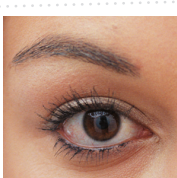
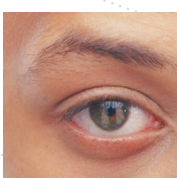
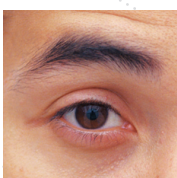
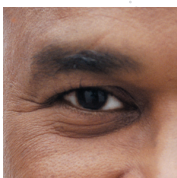
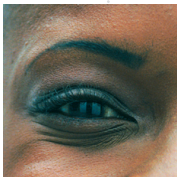


Our Future is in Sight



L C A
VISION
2004 Year in Review

LCA-Vision Inc. is a leading provider of laser vision correction services under the *LasikPlus* brand. As of December 31, 2004, we owned and operated 41 *LasikPlus* fixed-site laser vision correction centers in the United States, and three centers in a joint venture in Canada.

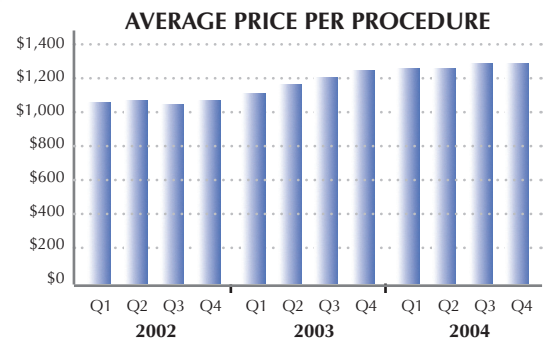
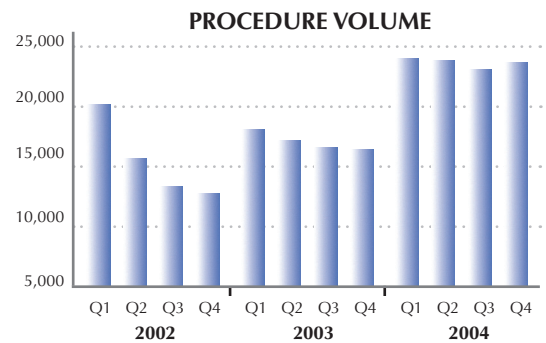
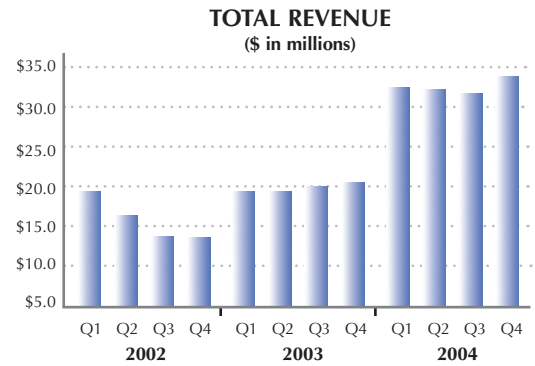
LCA-Vision is one of the only publicly-traded companies in the United States that focuses exclusively on laser vision correction services. Since first approved by the FDA in the United States in 1995, our surgeons have performed over 450,000 laser vision correction procedures.

LasikPlus vision centers are generally staffed with independent, highly skilled, board-certified ophthalmologists and optometrists. Advanced diagnostic equipment and multiple laser brands are used to customize the treatment of nearsightedness, farsightedness and astigmatism.

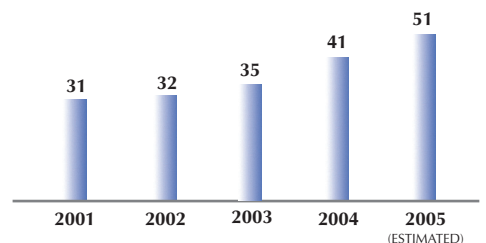
LasikPlus vision centers are located in major cities throughout the United States, and within a one-hour drive of approximately 30% of the country's population. We are often the #1 or #2 provider of laser vision correction services in many of the markets we serve. Our corporate headquarters are located in Cincinnati, Ohio.

