

Jefferies 2<sup>nd</sup> Annual Healthcare Conference  
June 25, 2008



*Earning Trust Every Moment.*

*Transforming Lives Every Day.*

Lasik**Plus**<sup>®</sup>  
VISION CENTER  Trust the Plus.<sup>™</sup>

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# Forward-Looking Statements

This presentation contains forward-looking statements that are subject to risks and uncertainties including, but not limited to, the impact of competition and pricing, procedure demand and marketplace acceptance, and unforeseen fluctuations in operating results and other risks detailed from time to time in the company's filings with the Securities and Exchange Commission, including but not limited to, the company's Forms 10-K and 10-Q.

# Our Company

- Pure-play in laser vision correction
- Performed over 976,000 procedures since FDA approval in October 1995



- 76 LasikPlus® vision centers located in 59 markets in 33 states



# Investment Highlights

- 60 million laser vision correction candidates, 10% penetration of self-sustaining market
- Strong commitment to marketing activities, patient acquisition, new facilities / expansion, employee training, surgeon relationships
- Well-capitalized market leader through organic growth with purchasing power, nationwide footprint, proven know-how
- Business model has significant pricing and volume leverage

# U.S. Center Locations

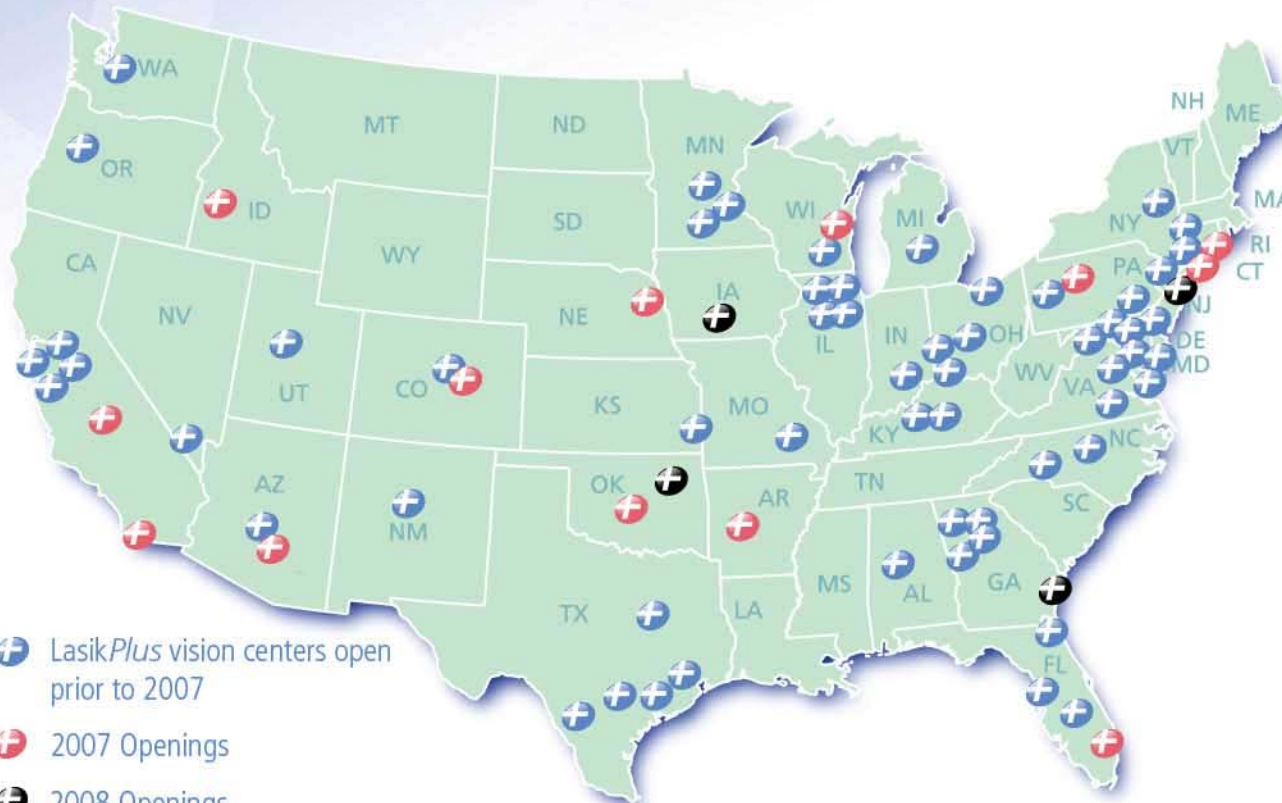
- 76 LasikPlus® vision centers located in 59 markets in 33 states
- 2008: Plans to open 6 vision centers
- Vision for the Future: Over 120 LasikPlus® vision centers located in the top 100 markets in the U.S.

