operations or financial position that we would have obtained if we had been an independent company during the periods presented or of our future performance as an independent company. See Risk Factors Risks Relating to the Transactions.

The summary historical financial information should be read together with Selected Historical Financial Information, Unaudited Pro Forma Combined Financial Statements, Management s Discussion and Analysis of Financial Condition and Results of Operations and our combined financial statements, including the related notes, included elsewhere in this prospectus.

	For the Year Ended December 31,			Three Months Ended	
	1999	2000	2001	March 30, 2001	March 29, 2002
			(in thousands)		
Statement of Operations Data:					
Net sales	$ 577,644	$ 570,573	$ 543,095	$ 120,811	$ 113,997
Cost of sales	236,002	231,426	212,090	50,335	44,276
Gross margin	341,642	339,147	331,005	70,476	69,721
Selling, general and administrative	255,666	241,047	222,885	62,118	54,170
Research and development	27,765	29,878	28,990	7,264	6,984
Restructuring charge reversal	(6,527)	(2,237)			
Operating income	64,738	70,459	79,130	1,094	8,567
Interest expense	6,500	3,625	3,302	824	681
Loss/(gain) on investments, net		(231)	793		
Unrealized loss/(gain) on derivative instruments			(1,294)	(1,321)	213
Other, net	441	(1,135)	385	(90)	51
Earnings before income taxes	57,797	68,200	75,944	1,681	7,622
Provision for income taxes	13,347	19,020	20,594	467	2,896
Earnings before cumulative effect of change in accounting principle	44,450	49,180	55,350	1,214	4,726
Cumulative effect of change in accounting principle, net of $160 of tax			(391)	(391)	
Net earnings	$ 44,450	$ 49,180	$ 54,959	$ 823	$ 4,726
Other Data and Ratios:					
Net cash provided by operating activities	$ 59,229	$ 93,647	$ 75,812	$ 5,065	$ 18,674
EBITDA(1)	92,821	100,476	101,615	6,529	11,922
Capital expenditures, net(2)	18,458	11,038	14,461	3,156	2,154
Ratio of earnings to fixed charges(3)	6.9x	10.3x	12.4x	2.0x	5.9x

	As of March 29, 2002
	(in thousands)
Balance Sheet Data:	
Cash and equivalents	$ 4,836
Total current assets	184,150
Total assets	348,830
Total current liabilities	70,374
Total debt (including current portion)	94,023

(1) EBITDA is defined as operating income plus depreciation and amortization expense and amortization of prepaid royalties. EBITDA is presented because it is a widely accepted financial indicator; however, EBITDA may not be comparable to other companies calculations of EBITDA or similarly titled items. You should not consider EBITDA as an alternative to net earnings as a measure of operating results in accordance with accounting principles generally accepted in the United States of America or as an alternative to cash flows as a measure of liquidity.

(2) Capital expenditures, net is defined as cash paid for additions to property, plant and equipment, capitalized internal use software and demonstration and bundled equipment, net of proceeds from the sale of property, plant and equipment.

(3) We have computed the ratio of earnings to fixed charges by dividing earnings before income taxes and fixed charges by fixed charges. Fixed charges consist of interest expense and a portion of rent expense deemed representative of the interest factor.

SUBSEQUENT EVENTS

On July 24, 2002, we announced our operating results for the quarter ended June 28, 2002, the period immediately prior to our spin-off from Allergan. Net sales were $137.7 million and net earnings were $6.6 million in the quarter ended June 28, 2002. Prior to the spin-off, Allergan did not account for our business separately and the financial information for the second quarter includes revenue and expenses directly attributable to our operations and allocations of certain Allergan expenses attributable to us. Our historical financial information may not be indicative of our results of operations that we would have obtained if we had been an independent company or of future performance as an independent company.

RISK FACTORS

You should carefully consider the following factors and other information in this prospectus before deciding to participate in the exchange offer. 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 elsewhere in this prospectus could cause our actual results to differ materially from those anticipated in forward-looking statements contained in this prospectus.