Forward-Looking Statements

This annual report contains forward-looking statements that are subject to risks and uncertainties that may result in actual results to differ materially from current expectations. For a discussion of risks and uncertainties that we face, please refer to our filings with the Securities and Exchange Commission including, but not limited to, our Forms 10-K and 10-Q.



NUMBER OF LASIKPLUS VISION CENTERS IN THE UNITED STATES



Shareholder Letter

Dear Shareholders,

Financially and operationally, 2004 was one of the most successful years in LCA-Vision's history. The efforts of our committed team of employees helped deliver solid financial results, create value for shareholders, and position LCA-Vision as one of the leading providers of laser vision correction surgery within the United States. We reported across-the-board gains in the key financial and operational metrics we track. Our impressive results are a testimony to our strong business model and the thriving health of our operations, as well as the favorable growth trends in the laser vision correction industry.

Procedure volume increased 46% over 2003's level, and we have steadily increased the average price per procedure at a compounded annual rate of approximately 12% over the past four years. Revenues increased 56% to approximately \$127.1 million from approximately \$81.4 million in 2003. The fourth quarter of 2004 marked the sixth consecutive quarter of revenue growth exceeding 50%, reflecting excellent growth at vision centers open at least 12 months and strong growth in new markets. Also in 2004's fourth quarter, same-store revenue growth exceeded 35% for the sixth consecutive quarter, demonstrating successful execution of our marketing strategies, as well as continued strong demand for laser vision correction procedures. We remain focused on growing same-store revenues as well as expanding into new markets.

Net income and earnings per share also reached record levels in 2004. We reported net income and earnings per diluted share of approximately \$32.0 million and \$1.54, including an income tax benefit of \$16.4 million, compared with net income and earnings per diluted share of approximately \$7.3 million and \$0.44 for 2003. Excluding the impact of the tax benefit, full-year 2004 net income and earnings per diluted share were approximately \$15.6 million and \$0.75.

Our financial condition remains strong, with a solid cash position and little debt. Cash provided by operations increased 128% to approximately \$28.5 million from approximately \$12.5 million in 2003, and cash and short-term investments increased to approximately \$86.6 million as of December 31, 2004 from approximately \$64.9 million as of December 31, 2003.

We recently strengthened our board of directors with the addition of two new members, William F. Bahl and Thomas G. Cody. Their proven leadership abilities and broad experiences add tremendous value to our company that we believe will be instrumental as we continue to execute our expansion and profitability strategies. We are excited and honored that they have chosen to serve on our board.

Other notable milestones for our company in 2004 included the opening of seven laser vision correction centers. The response received from consumers at each of these new vision centers exceeded our expectations, with each vision center reaching profitability ahead of our established six-month target. Recognizing our strong financial performance and solid cash flow position, our board of directors approved a regular quarterly dividend payment in the third quarter, and declared a 3-for-2 stock split in the fourth quarter. The pages that follow highlight some additional achievements of 2004, as well as our plans for 2005 and beyond.

We believe there are several key factors fueling our exceptional growth:

- The market for laser vision correction continues to grow
- We are increasing market share in existing markets with strong same-store revenue growth
- We are opening vision centers and hitting profitability targets

In closing, I want to thank our dedicated employees who consistently deliver exceptionally high levels of patient satisfaction and terrific clinical outcomes. To our loyal shareholders, I want you to know that we remain focused on growth and profitability. We will continue to capitalize on the strength of our proven business model, our sales and marketing expertise, and our solid cash position as we continue to grow and expand the *LasikPlus* brand.

Sincerely,



Stephen N. Joffe
Chairman & Chief Executive Officer

Our Strategy for Growth

Our growth and profitability strategy is straight-forward — providing patients with superior services and leading clinical outcomes for laser vision correction at an affordable price; improving market share and increasing patient volume at existing LasikPlus vision centers; and opening new vision centers in new markets.