## 2007 Openings

1. Long Island, New York
2. Omaha, Nebraska
3. Green Bay, Wisconsin
4. Harrisburg, Pennsylvania
5. Little Rock, Arkansas
6. Colorado Springs, Colorado
7. San Diego, California
8. Oklahoma City, Oklahoma
9. Scarsdale, New York
10. Fresno, California
11. Boise, Idaho
12. Coral Springs, Florida
13. Chandler, Arizona

## 2008 Openings

1. Savannah, Georgia
2. Des Moines, Iowa
3. Tulsa, Oklahoma
4. Woodbridge, New Jersey
- 5.
- 6.



- LasikPlus vision centers open prior to 2007
- 2007 Openings
- 2008 Openings

## Large U.S. Market with Low Penetration

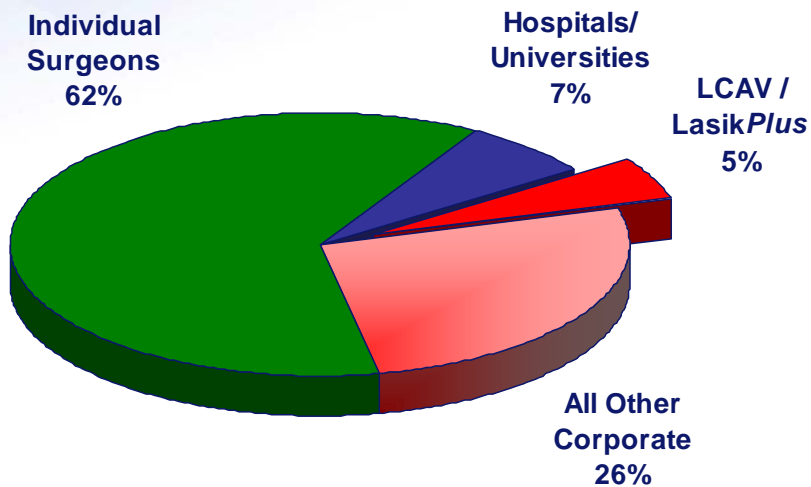
- Over 170 million wear eyeglasses or contact lenses
- 60 million are candidates for laser vision correction
  - New entrants to patient pool approximate annual procedures
- 6.2 million patients treated in the U.S. since FDA approval in October 1995
- Approximately 90% of potential candidates have not been treated

Industry data obtained from Market Scope (November 2007)

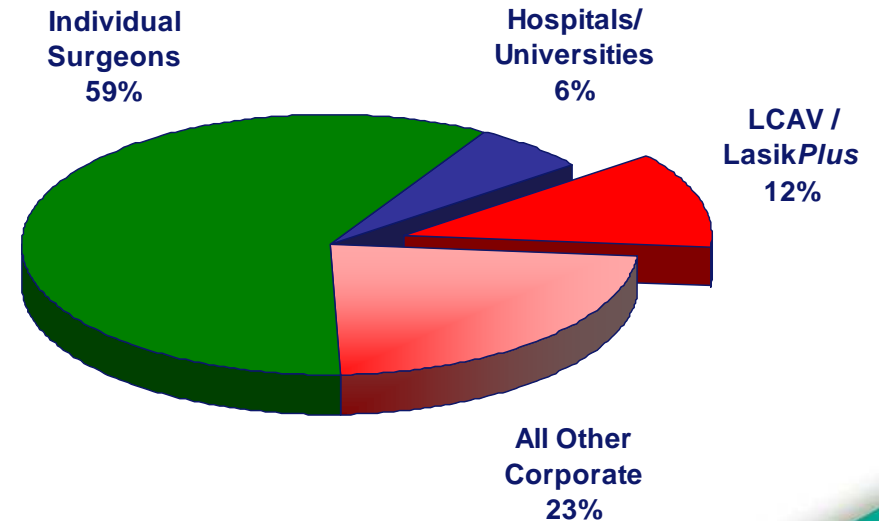
# Highly Fragmented Market = Opportunity

