



2002 Annual Report

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Celebrating Our 10th Anniversary in Laser Vision Correction



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Shareholder Information back cover

Letter To Our

Shareholders

With the end of 2002 we have put a difficult period behind us. During the last year we have remained keenly focused on our strategy of providing leading clinical outcomes for laser vision correction at an affordable price. The actions that we have taken to grow revenues and control costs are showing positive results.

In the fourth quarter of 2002, we grew procedure volume year over year by 14% and improved pricing by 7% to generate a 22% revenue gain over the fourth quarter of 2001. Average price realization has improved 21% over the last eight quarters and we expect further increases in 2003.

We achieved a number of significant milestones in 2002. Early in the year we celebrated our 10th anniversary as a provider of laser vision correction. In December 2002, we performed our 250,000th laser vision correction procedure. We have now performed over 100,000 procedures on the Bausch & Lomb Technolas laser. Because we are the only public company to specialize exclusively in laser vision correction, we have some of the most experienced doctors and staff in North America.

In the second half of 2002, we began a program to selectively open new markets. In the third quarter, we opened two new markets with Lasik*Plus* centers: Raleigh, North Carolina, and Louisville, Kentucky. In January 2003, we opened in Cleveland, Ohio. We expect all of these markets to make a positive contribution in 2003. In addition, we plan to open four to six additional markets in 2003.

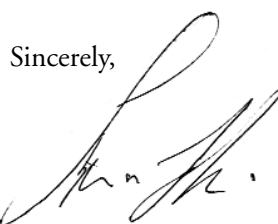
Our closed-access fixed site business model allows us to tightly control and monitor the key operating metrics that make this business successful. We have developed sophisticated information systems to let us know instantly how each center is performing. These systems have helped to highlight best practices that we share across the company.

The financial results for the year were disappointing. The net loss for the twelve months ended December 31, 2002, excluding a benefit of \$2.3 million received from the settlement of litigation, was \$6.1 million or \$0.57 per share on 10.8 million shares outstanding. This loss compares to a loss, excluding a non-cash valuation allowance and special charges, of \$6.3 million or \$0.54 per share on 11.6 million shares outstanding in 2001. Including the litigation settlement received in 2002 and the special charges in 2001, the Company reported a net loss in 2002 of \$3.8 million or \$0.35 per share as compared to a net loss of \$23.4 million or \$2.01 in 2001.

Our balance sheet remains in excellent shape. Our cash on hand increased in 2002 by \$1.7 million after paying over \$2.4 million in the first quarter of 2002 to repurchase over 7% of the outstanding stock.

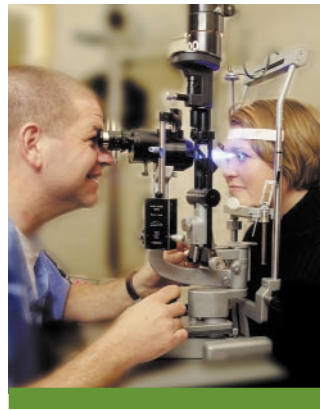
I want to thank all of our doctors and staff who consistently deliver terrific clinical outcomes and exceptionally high levels of patient satisfaction. It is always a pleasure to hear from past patients who claim that laser vision correction is the best thing they have ever done for themselves.

To our loyal shareholders, I want you to know that we remain focused on growth and profitability. The actions we have taken to grow revenues and control costs make me optimistic that we will return to profitability in 2003.

Sincerely,


Stephen N. Joffe
Chairman of the Board and CEO





**Our doctors and staff
are some of the most
experienced providers
of laser vision correction
in the world.**

One of the key benefits of the *LasikPlus* business model is our ability to deliver unsurpassed clinical outcomes. Laser vision correction is our sole specialty. We do not perform cataract surgery, or treat other eye conditions. Therefore, our doctors and staff are some of the most experienced providers of laser vision correction in the world.

We perform all of the pre-operative and post-operative care in our *LasikPlus* centers. We derive two key benefits from this closed-loop process. First, the optometrist and the surgeon develop a close working relationship, reducing the variability in the process, and improving the surgical outcomes. Secondly, the post-operative care provides a feedback loop to continuously monitor results and refine the process.

The end result is a very high level of patient satisfaction with over 99.6% of patients achieving 20/40 vision or better, which is the acuity level needed to drive a car without glasses or contacts. Currently over 90% of our patients achieve 20/20 vision and many actually see better than 20/20.

How We're Delivering

Quality

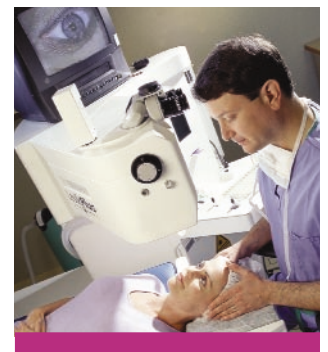
How We're Planning for

Growth



More than 22% of the population in the United States is within a one-hour drive of an existing LasikPlus center.