Continued Strong Demand for Laser Vision Correction

Our 2004 financial results demonstrate not only the soundness of our business model and the thriving health of our operations, but also the favorable growth trends in the laser vision correction industry. The key operating metrics that drive profitability — procedure volume, price realization, and marketing effectiveness — remain strong. As the demand for laser vision correction continues to expand, we believe that our growth will continue to outpace the industry.

LasikPlus ophthalmologists performed over 95,000 laser vision correction procedures in 2004, a 46% increase over the 65,000 procedures performed in 2003. Industry sources¹ estimate that there were approximately 1,300,000 laser vision correction procedures performed in the United States in 2004, a 16% increase from approximately 1,150,000 procedures performed in 2003. Based on this information, we believe that our ophthalmologists performed approximately 7% of all laser vision correction procedures in the United States in 2004.

We have steadily increased the average price per procedure at a compounded annual rate of approximately 12% over the past four years. We believe our national market share¹ increased to approximately 8% from approximately 6% in the fourth quarter of 2003. Our target for marketing and advertising expenses remains at \$200 or less per procedure in current markets. In 2004, we opened seven new vision centers resulting in a slightly higher

marketing and advertising expense per procedure of approximately \$213. We will remain focused on our key operating metrics throughout 2005 as we continue to execute on our growth and profitability strategies.

Market Expansion Exceeds Expectations

When opening a new vision center, we analyze a number of factors, including demographic data, the competitive environment, and the availability of physicians and staff. We also establish a benchmark for each new vision center to reach profitability within six months of opening. In 2004, we opened vision centers in Orlando, Toronto, San Antonio, Jacksonville, St. Louis, Kansas City and Salt Lake City. Positive consumer response at each of these vision center locations continues to exceed our expectations.

Currently, approximately 30% of the population in the United States is located within a one-hour drive of an existing LasikPlus vision center. By the end of 2005, we intend to reach an additional 40% of the United States population through continued expansion into new markets. Although opening new vision centers is a key component of our growth strategy, we continue to remain focused on improving market share and increasing volume at our existing LasikPlus vision centers.

Our Growth is Propelled by Excellent Outcomes & Word-of-Mouth Referrals

Our growth is attributable to many factors, including enthusiastic word-of-mouth referrals and endorsements from a pool of delighted patients; our results-oriented direct-to-consumer marketing strategies; prompt and attentive service in our patient communication center; ongoing advances in technology; and positive media reports on the laser vision correction procedure. 2005 marks the 10th anniversary of laser vision correction technology receiving approval in the United States by the Food and Drug Administration. A recent study² conducted by a

distinguished panel of medical professionals representing different fields of medicine ranked laser eye surgery as one of the top 25 medical stories of the past 25 years.

Revenues in the U.S. for Laser Vision Correction are Projected to be \$2.6 Billion in 2005¹

Laser vision correction is a large and growing market that we believe is both under-penetrated and highly fragmented. We bring a proven business model and over 10 years of industry experience. With approximately

150 million Americans wearing glasses and/or contact lenses, and only 4 million treated to date, we believe our potential in the United States in 2005 and beyond is significant. We are pleased with our 2004 performance, and are confident in our customer-driven, affordably priced Lasik*Plus* business model and our prospects for the future.

¹ MarketScope, February 2005

² CNN.com, January 2005

Our Future is in Sight



LCA-Vision Inc. Board of Directors



Stephen N. Joffe



William F. Bahl



Thomas G. Cody



William O. Coleman



John H. Gutfreund



John C. Hassan



Craig P. R. Joffe



E. Anthony Woods

Stephen N. Joffe

Chairman & Chief Executive Officer
LCA-Vision Inc.