Risks Relating to the Notes

We have a significant amount of debt, which we might not be able to service and which contains covenants that limit our activities.

As a result of our issuance of the notes and entering into the senior credit facility, we have substantial indebtedness. As of June 28, 2002, we had $300.0 million of indebtedness, and had $35.0 million of additional borrowings available under our senior revolving credit facility. Currently, approximately $17.0 million of our senior revolving credit facility has been reserved to support letters of credit issued on our behalf. This level of indebtedness could have significant consequences, including:

- limiting cash flow available for working capital, capital expenditures, acquisitions and other corporate purposes because a significant portion of our cash flow from operations must be dedicated to servicing our debt;
- limiting our ability to obtain additional financing in the future for working capital or other purposes; and
- limiting our flexibility to react to competitive or other changes in our industry and to economic conditions generally.

Our ability to repay or refinance our indebtedness will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory and other factors beyond our control.

The indenture relating to the notes and the senior credit facility contain, and future debt instruments to which we may become subject may contain, debt covenants that limit our ability to engage in activities that could otherwise benefit our company, including restrictions on our ability to:

- incur additional indebtedness,
- 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.

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.

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

Your right to receive payment on the notes is junior to the right of the holders of our and the guarantors senior indebtedness and effectively junior to all liabilities of our subsidiaries that are not guarantors.

The notes and the guarantees of the notes are unsecured senior subordinated obligations of us and the guarantors, respectively, and are subordinated to all of our and the guarantors existing and future senior indebtedness, including indebtedness and guarantees of indebtedness under the senior credit facility and all of our and the guarantors future indebtedness, other than any future indebtedness that expressly provides that it ranks equally with, or is subordinated in right of payment to, the notes or the guarantees of the notes, as the case may be. As a result, upon any distribution to creditors in a bankruptcy, liquidation, reorganization or similar proceeding relating to us, any guarantor, or our or its property, the holders of senior indebtedness will be entitled to be paid in full in cash before any payment may be made with respect to the notes or the guarantors guarantee of the notes, as the case may be. In addition, all payments on the notes and the guarantees of the notes will be blocked in the event of a payment default on senior indebtedness and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on designated senior indebtedness.

In the event that we are declared bankrupt, become insolvent or are liquidated, reorganized or involved in similar proceedings, the indenture governing the notes requires that amounts otherwise payable to holders of the notes be paid to holders of senior indebtedness instead until all senior indebtedness is repaid in full in cash. In any of these cases, our assets may not be sufficient to pay all of our creditors, in which case holders of the notes will receive less, proportionally, than holders of our senior indebtedness.

As of June 28, 2002, we and the subsidiary guarantors had $100.0 million of senior indebtedness outstanding, excluding $35.0 million of additional borrowings available under the senior revolving credit facility. Currently, approximately $17.0 million of our senior revolving credit facility has been reserved to support letters of credit issued on our behalf. We and the subsidiary guarantors are permitted to incur substantial additional indebtedness, all of which could be senior indebtedness, in the future.

The notes also effectively rank junior to all indebtedness and other liabilities of our subsidiaries that are not guarantors. Upon any distribution to the creditors of any of our non-guarantor subsidiaries in a bankruptcy, liquidation, reorganization or similar proceeding relating to it or its property, the holders of all of its indebtedness and other liabilities will be entitled to be repaid in full before the subsidiary will be able to distribute any assets to us to satisfy our obligations, including our obligations under the notes. In addition, the ability of our non-guarantor subsidiaries to pay dividends or make other payments to us may be restricted by the terms of their indebtedness and other liabilities. As of March 29, 2002, after giving pro forma effect to the Transactions, our non-guarantor subsidiaries would have had approximately $33.5 million of liabilities outstanding. Our subsidiaries are permitted to incur substantial additional indebtedness and other liabilities in the future. In addition, they may become subject to certain contractual or other restrictions, including negative covenants contained in debt instruments of such subsidiaries, on their ability to make distributions or loans to us, which in turn could adversely affect our ability to make payments on the notes. See Description of the Exchange Notes Certain Covenants Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries. We cannot assure you that our subsidiaries will have the ability to make distributions or loans to us.