More than 22% of the population in the United States is within a one-hour drive of an existing LasikPlus center. By the end of 2003, we anticipate reaching an additional two to four percent of the population by opening four to six new locations. Our latest center to open was in Cleveland, Ohio in January of this year.



In addition to selectively opening new markets, we will remain focused on improving market share and driving additional volume through our existing centers.

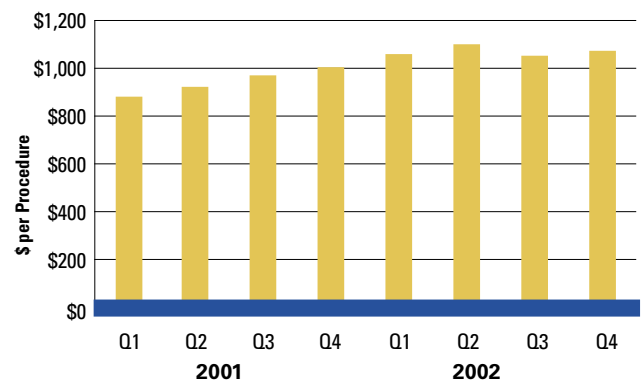
Profitability

In the fourth quarter of 2002, our national market share increased to 4.8%, up from 3.7% in the fourth quarter of 2001.

We are working to improve key operating metrics that drive operating profitability which include procedure volume, price realization, and marketing effectiveness. In the fourth quarter of 2002, our national market share increased to 4.8%, up from 3.7% in the fourth quarter of 2001. The market for laser vision correction remains highly fragmented and we believe that we can achieve further gains in market share.

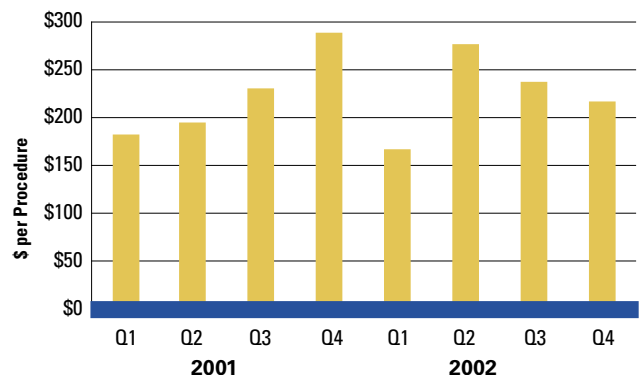
Average price realization has improved by over 21% during the last eight quarters. We expect to improve price realization further in 2003.

Price Realization



Marketing and advertising is an important controllable expense. It is our goal to reduce marketing and advertising expenses to \$200 or less per procedure in 2003.

Marketing and Advertising Expense per Procedure



Directors & Officers

Board of Directors

William O. Coleman

Retired Executive from The Procter & Gamble Company

John H. Gutfreund

Senior Managing Director of C.E. Unterberg, Towbin, an investment partnership for high-growth technology companies

John C. Hassan

President, Champion Printing

Stephen N. Joffe

Chairman of the Board and CEO

Executive Committee



Officers *(left to right)*

Joseph B. Dzialo

President & COO

Stephen N. Joffe

Chairman of the Board & CEO

Alan H. Buckey

Executive Vice President & CFO

Trim 3" off this panel
to make pocket
inside back cover



LCA-Vision Inc.

Corporate Headquarters
7840 Montgomery Road
Cincinnati, OH 45236

Telephone 513-792-9292
Fax 513-792-5620
Investor Line 513-792-5629

Internet Address
www.lasikplus.com

Shareholder Information

Annual Meeting

The annual meeting of shareholders of the Company will be held at 10:00 a.m. on Monday, May 19, 2003 at the Queen City Club in Cincinnati, Ohio.

Independent Accountants

Ernst & Young, LLP
Cincinnati, Ohio 45202

Corporate Counsel

Dinsmore & Shohl, LLP
Cincinnati, Ohio 45202

Investor Information

For earnings highlights and other pertinent information, you may call our news line at 513-792-5629 or email us at invest@lca.com

Stock Listing

The Company's common stock is listed on the Nasdaq National Market under the symbol LCAV.

Transfer Agent

EquiServeTrust Company, N.A.
P.O. Box 43023
Providence, RI 02940-3023
Shareholder Inquiries: 816-843-4299
www.equiserve.com

Common Stock Ranges

2002	High	Low
First Quarter	\$7.24	\$3.24
Second Quarter	7.40	4.20
Third Quarter	4.84	2.40
Fourth Quarter	2.92	1.96

2001	High	Low
First Quarter	\$13.38	\$4.88
Second Quarter	12.60	9.76
Third Quarter	10.72	4.24
Fourth Quarter	4.48	2.48