## Procedures Performed by Market Segment

2003



2008



Industry data obtained from Market Scope (November 2003 and May 2008)

# Business Improvements

- Leadership
  - Further strengthened executive management and operations management teams
- Service Excellence
  - Investing in training programs to enhance the patient experience and improve operating performance
- LasikPlus® Vision Centers
  - Implementing simplified market-specific pricing
  - Year-to-date opened four vision centers – all in new markets
  - Renovations and relocations of existing locations to reflect retail model
  - Modified center-level incentive compensation plans
  - New national call and data center opened in December 2007
- IntraLase® Technology
- Expense Management
  - Managing labor, marketing, and general and administrative costs
  - Reducing 2Q-08 marketing spend by 15% from 1Q-08 level

# Financial Overview

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# Significant Center Pricing Leverage

Cash Price Per Procedure	\$ 1,500	\$ 1,600
Change in Deferred Revenue	160	160
<b>GAAP Revenue Per Procedure</b>	<b>\$ 1,660</b>	<b>\$ 1,760</b>
Procedures Per Month	250	250
Revenue	\$ 415,000	\$ 440,000
Variable Costs	84,500	87,000
Contribution Margin	\$ 330,500	\$ 353,000
<b>Contribution Margin %</b>	<b>80%</b>	<b>80%</b>
Center Costs	\$ 102,000	\$ 102,000
Marketing	98,000	98,000
Depreciation	15,000	15,000
Operating Income	\$ 115,500	\$ 138,000
<b>Operating Income %</b>	<b>28%</b>	<b>31%</b>

# Significant Center Volume Leverage

<b>Procedures Per Month</b>	<b>250</b>	<b>300</b>
Cash Price Per Procedure	\$ 1,500	\$ 1,500
Change in Deferred Revenue	160	160
GAAP Revenue Per Procedure	1,660	1,660
Revenue	415,000	498,000
Variable Costs	84,500	101,400
Contribution Margin	\$ 330,500	\$ 396,600
<b>Contribution Margin %</b>	<b>80%</b>	<b>80%</b>
Center Costs	\$ 102,000	\$ 102,000
Marketing	98,000	112,000
Depreciation	15,000	15,000
Operating Income	\$ 115,500	\$ 167,600
<b>Operating Income %</b>	<b>28%</b>	<b>34%</b>

# Opportunity for Center Expansion & Growth

- Market Demographics
- Economic Conditions
- Competition
- Managed Care
- National Direct-to-Consumer Advertising



# New Center Investment & Profitability

- Investment range is approximately \$1.5 million

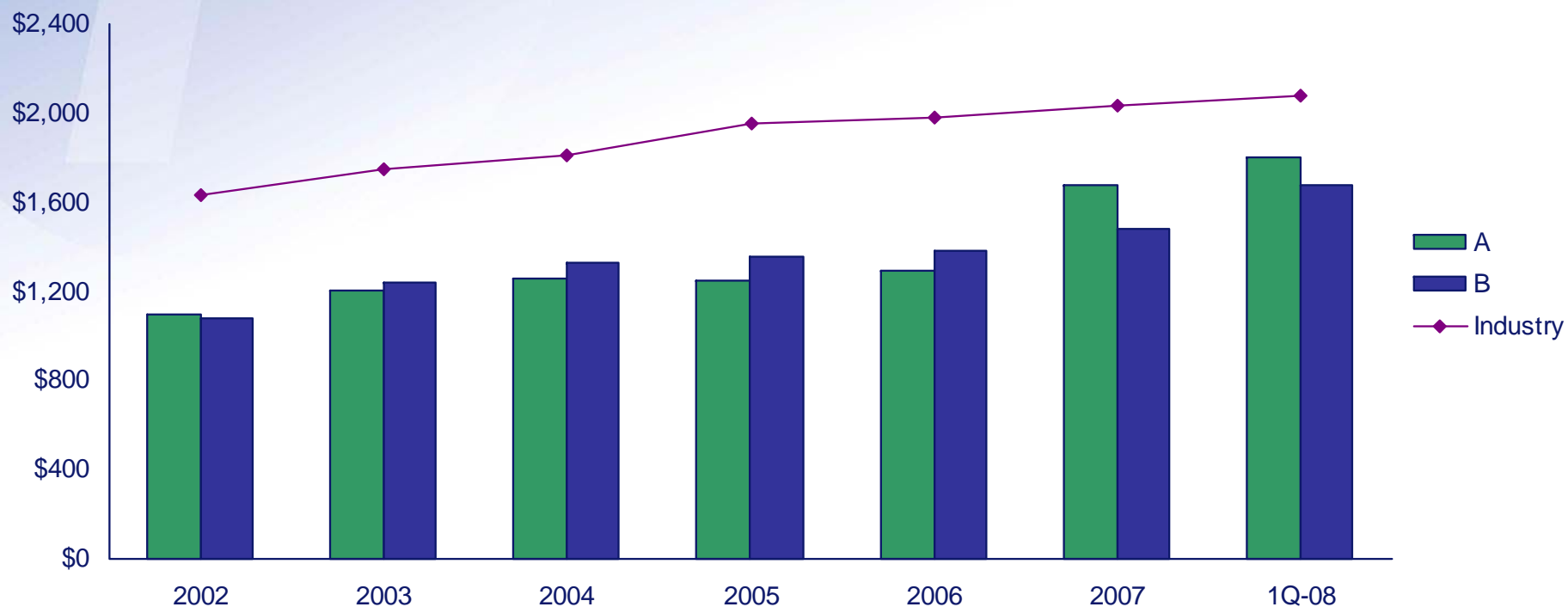
Lasers	\$	750,000
Microkeratome		80,000
Diagnostic		100,000
Office Equipment		25,000
Tenant Improvements		250,000
Capital Expenditures	\$	<u>1,205,000</u>
Startup Expenses	\$	70,000
Grand Opening Advertising		200,000
	\$	<u>1,475,000</u>

