UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2005

ADVANCED MEDICAL OPTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**01-31257**	**33-0986820**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

1700 E. St. Andrew Place Santa Ana, CA	**92705**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (714) 247-8200

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

In response to comments received by Advanced Medical Optics, Inc. (AMO) during the review process of the Registration Statement on Form S-4 relating to the shares of AMO comment stock to be issued to stockholders of VISX, Incorporated pursuant to the Agreement and Plan of Merger, dated as of November 9, 2004, by and among AMO, Vault Merger Corporation, and VISX, Incorporated, this Current Report on Form 8-K/A is being filed to further modify the non-GAAP disclosures contained in the press release furnished by AMO on Form 8-K on February 8, 2005. In addition, AMO has revised certain non-GAAP measures to remove the impact of the non GAAP adjustments for unrealized gains/losses on derivative instruments. This revision has no impact to the GAAP results. The information in this Current Report on Form 8-K/A under Item 2.02 shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

ADVANCED MEDICAL OPTICS

FOURTH-QUARTER AND FULL YEAR 2004 RESULTS

Advanced Medical Optics, Inc. (AMO) [NYSE: AVO], a global leader in ophthalmic surgical devices and eye care products, provides financial results for the fourth quarter and full year of 2004 and the adoption of Emerging Issues Task Force (EITF) Issue No. 04-8, The Effect of Contingently Convertible Debt on Diluted Earnings Per Share.

Under generally accepted accounting principles (GAAP), net earnings for the fourth quarter were $10.1 million, or $0.26 per fully diluted share, compared to $9.7 million, or $0.28 per fully diluted share, in the same quarter one year ago. Adjusted net earnings for the quarter, which excludes non-GAAP adjustments itemized in the table below, were $21.2 million, or $0.54 per fully diluted share. Included in the results are the impact of the derivative instruments. The unrealized loss on derivative instruments reduced earnings per share by $0.01 and $0.02 in the fourth quarters of 2004 and 2003, respectively.

For the full year, the company recorded a GAAP loss of $129.4 million, or a loss of $3.89 per share, compared to GAAP net earnings of $10.4 million, or $0.35 per fully diluted share, for 2003. Adjusted net earnings for the year, which excludes non-GAAP adjustments itemized in the table below, were $46.2 million, or $1.24 per fully diluted share, compared to adjusted net earnings of $23.9 million, or $0.76 per fully diluted share, in 2003. Included in the results are the impact of the derivative instruments. The unrealized loss on derivative instruments did not impact earnings per share in 2004 and reduced earnings per share by $0.01 in 2003.

Net revenue for the fourth quarter rose 34.6 percent, including a 5.3 percent increase related to foreign currency, to $224.7 million, compared to the fourth quarter of 2003, reflecting continued growth in the company s ophthalmic surgical and eye care franchises, and the benefits of the Pfizer acquisition. For 2004, net revenue was $742.1 million, compared to $601.5 million in 2003, representing a 23.4 percent increase, including a 6.2 percent increase related to foreign currency.

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Throughout 2004 our focused strategy continued to transform AMO into a stronger global enterprise capable of delivering sustained growth, said Jim Mazzo, president and chief executive officer. Our 2004 sales and operating results demonstrate that our strategy is working. We acquired and integrated the Pfizer ophthalmic surgical business, while delivering a broad set of technologically superior products that improve practitioner productivity and patient outcomes. We also continued to streamline our global operations to improve productivity and profitability and remained on track to execute our comprehensive eye care manufacturing strategy by mid 2005. Building on our momentum in 2004, we expect our planned acquisition of VISX to further expand growth and position AMO as a powerful leader in the global medical technology marketplace.

AMO announced in November 2004 that it had reached an agreement with VISX, Incorporated, the global leader in laser vision correction, to acquire the company for a combination of cash and stock. The transaction requires the approval of both companies shareholders. AMO continues to work toward closing the transaction in the first quarter of 2005.

As previously announced, AMO expects the transaction to be neutral to its 2005 earnings-per-share guidance of $1.65 to $1.75, and expects 2006 earnings per share to be in the range of $2.20 to $2.30. The company s earnings-per-share guidance excludes any charges associated with the VISX acquisition, option expensing or the unrealized gains or losses on derivative instruments.