William F. Bahl

Co-Founder & Owner
Bahl & Gaynor Investment Counsel

Thomas G. Cody

Vice Chairmain
Federated Department Stores

William O. Coleman (1) (2*) (3)

Retired Executive
The Procter & Gamble Company

John H. Gutfreund (2) (3*)

Senior Managing Director
C.E. Unterberg, Towbin

John C. Hassan (1*) (2) (3)

President
Champion Printing, Inc.

Craig P. R. Joffe

Senior Vice President, General Counsel
& Secretary
LCA-Vision Inc.

E. Anthony Woods (1) (2)

Chairman
Deaconess Associations, Inc.

Committees

(1) Audit Committee

(2) Compensation Committee

(3) Nominating & Governance Committee

* Committee Chair

LCA-Vision Inc. Executive Management Team



Pictured left to right: Craig P. R. Joffe, Stephen N. Joffe, Kevin M. Hassey, Alan H. Buckey

Stephen N. Joffe

Chairman & Chief Executive Officer

Kevin M. Hassey

President

Alan H. Buckey

Executive Vice President, Finance
& Chief Financial Officer

Craig P. R. Joffe

Senior Vice President, General Counsel
& Secretary



Shareholder Information

Annual Meeting

The annual meeting of shareholders will be held on Monday, May 16, 2005 at 10:00 a.m. (EDT) at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio 45202.

Investor Relations

Shareholders, analysts, investment professionals, members of the media, and potential investors who would like corporate and financial information on LCA-Vision Inc. should contact:

Patricia Forsythe
Vice President, Investor Relations
LCA-Vision Inc.
7840 Montgomery Road
Cincinnati Ohio 45236
Phone: 513-792-5629 or 800-688-4550 x 351
E-Mail: Invest@lca.com

Securities & Exchange Commission Filings

All reports filed electronically by LCA-Vision Inc. with the United States Securities and Exchange Commission (SEC), including the Annual Report on Form 10-K, quarterly reports on Form 10-Q, and current event reports on Form 8-K, as well as any amendments to those reports, are accessible at no cost on our corporate websites: www.lca-vision.com and lasikplus.com, or by contacting the investor relations department. These filings are also accessible on the SEC's website at www.sec.gov.

Registrar & Transfer Agent

EquiServe serves as the Registrar and Transfer Agent for LCA-Vision common stock. Shareholders of record may access their accounts via the internet at www.equiserve.com. For log-in assistance or other inquiries, call 781-575-4593.

LCA-Vision & LasikPlus on the Internet

Additional corporate and investor information, such as news releases, webcasts, share trading data and regulatory filings are available on our corporate website at www.lca-vision.com. To learn more about LasikPlus vision centers, visit us at: www.lasikplus.com.



Common Stock Listing

LCA-Vision's common stock is traded on The Nasdaq Stock Market under the symbol LCAV. At the close of business on March 28, 2005, there were approximately 2,100 registered shareholders, and approximately 21,600 beneficial or "street name" shareholders.

Independent Accountants

Ernst & Young, LLP
Cincinnati Ohio

Corporate Counsel

Taft, Stettinius & Hollister LLP
Cincinnati Ohio

Corporate Governance

LCA-Vision's corporate governance practices are described in the following documents: Audit Committee Charter, Nominating and Governance Committee Charter, and Code of Business Conduct and Ethics. These documents are available on our corporate websites: www.lca-vision.com and www.lasikplus.com, and in print form through the investor relations department.

LCA-Vision Corporate Governance Contact Information & Hotline

Concerns or complaints regarding accounting, internal accounting controls or auditing matters may be submitted anonymously and confidentially via the LCA-Vision Corporate Governance Hotline at 800-789-6417. This hotline is available to all of the company's employees and other stakeholders to report questionable accounting or auditing matters. The hotline is managed by a third-party and is available 24-hours a day, seven days a week.

LasikPlus Doctors have Performed Over 450,000 Procedures

LCA-Vision was one of the first providers to perform laser vision correction in the United States shortly after the technology was approved by the Food and Drug Administration (FDA) in 1995. Our ophthalmologists have performed over 450,000 procedures — they have the collective expertise, time-tested skills and advanced technology to help ensure the best patient outcomes possible. Because we focus exclusively on laser vision correction, our doctors and staff are some of the most experienced providers of the procedure in the United States.