- Six-month goal for new centers to reach profitability levels

# LasikPlus® Procedures



# Average Price Per Procedure

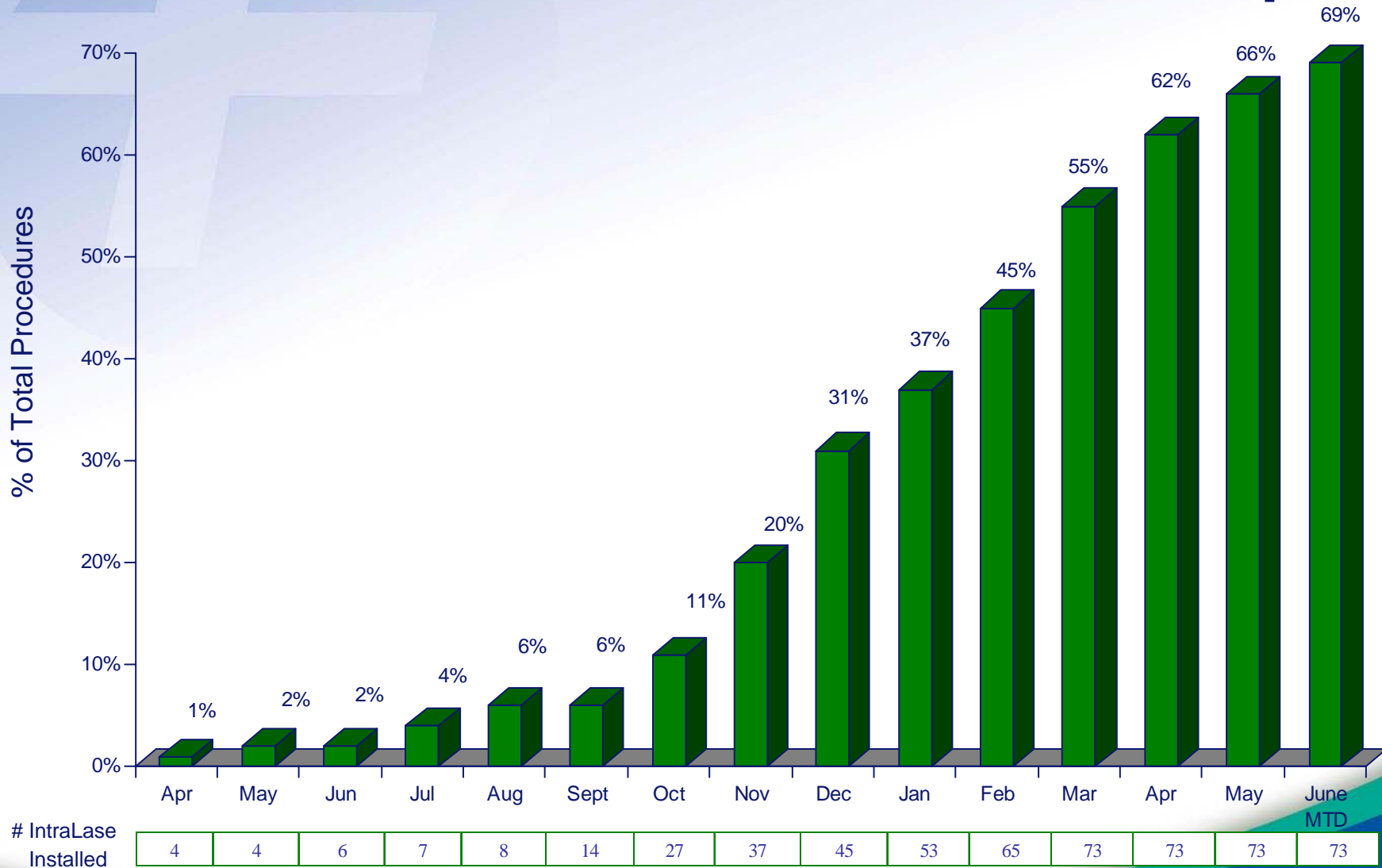


A = GAAP Revenue Per Procedure

B = Adjusted Revenue Per Procedure

Industry data obtained from Market Scope (May 2008)

# IntraLase® Acceptance



# Selected Balance Sheet Data

Period ended March 31, 2008  
(\$ in thousands)

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Cash Equivalents & Investments	\$57,738
Capitalized Lease Obligations	6,963
Shareholders' Investment	96,045

# Selected Cash Flow Data

(\$ in thousands)

	2006	2007	1Q-2008
Net Cash Provided by Operating Activities	\$ 51,661	\$ 54,979	\$ 9,407
Capital Expenditures	9,656	28,864	9,330
Dividends Paid	11,131	13,984	3,335
Share Repurchase	51,816	44,940	-

# Adjusted After-Tax Return on Invested Capital

(\$ in thousands)

	2007		
Reported Operating Income		\$	45,565
Effect of Change in Deferred Revenue			7,211
Adjusted Operating Income			38,354
Taxes			14,253
Adjusted After-Tax Income		\$	24,101
	12/31/06	12/31/07	Average for 2007
Shareholders' Investment	\$ 109,116	\$ 93,599	
Capital Lease Obligations	5,791	5,953	
Cash & Investments	(95,232)	(62,398)	
Invested Capital	\$ 19,675	\$ 37,154	\$ 28,414
Adjusted After-Tax Return on Invested Capital			85%

# Dividend

Initiated first quarterly dividend payment in third quarter 2004

	Q1	Q2	Q3	Q4	Total