Ophthalmic Surgical

Ophthalmic surgical revenue grew 56.0 percent in the fourth quarter, including a 5.9 percent increase related to foreign currency, to $135.0 million, compared to $86.5 million in the year-ago quarter. Quarterly highlights included:

Total intraocular lens (IOL) sales rose 20.2 percent to $68.4 million, compared to $56.9 million in the fourth quarter of 2003. The increase reflects primarily the acquisition of the Pfizer ophthalmic surgical business and the strength of the company s promoted IOL technologies, the Tecnis® and Sensar® lenses. The Tecnis® lens, which AMO acquired as part of the Pfizer ophthalmic surgical acquisition, has a proprietary modified prolate design that reduces spherical aberrations and improves contrast sensitivity. It is the only lens on the market with a unique FDA claim for improved functional vision. The Sensar® lens is AMO s top selling IOL with a patented edge design to reduce halos, glare and the incidence of posterior capsular opacification.

Sales of viscoelastics rose more than nine-fold during the quarter to $37.1 million, compared to $4.0 million one year ago. This rise reflected the addition of the Healon® family of viscoelastics, which AMO acquired as part of the Pfizer transaction, as well as continued growth of AMO s existing Vitrax® brand.

Sales of phacoemulsification products grew 4.4 percent during the quarter to $20.9 million, compared to $20.0 million one year ago. Growth was led by the company s Sovereign® Compact system with WhiteStar technology, as well as recurring revenue from the consumable surgical packs used during every phacoemulsification procedure performed with an AMO machine.

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For the full year 2004, ophthalmic surgical revenue grew 34.9 percent, including a 6.3 percent increase related to foreign currency, to $413.4 million, compared to $306.5 million in 2003.

Eye Care

Eye care revenue growth remained strong in the fourth quarter, rising 11.5 percent, including a 4.6 percent increase related to foreign currency, to $89.7 million, compared to $80.5 million in 2003 s fourth quarter.

Sales of the company s flagship COMPLETE® branded product line were up 4.9 percent for the quarter and 17.6 percent for the full year. AMO s COMPLETE® MoisturePLUS, the first multipurpose solution with two artificial tear ingredients, is designed to alleviate discomfort and dryness for contact lens wearers.

For the full year 2004, eye care revenue grew 11.4 percent, including a 6.2 percent increase related to foreign currency, to $328.7 million, compared to $294.9 million in 2003.

Additional Operating Results

The following are additional operating highlights for the fourth quarter and full year of 2004. Please refer below to the itemized list and reconciliation of non-GAAP adjustments that impacted operating results during the period.

Gross profit for the fourth quarter of 2004 was $131.1 million and included a $14.1 million manufacturing profit capitalized in inventory and expensed related to the Pfizer ophthalmic surgical acquisition. In 2003 s fourth quarter, the company s gross profit was $102.9 million. For 2004, the gross profit was $435.9 million and included a $28.1 million manufacturing profit capitalized in inventory and expensed related to the Pfizer ophthalmic surgical acquisition. In 2003, the company s gross profit was $373.6 million. The year-over-year growth in gross profit reflected the increase in revenue and continued execution of the company s manufacturing strategy. The adjusted gross profit margin for the fourth quarter of 2004, which excludes non-GAAP adjustments itemized in the table below, was 64.6 percent, compared to 61.6 percent in the same period last year. For the year, the adjusted gross profit margin, which excludes non-GAAP adjustments itemized in the table below, was 62.5 percent, compared to 62.1 percent in 2004.

Research and development expense in the fourth quarter of 2004 was $14.6 million, up 40 percent from $10.4 million in the same period last year. For 2004, R&D expense was $73.7 million and included a $28.1 million in-process R&D charge related to the Pfizer ophthalmic surgical acquisition. For 2003, the company recorded R&D expenses of $37.4 million.