Only our domestic subsidiaries that also guarantee our obligations under the senior credit facility will be required to guarantee the notes. However, more than half of our operations are comprised of the operations of our subsidiaries that are not guarantors, and we may have to rely on dividends and other payments from our foreign subsidiaries to generate the funds necessary to meet our obligations. We do not presently have detailed historical financial information concerning our non-U.S. subsidiaries. For the year ended December 31, 2001 and the three months ended March 29, 2002, after giving pro forma effect to the Transactions, we and the guarantors would have generated approximately 30.8% and 30.6%, respectively, of our total combined net sales, and our subsidiaries that are not guarantors would have generated approximately 69.2% and 69.4%, respectively, of our total combined net sales. In general, our and the guarantors operations comprise our U.S. operations, and the operations of our subsidiaries that are not guarantors comprise our non-U.S. operations. For more information

about our operating results and financial position by geographic segment, see Note 12 of Notes to Combined Financial Statements and Note 8 of Notes to Unaudited Condensed Combined Financial Statements included elsewhere in this prospectus.

The notes are not secured by any of our assets and our assets may be insufficient to repay the notes.

The notes are not secured by any of our assets. However, the indebtedness we incur under the senior credit facility is secured by substantially all of our assets. In addition, future indebtedness that we incur may be secured by our assets. If we become insolvent or are liquidated, or if payment of any secured indebtedness is accelerated, the holders of the secured indebtedness will be entitled to exercise the remedies available to secured lenders under applicable law, including the ability to foreclose on and sell the assets securing such indebtedness in order to satisfy such indebtedness. In any such case, any remaining assets may be insufficient to repay the notes.

We may be unable to purchase the notes following a change of control.

Upon certain change of control events, each holder of notes may require us to repurchase all or a portion of its notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. However, such change of control events will constitute a default under the senior credit facility. Moreover, the senior credit facility will restrict, and future indebtedness we incur may restrict, our ability to repurchase the notes, including following a change of control. As a result, following a change of control, we would not be able to repurchase notes unless we repaid all indebtedness outstanding under the senior credit facility and other indebtedness that contained similar provisions, or obtained a waiver from the holders of such indebtedness to permit us to repurchase the notes. If we repaid all such indebtedness, we may not have sufficient funds remaining to purchase the notes. In addition, if we fail to repay all such indebtedness or obtain a waiver, the subordination provisions applicable to the notes would restrict our ability to purchase the notes.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of us or the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each guarantor, after giving effect to its guarantee of the notes, will not be insolvent, will not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

Risks Relating to Exchange Offer

There currently is no public market for the exchange notes and we cannot assure you that you will be able to resell your exchange notes.

The exchange notes will constitute a new issue of securities for which there is no established trading market. Although we have been advised by the initial purchasers that, following completion of the exchange offer, they intend to make a market in the exchange notes, they are not obligated to do so and any market-making activities with respect to the exchange notes may be discontinued at any time without notice.

If a market for the exchange notes develops, any such market may cease at any time. In addition, if a public trading market for the exchange notes develops, future trading prices of the exchange notes will depend on many factors, including, among other things:

prevailing interest rates;

the market for similar securities;

our financial condition and results of operations; and

other factors beyond our control, including general economic conditions.

We do not intend to list the exchange notes on any national securities exchange or seek approval for quotation through any automated quotation system. Accordingly, we cannot assure you that an active public or other market will develop for the exchange notes, or of the liquidity of any trading market for the exchange notes following the exchange offer.

If a trading market does not develop or develops but is not maintained, holders of the exchange notes may experience difficulty in reselling the exchange notes or may be unable to sell them at all.

Your old notes will not be accepted for exchange if you fail to follow the exchange offer procedures and, as a result, your old notes will continue to be subject to existing transfer restrictions and you may not be able to sell your old notes.