Multiple Laser Platforms Offer Patients More Customized Treatment Options

Our LasikPlus vision centers utilize some of the most sophisticated, FDA-approved laser vision correction technology in the industry. We currently use several suppliers, including Bausch & Lomb, VISX and Alcon for our excimer lasers and diagnostic equipment. Our ability to offer patients a wide choice of traditional laser vision correction and advanced custom wavefront procedures allows us to individually customize patient treatments.

RECOMMENDED BY:

Name

Address

City

State Zip

LasikPlus
— VISION CENTER —

1-800-243-EYES
3937

www.lasikplus.com

RECOMMENDED BY:

Name

Address

City

State Zip

LasikPlus
— VISION CENTER —

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www.lasikplus.com



FREE

VISION EVALUATION

Pass these cards along to your family and friends to share the benefits of LasikPlus laser vision correction.

Name:

LasikPlus
— VISION + CENTER —

1-800-243-EYES

3937

www.lasikplus.com



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VISION EVALUATION

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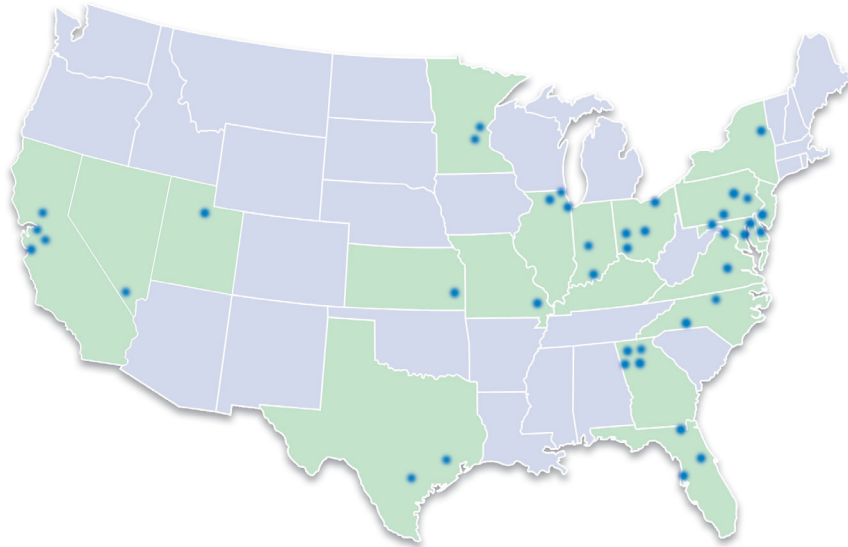
1-800-243-EYES

3937

www.lasikplus.com

LasikPlus Vision Center Locations

Approximately 30% of the U.S. population is located within a one-hour drive of a LasikPlus vision center.



California

Concord
Sacramento
San Jose
San Mateo

Indiana

Indianapolis

Nevada

Las Vegas

Pennsylvania

Chadds Ford
King of Prussia

Kansas

Kansas City

New Jersey

Mt. Laurel

Texas

Houston
San Antonio

Florida

Jacksonville
Orlando
Tampa

Kentucky

Louisville

New York

Albany

Utah

Salt Lake City

Georgia

Alpharetta
Buckhead
Galleria
Gwinnett

Maryland

Annapolis
Baltimore
Columbia
Rockville

North Carolina

Charlotte
Raleigh

Virginia

Alexandria
Richmond
Tysons Corner

Minnesota

Maple Grove
Edina

Ohio

Cincinnati
Cleveland
Columbus
Dayton

Illinois

Naperville
Oakbrook
Schaumburg

Missouri

St. Louis

7840 Montgomery Road
Cincinnati Ohio 45236

Phone: 513-792-9292
Fax: 513-792-5620

www.lca-vision.com
www.lasikplus.com

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