SG&A expense for the fourth quarter was $92.6 million, or 41.2 percent of sales. In the fourth quarter of 2003, the company had SG&A expenses of $71.6 million, or 42.9 percent of sales. For 2004, SG&A expense stood at $329.2 million and included $2.3 million in certain charges related to the Pfizer ophthalmic surgical acquisition. SG&A expense for 2003 was $276.7 million.

Operating income for the fourth quarter was $23.9 million and included $14.1 million in certain charges related to the Pfizer ophthalmic surgical acquisition. In the fourth quarter of 2003, operating income was $20.9 million. For 2004, operating income was $33.0 million and included $58.5 million in certain charges related to the Pfizer ophthalmic surgical acquisition. In 2003, the company reported $59.5 million in operating income. The adjusted operating margin for the fourth quarter of 2004, which excludes non-GAAP adjustments itemized in the table below, was 16.9 percent, compared to 12.5 percent in the same period last year. For the year, the adjusted operating margin, which excludes non-GAAP adjustments itemized in the table below, was 12.3 percent, compared to 9.9 percent in 2003.

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During the quarter, AMO reduced its total debt outstanding to $552.6 million, from $568.4 million at the end of the third quarter. This reduction reflects the repayment of a portion of the $250 million Term B loan and the exchange of approximately $4.8 million principal amount of 3.5 percent convertible bonds during the quarter.

Adoption of EITF 04-8

The company adopted EITF Issue No. 04-8 with respect to its 3.5 percent convertible senior subordinated notes issued June 24, 2003. Under EITF 04-8, these securities must be included in the diluted EPS calculation retroactively to the date of issue.

Adoption of EITF 04-8 had the effect of reducing AMO s adjusted diluted earnings per share for the first quarter of 2004 by $0.01, thus reducing its full-year 2004 adjusted diluted earnings per share by $0.01, to $1.24. Adoption of EITF 04-8 also resulted in a $0.03 reduction to the company s 2003 adjusted earnings per share.

Under EITF 04-8, AMO s 2.5 percent convertible senior subordinated notes issued on June 22, 2004 do not impact 2004 adjusted diluted earnings per share because the company has irrevocably elected to settle the principal amount of the notes in cash. Therefore, any future dilutive effect of the 2.5 percent notes will be calculated under the net share settlement method.

GAAP to Non-GAAP Reconciliation

Our disclosure of gross profit margin, operating income, operating margin, net earnings (loss) and net earnings (loss) per share for the quarter and year ended December 31, 2004 and our disclosure of net earnings and net earnings per share for the quarter and year ended December 31, 2003 contained herein was prepared in accordance with GAAP and is accompanied by disclosures that are not prepared in conformity with GAAP. These non-GAAP disclosures are adjusted for certain non-GAAP adjustments contained in the GAAP presentations. Management uses each of adjusted gross profit margin, operating income, operating margin, net earnings and net earnings per share to conduct a more meaningful, consistent comparison of the company s operating results for the periods presented on a basis consistent with management s means of evaluating operating performance, and to provide investors additional information that allows them to reasonably set their own expectations as to the future performance of the Company and also to determine how the Company s current performance compared to their own expectations. Additionally, adjusted gross profit margin, operating income, operating margin and earnings are the primary indicators management uses for planning and forecasting in future periods. The acquisition-related non-GAAP adjustments (manufacturing profit capitalized and expensed, distributor termination, severance and in-process research and development) and the related recapitalization and debt retirement non-GAAP adjustments are specifically related to the Company s acquisition of the Pfizer business and, as they relate to the Pfizer acquisition, are not expected to recur. Due to the uncertainty regarding the timing of completion of any potential acquisition/merger, or whether any potential acquisition/merger would be completed at all, management does not include potential merger and acquisition activity in its annual budgeting process. Items impacting the timing and/or completion of merger and acquisition activity may include, but are not limited to: length and success of negotiations between the parties, shareholder approval, regulatory approval and availability of financing at acceptable rates. The non-GAAP disclosures and the non-GAAP adjustments including the basis for excluding such adjustments and the impact on our operations, are outlined below:

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Adjusted Net Sales: Adjusted net sales does not include any non-GAAP adjustments and is equivalent to reported GAAP net sales and is presented to provide investors perspective in relation to the remaining non-GAAP disclosures.