We will not accept your old notes for exchange if you do not follow the exchange offer procedures. We will issue exchange notes as part of this exchange offer only after a timely receipt of your old notes, a properly
completed and duly executed letter of transmittal or computer generated message from DTC and all other required documents. Therefore, if you want to tender your old notes, please allow sufficient time to ensure timely delivery. If we do not receive your old notes, letter of transmittal and other required documents by the expiration date of the exchange offer, we will not accept your old notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of old notes for exchange. If there are defects or irregularities with respect to your tender of old notes, we intend not to accept your old notes for exchange.

If you do not exchange your old notes, your old notes will continue to be subject to the existing transfer restrictions and you may not be able to sell your old notes.

We did not register the old notes, nor do we intend to do so following the exchange offer. Old notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only

in limited circumstances under the securities laws. If you do not exchange your old notes, you will lose your right to have such old notes registered under the federal securities laws. As a result, if you hold old notes after the exchange offer, you may not be able to sell your old notes.

Risks Relating to the Transactions

Our historical financial information may not be representative of what our historical results as an independent company would have been and, therefore, may not be indicative of our future results.

The historical combined financial information included in this prospectus does not reflect what our results of operations, financial position and cash flows would have been had we been an independent company during the periods presented or what our results of operations, financial position and cash flows will be in the future. We were not operated as a separate company, subsidiary, division or segment by Allergan during the historical periods presented and our historical combined financial statements reflect allocations for services provided to us by Allergan. These allocations will differ from the costs we will incur for these services as an independent company. Additionally, our historical combined financial statements do not reflect fundamental changes that we expect to occur in the future as a result of our separation from Allergan, including changes in our capital structure. Our historical effective tax rate may not be indicative of our future effective tax rate due to changes in the mix of our earnings in the various countries where we operate. Therefore, our historical combined financial statements will not be indicative of our future performance as an independent company.

We have not made adjustments to our historical financial information to reflect changes that will occur in our cost structure, financing and operations as a result of our separation from Allergan. These changes include potentially increased costs associated with reduced economies of scale. For example, our separation from Allergan may result in dislocations to our organization and personnel structure, and will also result in the duplication of some administrative and managerial personnel and other expenses required for the operation of independent companies. Our historical financial information does not reflect any increased costs associated with being a publicly traded, independent company.

We have no history operating as an independent company upon which you can evaluate us.

We do not have an operating history as a stand-alone entity. Prior to the separation, the optical medical device business was operated by Allergan as a part of its broader corporate organization rather than as a stand-alone company. As a result of the separation, our ability to satisfy our obligations and maintain profitability will be solely dependent upon the future performance of the businesses we own and operate, and we will not be able to rely upon the capital resources and cash flows of those business lines remaining with Allergan. Historically, Allergan performed all corporate functions for us, including the following:

- information and technology services;
- legal functions;
- public and investor relations;
- treasury administration;
- employee compensation and benefits administration;
- insurance administration;
- accounting functions;
- internal audits;
- corporate income tax administration;
- telecommunications;
- facilities services; and
- complete operational support in many of the countries in which we conduct our business.

Allergan currently has no obligation to provide these functions to us other than the transition services that will be provided to us by Allergan pursuant to the transitional services agreement with Allergan, as described in Arrangements with Allergan. If we do not have in place our own systems and business functions, or if we do not have agreements with other providers of these services once our transitional services agreement with Allergan expires, we may not be able to operate our business effectively and our profitability may decline. In addition, if Allergan does not perform the transitional services they have agreed to provide us at the same level as when we were part of Allergan, these services may not be sufficient to meet our needs and we may not be able to operate our business effectively after the separation. We are in the process of creating our own, or engaging third parties to provide, systems and business functions to replace many of the systems and business functions Allergan currently provides us. We may not be successful in implementing these systems and business functions or in transitioning data from Allergan s systems to ours. In addition, we may incur costs for these functions that are higher than the amounts allocated to us in our historical combined financial statements.

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 distribution.