2004	\$ -	\$ -	\$ 0.05	\$ 0.08	\$ <b>0.13</b>
2005	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.12	\$ <b>0.36</b>
2006	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.18	\$ <b>0.54</b>
2007	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ <b>0.72</b>
2008	\$ 0.18	\$ 0.06	\$ -	\$ -	\$ <b>0.24</b>

Adjusted to reflect 3-for-2 stock split on 12/15/04

# Financial Summary

	2005	2006	2007	Q1-08
Reported Revenue	\$ 176,874	\$ 238,925	\$ 292,635	\$ 79,568
Change in Deferred Revenue	(15,524)	(18,002)	8,013	5,599
Adjusted Revenue	\$ 192,398	\$ 256,927	\$ 284,622	\$ 85,167
Reported Pre-Tax Income	\$ 38,813	\$ 47,680	\$ 51,725	\$ 11,281
Pre-Tax Income from Deferred Revenue	13,971	16,202	(7,211)	(5,038)
Adjusted Pre-Tax Income	\$ 52,784	\$ 63,882	\$ 44,514	\$ 6,243
Reported Earnings Per Share	\$ 1.07	\$ 1.34	\$ 1.64	\$ 0.37
Adjusted Earnings Per Share	\$ 1.47	\$ 1.80	\$ 1.41	\$ 0.20
Oustanding Shares	21,492	21,235	19,858	18,587

# 2008 Outlook

- Industry sources predicting declines in industry procedure volume
- Continued investments in the *LasikPlus*® brand
  - Open 6 vision centers
  - Relocate 3 to 4 vision centers
  - Completed IntraLase® technology rollout
  - Evaluate Wavelight laser technology
  - Support existing and new markets with appropriate marketing expenditures
  - Invest in employee training programs

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