Manufacturing Profit Capitalized and Expensed and Impact on Adjusted Cost of Sales, Adjusted Gross Profit and Adjusted Gross Profit Margin: The Company incurred manufacturing profit capitalized in inventory and expensed during 2004 as a result of purchase accounting applied to the acquisition of the Pfizer ophthalmic surgical business. The effect of this amount was an increase to cost of sales and a reduction of the Company s gross profit margin. The amount was excluded from the non-GAAP cost of sales, gross profit and gross profit margin as it related solely to the acquisition of the Pfizer products. In evaluating the overall operating cost of sales, gross profit and gross profit margin performance, management excluded this item as it was not reflective of the cost of sales, gross profit and gross profit margin expected in the future nor did it provide a meaningful evaluation of current versus past performance. The adjusted cost of sales, gross profit and gross profit margin provides investors a more meaningful comparison of the historical cost of sales, gross profit and gross profit margin to their internally developed expectations for the Company. Given the unusual nature of the manufacturing profit capitalized and expensed relative to the operating results for the period presented, this item has been excluded from the non-GAAP disclosure.

Distributor Termination and Severance and Impact on Selling, General and Administrative: The Company incurred a charge to terminate a distributor contract following the decision to move to a direct sales model in Belgium as a result of the acquisition of the Pfizer ophthalmic surgical business. As a direct result of the Pfizer acquisition, the Company terminated the distributor contract in Belgium. This had the effect of increasing the selling expenses in 2004. In management s evaluation of the ongoing business performance, this item was not included as the Company was unable to accurately budget for the charge due to the inherent uncertainty regarding completion of the acquisition. Management believes this adjustment to selling, general and administrative and operating income is useful to investors because this cost was also not indicative of the level of selling costs to be incurred in fiscal year 2005. Accordingly, the amount was excluded in order to enable investors to evaluate the current performance compared to the past, which would then assist investors in their evaluation of the past performance as well as assist in the development of future expectations. Given the unusual nature of the distributor termination charge relative to the operating results for the period presented, this item has been excluded from the non-GAAP disclosure.

The Company incurred a charge related to severance paid to certain AMO employees upon completion of the Pfizer acquisition. As a direct result of the Pfizer acquisition, the Company terminated certain AMO employees that were made redundant. This had the effect of increasing the selling expenses in 2004. In management s evaluation of the business performance, this item was not included in operating income as the Company was unable to accurately budget for the charge due to the inherent uncertainty regarding completion of the acquisition. Management believes this adjustment to selling, general and administrative and operating income is useful to investors because this cost was also not indicative of the level of selling costs to be incurred in fiscal year 2005. Accordingly, the amount was excluded in order to evaluate the current performance compared to the past, which would then assist investors in their evaluation of the past performance as well as assist in the development of future expectations. Given the unusual nature of the severance charge relative to the operating results for the period presented, this expense has been excluded from the non-GAAP disclosure.

Adjusted Research and Development and In-process R&D: The Company incurred a charge associated with in-process R&D expenses as a result of purchase accounting applied to the acquisition of the Pfizer ophthalmic surgical business. The in-process research and development charge was excluded from the 2004 results as it represents an amount that was not budgeted or forecasted as part of the Company s operating results and was directly related to the Pfizer acquisition. Due to the method of determining this amount, it is not possible for the Company to predict such an amount when preparing the annual budget upon which to evaluate its results. Management believes this adjustment to research and development operating income is useful to investors because otherwise the GAAP measure is not an amount that is indicative of the Company s current research and development spending and excluding this item assists investors in evaluating actual research and development spending as well as assist in the development of future expectations. Given the unusual nature of this item relative to the operating results for the period presented, this item has been excluded from the non-GAAP disclosure.

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Adjusted Operating Income and Operating Margin: Adjusted operating income and adjusted operating margin excludes the non-GAAP adjustments discussed above. Management uses adjusted operating income and adjusted operating margin to conduct a more meaningful, consistent comparison of the company s operating results for the periods presented on a basis consistent with management s means of evaluating operating performance, and to provide investors a more meaningful comparison of the historical operating income and operating margin to their internally developed expectations for the Company.