For the distribution of our stock by Allergan to qualify as tax-free to Allergan, there must not be a change in ownership of 50% or more in either the voting power or value of either our stock or Allergan s stock that is considered to be part of a plan or a series of related transactions related to Allergan s distribution of our stock to its stockholders. For this purpose, a change in ownership may include the issuance of our common stock or Allergan s common stock in acquisitions and other similar strategic transactions. If there are direct or indirect acquisitions of our stock or Allergan s stock by one or more persons during the four-year period beginning two years prior to and ending two years after the distribution, each acquisition will be presumed to be part of a plan or a series of related transactions related to Allergan s distribution of our stock and the distribution will be taxable to Allergan unless the presumption is rebutted successfully.

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. Under the tax sharing agreement, we may be required to indemnify Allergan against any corporate level tax on the amount by which the fair market value of our common stock distributed in the distribution exceeds Allergan s basis in such stock.

We are required to meet various requirements, including obtaining the approval of Allergan, before engaging in specified transactions that involve the acquisition of our stock or the issuance of our stock. See Arrangements with Allergan Tax Sharing Agreement and Contribution and Distribution Agreement. 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.

In addition, while our ability to issue additional equity or engage in transactions involving a change in ownership of our stock may be constrained, we are responsible for our own financing following the distribution. We may determine that it is desirable to incur debt or issue equity in order to fund our working capital, capital 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.

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 the contribution and distribution agreement, we and Allergan have each agreed to indemnify each other from and after the distribution with respect to the indebtedness, liabilities and obligations that will be retained by our respective companies. These indemnification obligations could be significant and we cannot presently determine the amount of indemnification obligations for which we could be liable or for which

we will seek payment from Allergan. See Arrangements with Allergan Contribution and Distribution Agreement. Our ability to satisfy these indemnities if we are called upon to do so will depend upon our future financial strength. Similarly, Allergan s ability to satisfy any such obligations to us will depend on Allergan s future financial performance. We cannot assure you that we will have the ability to satisfy any substantial indemnification obligations to Allergan. 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 conditioned the distribution on the receipt of a satisfactory ruling from the Internal Revenue Service to the effect that the distribution will qualify as a tax-free transaction such that none of the Allergan stockholders, Allergan or we will recognize any income, gain or loss as a result of such transactions. Allergan has received such a satisfactory ruling from the Internal Revenue Service. Allergan and we have made representations and agreed to restrictions on future actions to provide further assurances that the distribution will qualify as tax-free to Allergan and its stockholders. See Arrangements with Allergan Tax Sharing Agreement and Contribution and Distribution Agreement.

If any of the material facts, representations and warranties on which the satisfactory ruling from the Internal Revenue Service is based are not true and correct and the Internal Revenue Service challenged the tax-free nature of the distribution, it is possible that the distribution could be held to be a taxable distribution by Allergan of our common stock to Allergan stockholders.

If Allergan or we fail to operate under these limitations, or if any of these matters were challenged on audit, and Allergan s distribution of our common stock were ultimately determined not to qualify as tax free under Section 355 of the Internal Revenue Code, then in general, a corporate level tax would be payable by the consolidated group of which Allergan is the common parent based upon the difference between the fair market value of our common stock and Allergan s basis in our common stock distributed to the Allergan stockholders. Under the consolidated return rules, each member of the consolidated group (including us) would be severally liable for such tax liability. We have agreed to indemnify Allergan if our actions or the actions of any of our affiliates result in the tax liability described above. Allergan has agreed to indemnify us for any losses we may incur in the event that Allergan or any of its affiliates take any action which adversely impacts the tax-free nature of the distribution. If we were required to pay any of the taxes described above, the payment would have a material adverse effect on our financial position.

Many of our executive officers and some of our directors may have potential conflicts of interest because of their ownership of Allergan common stock and other ties to Allergan.

Many of our executive officers and some of our directors have a portion of their personal financial portfolios in Allergan common stock or vested options to purchase Allergan common stock or are employees or former employees of Allergan. Our directors and executive officers beneficially own in aggregate less than one percent of the outstanding Allergan common stock. In addition, we share two directors with Allergan, including David E.I. Pyott, Allergan s Chairman of the Board, President and Chief Executive Officer. See Management. Ownership of Allergan common stock by our directors and officers or the employment by Allergan of any of our directors could create, or appear to create, potential conflicts of interest for these directors and officers when faced with decisions that could have different implications for Allergan and us. See Ownership of Our Stock.

Risks Relating to Our Industry

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 contact lens 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; Pharmacia Ophthalmics; Staar Surgical; and Moria. These competitors may develop technologies and products that are more effective or less costly than any of our current or future products or that could render our products obsolete or noncompetitive. Some of these competitors have substantially more resources and a greater marketing scale than we do. In addition, the medical technology and device industry continues to experience consolidation, resulting in companies that are larger and more diversified than we are. Among other things, these companies can spread their research and development costs over much broader revenue bases than we can and can influence customer and distributor buying decisions. Our inability to produce and develop products that compete effectively against our competitors products could result in a material reduction in sales.

Compliance with the extensive government regulations to which we are subject is expensive and time consuming, and, if we fail to comply, we may be subject to fines, injunctions and penalties that could harm our business.

Our products and operations are subject to extensive regulation in the United States by the Food and Drug Administration. Additionally, in many foreign countries in which we market our products, we are subject to regulations applicable to our devices and products similar to those of the Food and Drug Administration. U.S. and foreign regulations govern, among other things, product development, product testing, product labeling, manufacturing practices, product storage, premarket clearance or approval, advertising and promotion, sales and distribution and post-market surveillance. Changes in existing regulatory requirements or adoption of new requirements could hurt our business, financial condition and results of operations.

Numerous regulatory requirements apply to our marketed products, including the Food and Drug Administration s Quality System Regulations, which require that our manufacturing operations follow elaborate design, testing, control, documentation and quality assurance procedures during the manufacturing process. We are also subject to Food and Drug Administration regulations covering labeling, adverse event reporting, the Food and Drug Administration s general prohibition against promoting products for unapproved or off-label uses and various federal and state laws pertaining to healthcare fraud and abuse, including anti-kickback laws and physician self-referral laws. As a medical device manufacturer, our manufacturing facilities are subject to periodic unannounced inspections by various governmental agencies to determine compliance with extensive regulatory requirements. Although we believe we are in material compliance with all such applicable requirements, we cannot be certain that an inspection would determine that we are in full compliance. Our failure to comply with U.S. or foreign regulations could lead to warning letters, non-approvals, suspension of existing approvals, civil penalties and criminal fines, product seizures and recalls, operating restrictions (including suspension or reduction in manufacturing and production), injunctions, and criminal prosecutions. The imposition of any one or more of these penalties could have a material adverse effect on our production, product sales and profitability. See Business Government Regulation and Other Matters.

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.

In order for us to market our Class I or Class II (low or medium risk , respectively) medical devices in the United States, we generally must first obtain clearance from the United States Food and Drug Administration, pursuant to Section 510(k), or approval pursuant to Section 515, of the Federal Food, Drug, and Cosmetic Act. Clearance under Section 510(k) requires demonstration that a new device is substantially equivalent in intended use and safety and effectiveness to a legally marketed predicate device . If we modify our products after they receive clearance under Section 510(k), the Food and Drug Administration may require us to submit a separate 510(k) or premarket approval application for the modified product before we are permitted to market the products in the United States. In addition, for our existing or any future Class III (high risk) devices, we are required to obtain Food and Drug Administration approval prior to commercial distribution by submitting a premarket approval application. Approval under Section 515, through submission of a premarket approval application, or PMA,

requires demonstration of a reasonable assurance of safety and effectiveness using valid scientific data. If we modify our Class III devices or their manufacturing sites or processes following PMA approval, we may be required to submit a supplemental or new PMA and obtain prior approval before marketing the modified products. While the burden of determining if a modified product requires a new 501(k), PMA supplement or new PMA is left to us, if the Food and Drug Administration disagrees with our assessment, it could be deemed a failure to comply and we could become subject to warning letters, future non-approvals, suspension of existing approvals, civil penalties and criminal fines, product seizures and recalls, operating restrictions, injunctions, and criminal prosecutions. The imposition of any one or more of these penalties could have a material adverse effect on our production, product sales and profitability.

The Food and Drug Administration may not act favorably or quickly in its review of our 510(k) or premarket approval application submissions, or we may encounter significant difficulties and costs in our efforts to obtain Food and Drug Administration clearance or approval, all of which could delay or preclude sale of new products in the United States. Furthermore, the Food and Drug Administration may request additional data, require us to conduct further testing, or compile more data, including clinical data, in support of a 510(k) or PMA submission. The Food and Drug Administration may also, instead of accepting a 510(k) submission, require us to submit a premarket approval application, which is typically a much more complex application than a 510(k). To support a premarket approval application, the Food and Drug Administration would likely require that we conduct one or more clinical studies to demonstrate that the device is safe and effective, rather than substantially equivalent to another legally marketed predicate device . We may not be able to meet the requirements to obtain 510(k) clearance or approval of a premarket approval application, or the Food and Drug Administration may not grant any necessary clearances or approvals. In addition, the Food and Drug Administration may place significant limitations upon the intended use of our products as a condition to a 510(k) clearance or approval of a premarket approval application. Product applications can also be denied or withdrawn due to failure to comply with regulatory requirements or the occurrence of unforeseen problems following approval. Failure to obtain Food and Drug Administration clearance or approvals of new products we develop on a timely basis, any limitations imposed by the Food and Drug Administration on new product use or the costs of obtaining Food and Drug Administration clearance or approvals could have a material adverse effect on our business, financial condition and results of operations.

In order to conduct a clinical investigation involving human subjects for the purpose of demonstrating the safety and effectiveness of a device, a company must, among other things, apply for and obtain Institutional Review Board approval of the proposed investigation. In addition, if the clinical study involves a significant risk (as defined by the Food and Drug Administration) to human health, the sponsor of the investigation must also submit and obtain Food and Drug Administration approval of an investigational device exemption application. We may not be able to obtain Food and Drug Administration and/or Institutional Review Board approval to undertake clinical trials in the U.S. for any new devices we intend to market in the United States in the future. If we obtain such approvals, we may not be able to comply with the investigational device exemption and other regulations governing clinical investigations or the data from any such trials may not support clearance or approval of the investigational device. Failure to obtain such approvals or to comply with such regulations could have a material adverse effect on our business, financial condition and results of operations. Particular emphasis is also being placed on more sophisticated and faster procedures for reporting of adverse events to the competent authorities. In many countries the national health or social security organizations require our products to be qualified before they can be marketed with the benefit of reimbursement eligibility. Failure to receive, or delays in the receipt of, relevant foreign qualifications also could have a material adverse effect on our business, financial condition and results of operations.

The European Union regulatory regime for medical devices became mandatory in June 1998. It requires that medical devices may only be placed on the market if they do not compromise safety and health when properly installed, maintained and used in accordance with their intended purpose. National laws conforming to this European Union legislation regulate our surgical and contact lens care products under the medical devices regulatory system, rather than under the national requirements under which they were formerly regulated, which

were often highly variable. The European Union medical device laws require us to declare that our products conform to the designated essential requirements, only after which our products may be placed on the market bearing a CE marking. The manufacturers quality systems for products in all but the lowest risk classification are also subject to certification and audit by an independent notified body.

In Japan, the regulatory process for our products is equally complex. Pre-marketing approval and clinical studies are required, as is governmental pricing approval for medical devices. Clinical studies are subject to a stringent Good Clinical Practices standard. Approval time frames from the responsible Japanese Ministry vary from simple notifications to review periods of one or more years, depending on the complexity and risk level of the device. In addition, importation into Japan of medical products is subject to Good Import Practices regulations. As with any highly regulated market, significant changes in the regulatory environment could adversely affect future sales.

In many of the other foreign countries in which we market our products, we are subject to regulations affecting, among other things: