

# The LVC Key Indicator Report

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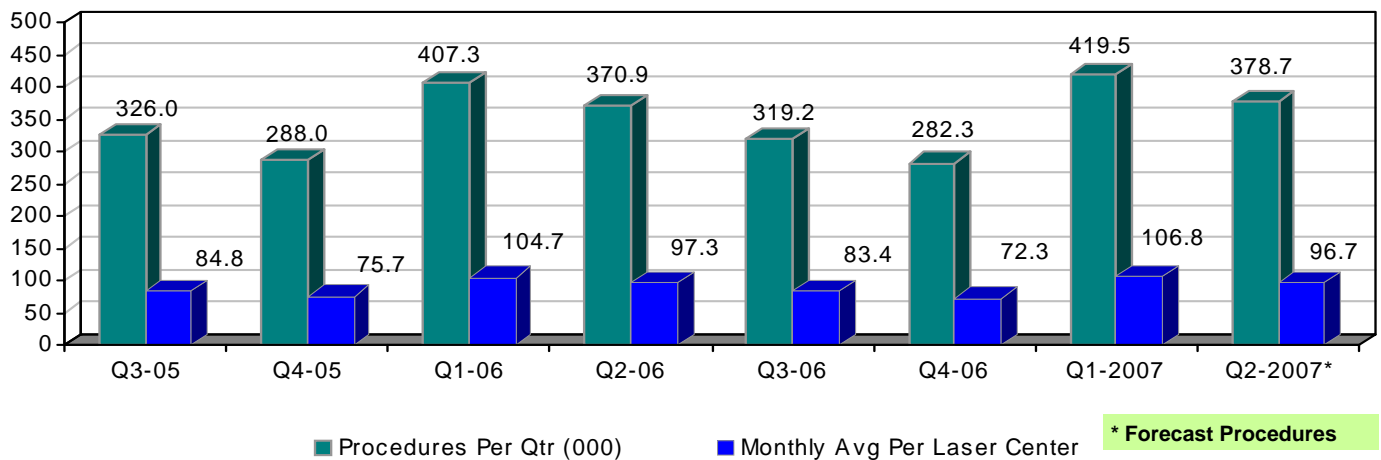
Q1-2007

**Purpose:** The Key Indicator Report provides a “snapshot” of key marketing indicators for the laser vision correction (LVC) market. This information can help you identify emerging market trends and judge how your practice compares with others.

**About the Data:** During Q1-2007, Market Scope, LLC, an independent market research company, collected 171 surveys from practices that have access to a VISX® excimer laser and/or an IntraLase femtosecond laser.

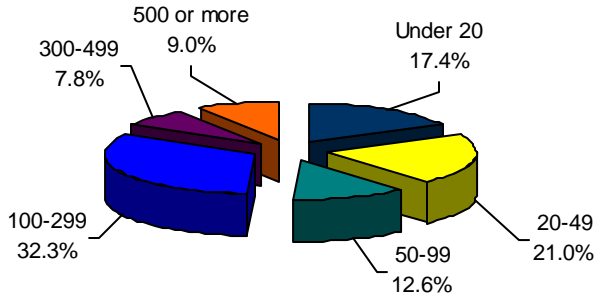
**Overview:** Procedure volumes increased slightly during Q1-2007 when compared to the same quarter last year and increased significantly when compared to a seasonally weaker Q4-2006. In addition, a larger number of laser centers has further increased competition in many markets. The CustomVue procedure is offered by the vast majority of laser centers with a Visx laser. Advertising spending increased during the quarter with surgeon experience as the most frequent marketing emphasis.

**US Quarterly Refractive Procedures and Monthly Per-Center Average  
Includes All Laser Platforms**

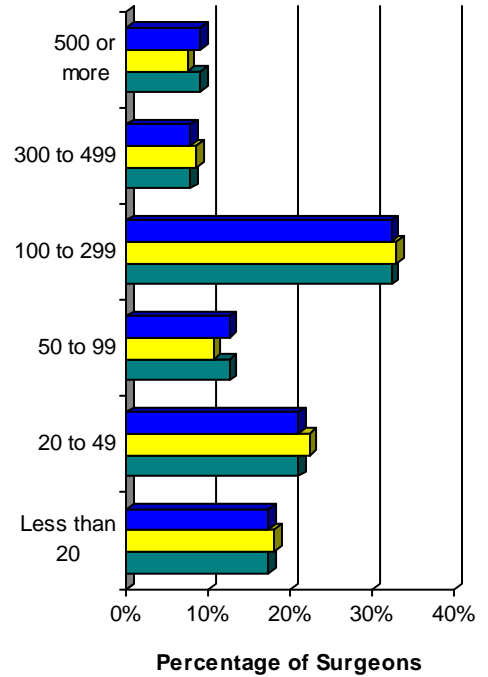


# Procedure Volume

**Q1-2007 Procedure Volume**



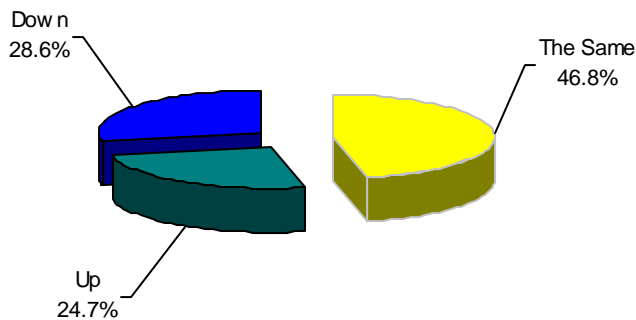
**Quarterly Procedure Volume: Visx Users**



Procedure volumes per laser center increased significantly in Q1-2007 when compared to Q4-2006 and were up slightly when compared to Q1-2006. When asked if procedure volumes had changed compared to the previous year, roughly 46.8 percent of respondents reported procedures were the same, 28.6 percent reported procedures were down, and the remaining 24.7 percent reported procedure volume was up.

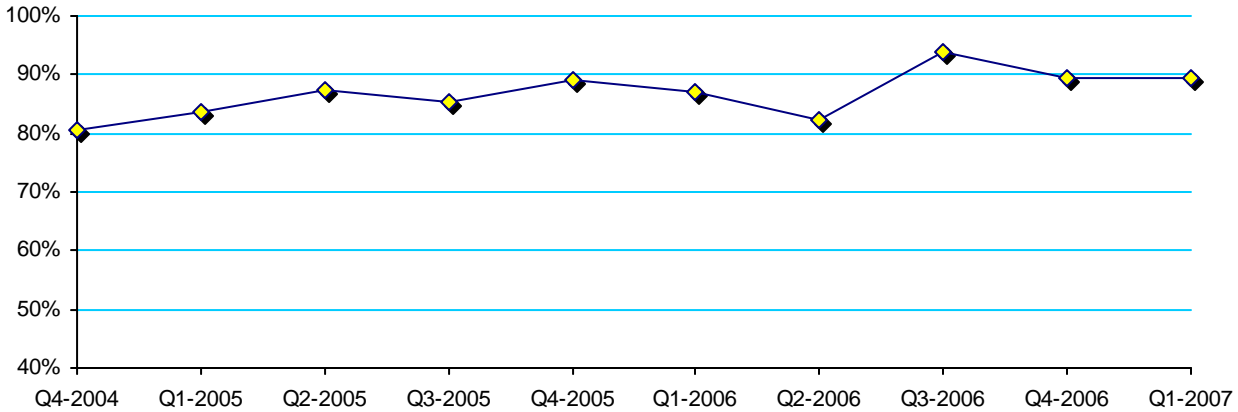
■ Q1-2007    
 ■ Q4-2006    
 ■ Q1-2006

**Q1-2007 Procedure Volume**



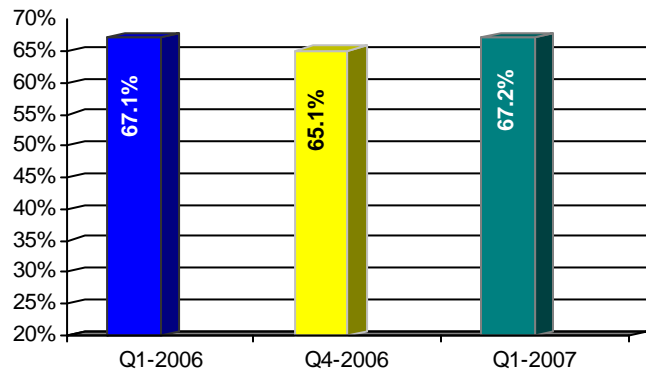
# CustomVue Procedures

## CustomVue Offered

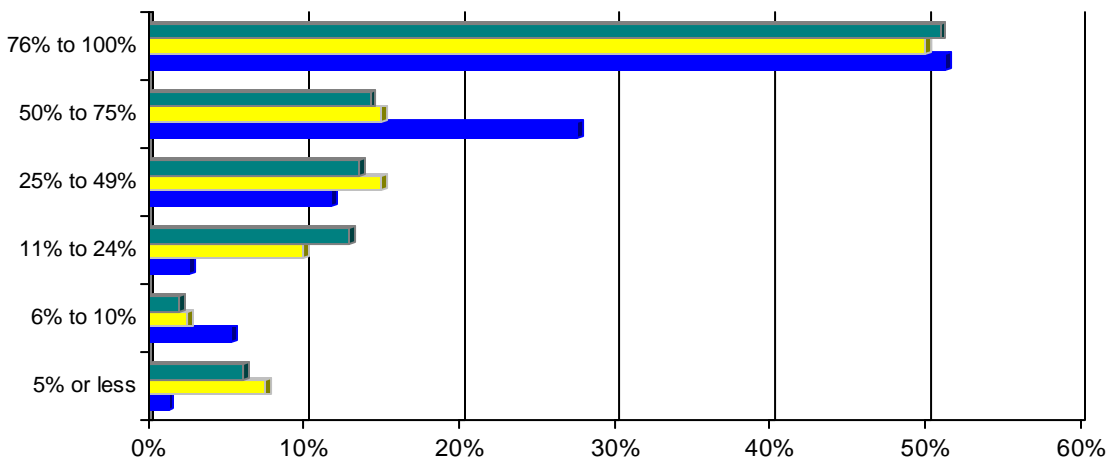


Approximately 90 percent of Visx surgeons responding to our survey reported offering wavefront-guided LASIK, approximately the same as in Q4-2006 and up slightly when compared to Q1-2006. At centers where CustomVue is offered, the average percentage of CustomVue procedures increased slightly to 67.2 percent compared to 65.1 percent in Q4-2006. When asked what percentage of patients selected CustomVue in Q1-2007, the most frequent answer was 76 percent to 100 percent. Only 8.1 percent of respondents reported treating fewer than 10 percent of patients with CustomVue during the quarter.

## Average Percentage of CustomVue™ Procedures



## Percentage of Patients Undergoing CustomVue™ LASIK\*

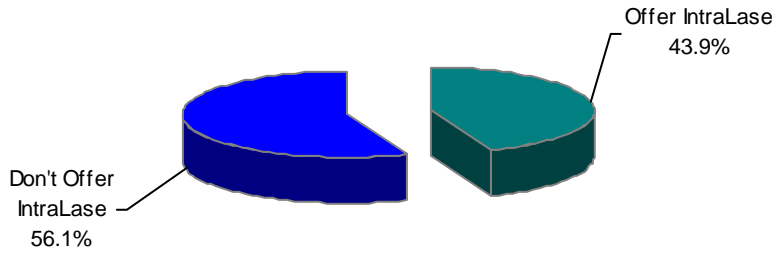


	5% or less	6% to 10%	11% to 24%	25% to 49%	50% to 75%	76% to 100%
Q1-2007	6.1%	2.0%	12.9%	13.6%	14.3%	51.0%
Q4-2006	7.5%	2.5%	10.0%	15.0%	15.0%	50.0%
Q1-2006	13%	5.3%	2.6%	11.8%	27.6%	51.3%

\* Percentages include only those centers offering CustomVue™

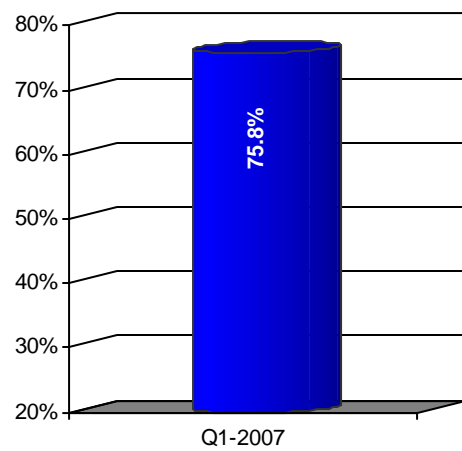
# IntraLase Procedures

**Percent of Patients Offering IntraLase**

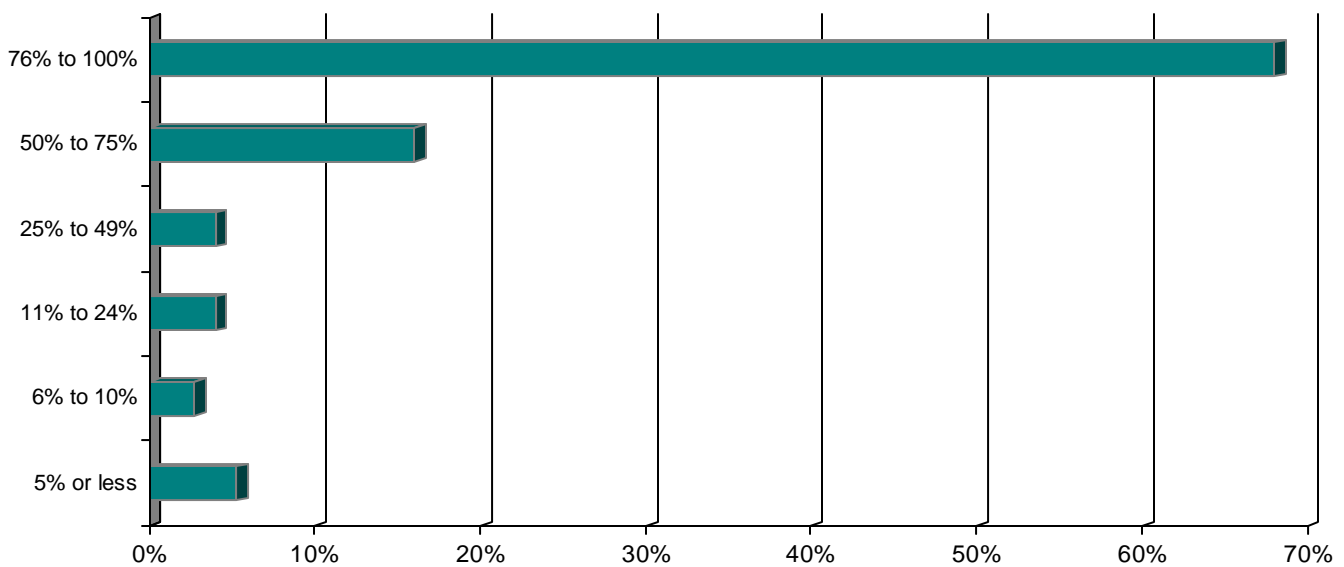


**Average Percentage of IntraLase™ Procedures**

Approximately 44 percent of surgeons responding to the survey reported offering IntraLase. Of those practices with IntraLase, respondents reported that 75.8 percent of patients were treated with the femtosecond laser microkeratome.



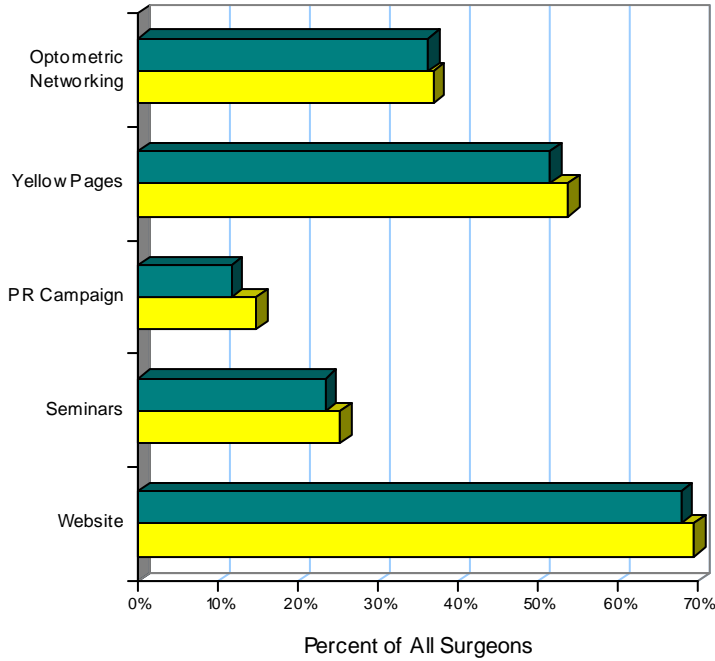
**Percentage of Patients Undergoing IntraLase™ LASIK\***



\* Percentages include only those centers offering IntraLase

# External Marketing

**Percent of Surgeons Using Various Marketing Methods**

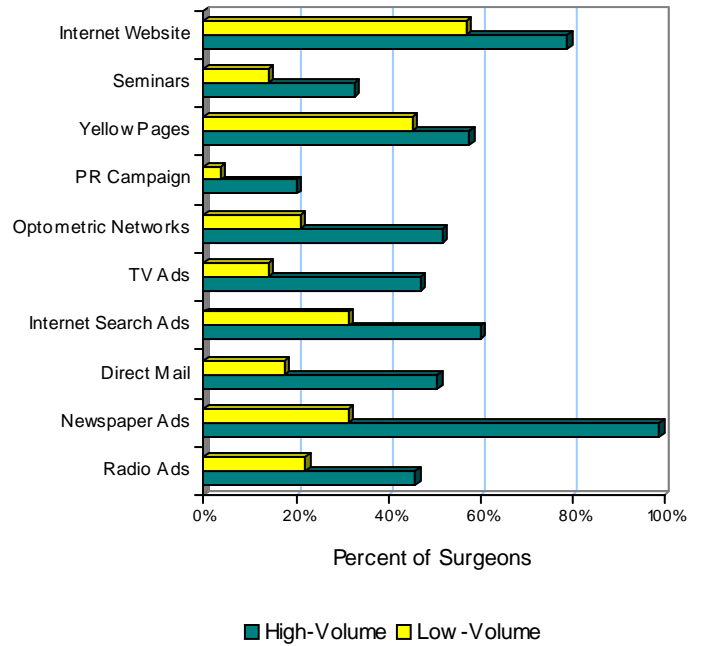


■ Q4-2006 ■ Q1-2007

Internet marketing continues to play an important role in marketing programs. Almost 69 percent of responding practices have established websites. High-volume practices (defined as those performing more than 200 procedures during Q1-2007) are more likely to use websites and all forms of marketing to promote LVC than those at low-volume centers.

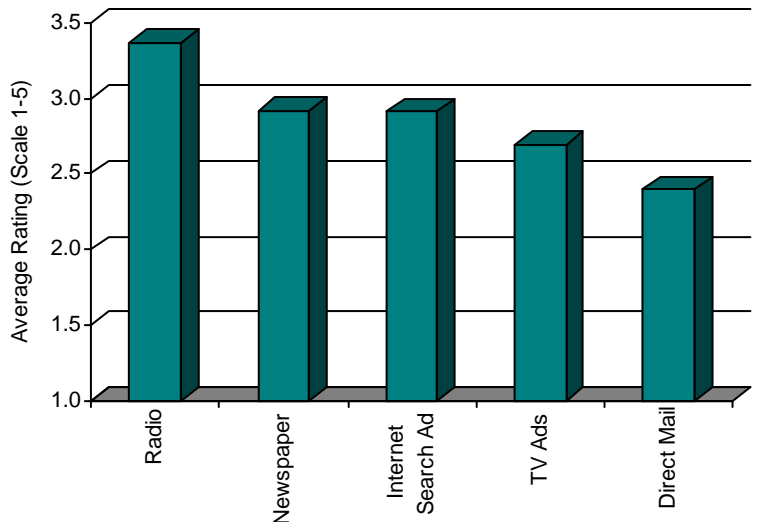
LVC surgeons were asked to rank the effectiveness of popular marketing methods on a scale of 1 to 5. Radio and newspaper ads were rated the most effective marketing methods by LVC surgeons. Direct mail was rated as the least effective, followed by TV ads.

**Percent of Surgeons Using Various Marketing Methods by Surgical Volume Group**



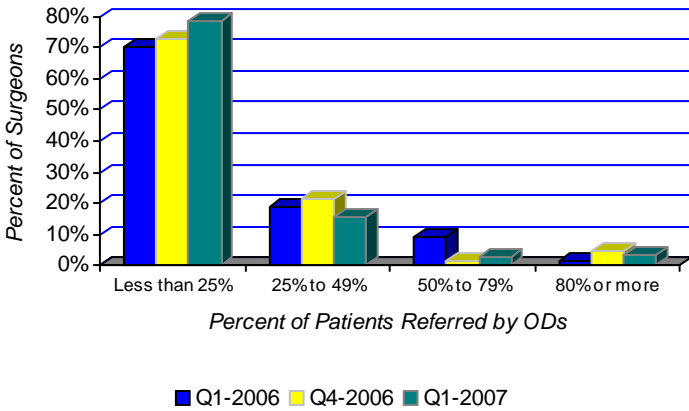
■ High-Volume ■ Low-Volume

**Effectiveness of Marketing Methods**

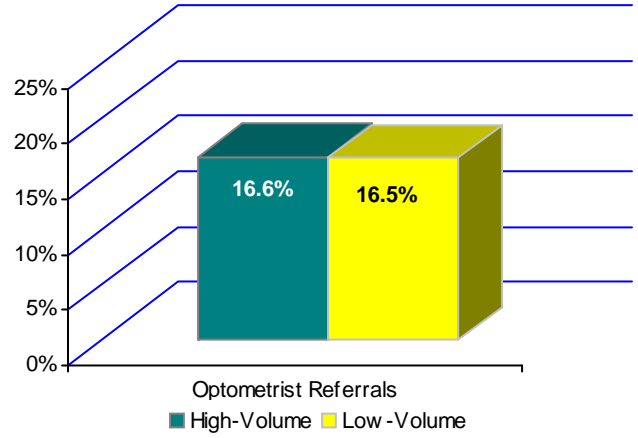


# External Marketing

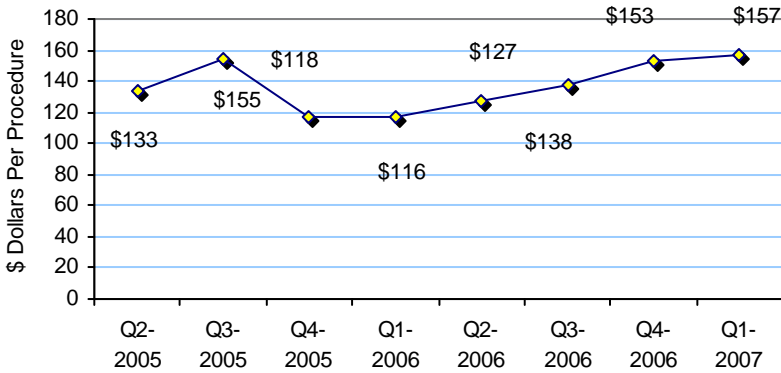
**LVC Patients Referred from Optometrists**



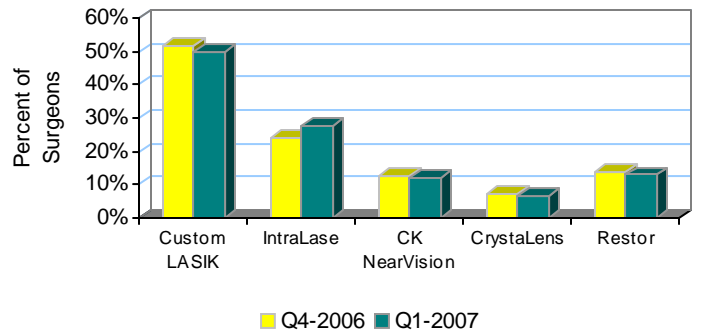
**Average Percentage of Patients Referred by Optometrists**



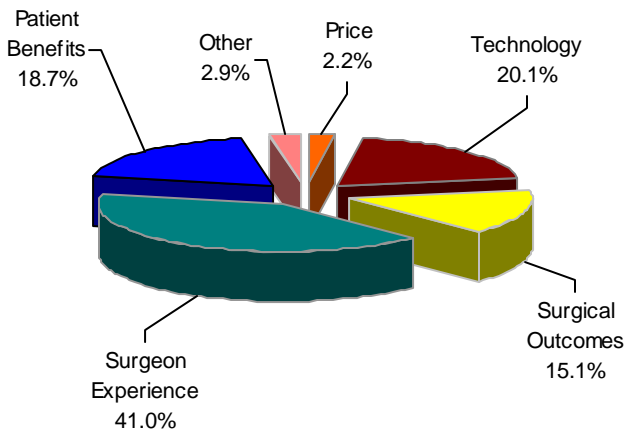
**External Advertising Spending**



**Advertising Product Mentions**



**Marketing Emphasis**



Optometric referrals accounted for 16.5 percent of refractive surgery patients on average. However, some surgeons report that more than 80 percent of patients come from this source. Spending on outside advertising was up 2.9 percent when compared to last quarter and up approximately 34.8 percent when compared to the same quarter last year.

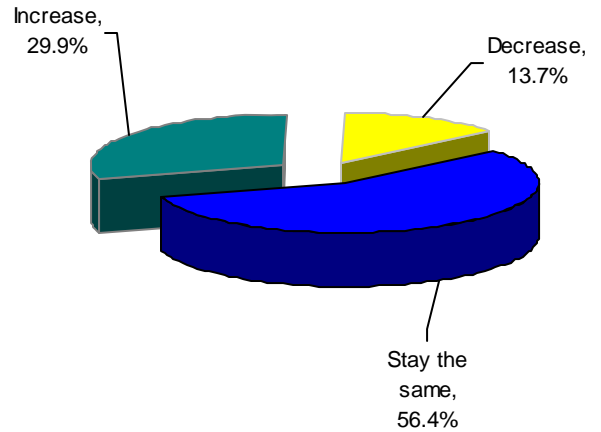
Surgeons report that surgeon experience and patient benefits are their primary marketing emphasis. Approximately 2.2 percent emphasized price.

The most common refractive product mentioned in advertising was Custom LASIK with 49.7 percent of those surveyed including a reference to the technology. Almost 28 percent of surgeons reported mentioning the IntraLase femtosecond laser in their advertising.

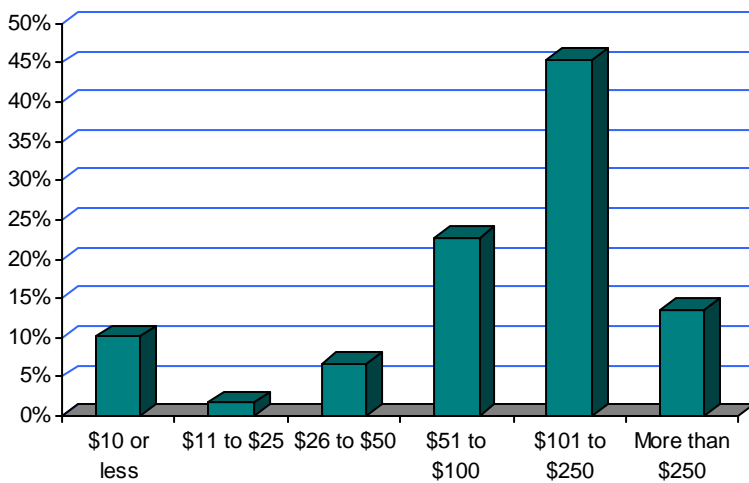
# External Marketing

When asked about expectations for spending on marketing in Q2-2007 as compared to Q1-2007, 29.9 percent of responding practices plan to increase spending for external advertising, 56.4 percent plan spending to remain constant and only 13.7 percent plan to decrease spending.

**Surgeon Marketing Spending Expectations for Q2-2007**



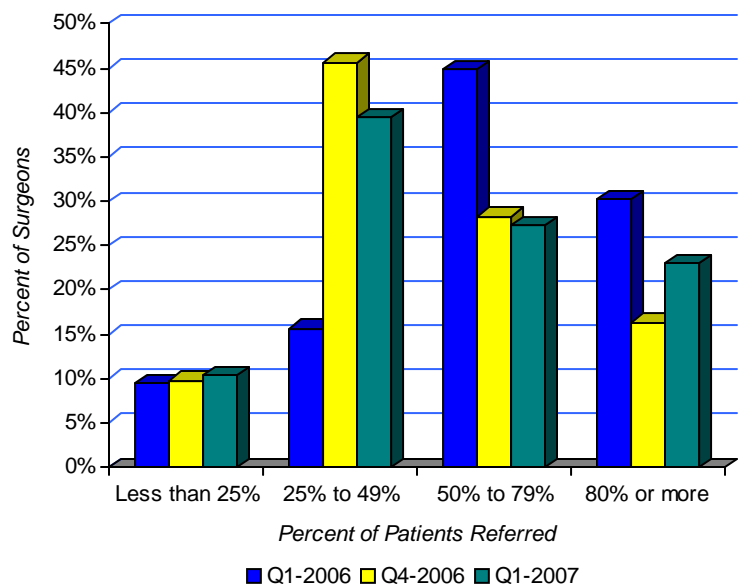
**Q1-2007 Advertising Cost per Procedure**



Almost 46 percent of LVC surgeons spent between \$100 and \$250 in marketing costs on a per-procedure basis. Higher volume surgeons generally spent more per procedure in advertising costs, and many low volume surgeons indicated that they spent less than \$10 in marketing per LVC procedure.

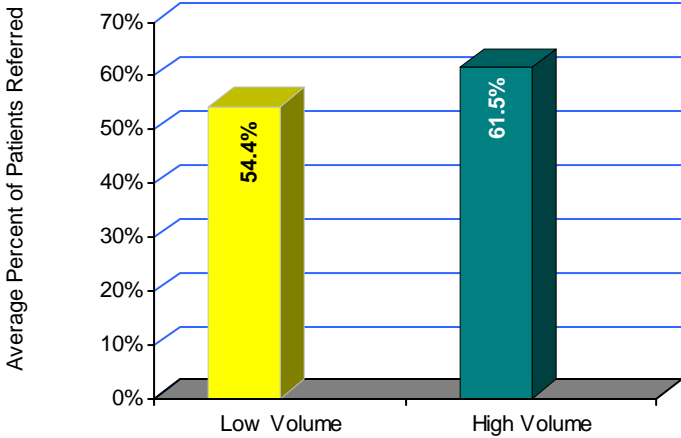
The percentage of patients referred from other LVC patients varies widely, but generally a smaller percentage of patients were referred by other patients when compared to Q4-2006. This shift may be due to increases in external marketing.

**Percentage of LVC Patients Referred from Other Patients**

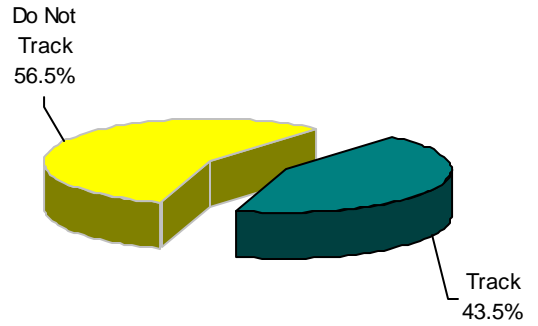


# Internal Marketing

**Q4-2006 Percentage of LVC Patients Referred from Other Patients**



**Conversion Rates Tracked?**

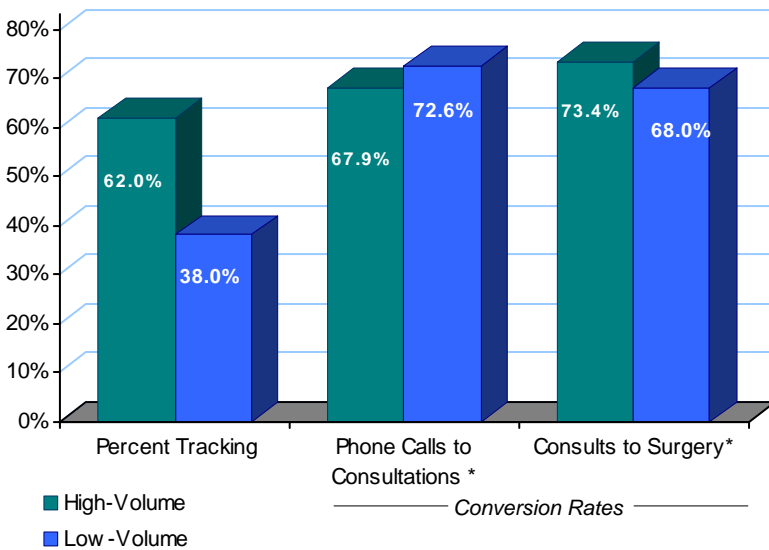


High-volume surgeons reported a higher percent of referrals from other patients than low-volume surgeons. Low-volume survey respondents report an average of 54.4 percent of patients sourced from patient referrals while high-volume surgeons reported 61.5 percent of referrals from this source.

Approximately 43.5 percent of practices responding to the survey reported tracking conversion rates — the ratio of phone calls to consultations and the ratio of consultations to surgery. Conversion rates were higher among high volume surgeons.

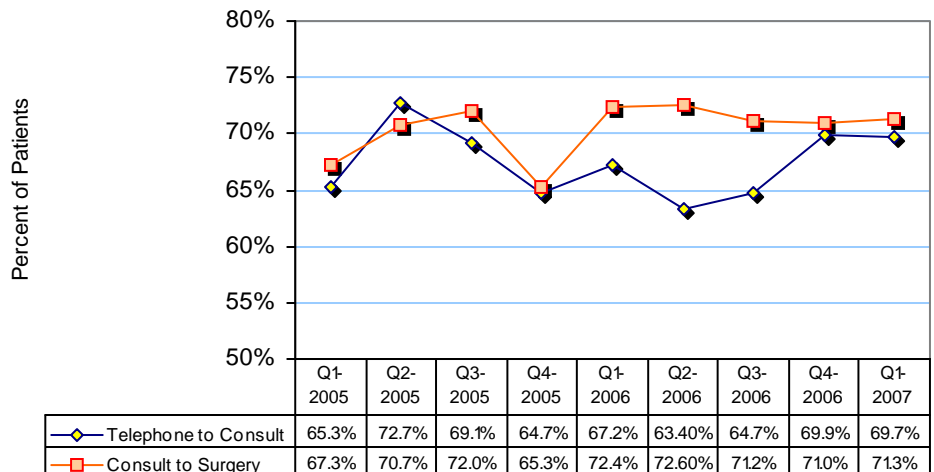
Most practices tracking conversion rates report ratios of 50 percent to 79 percent for telephone calls to consultations and slightly higher rates for consultations to surgery.

**Conversion Rates for High-Volume vs. Low-Volume Surgeons**



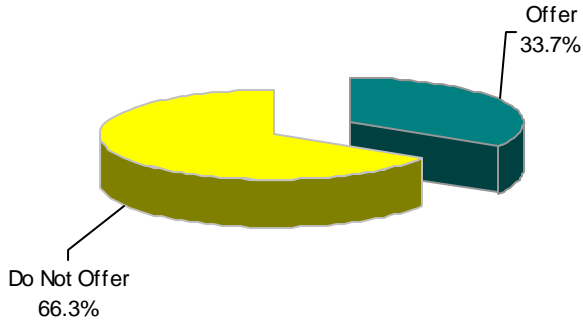
Reported conversion rates were similar during Q1-2007 with higher-volume surgeons having an average rate of 73.4 percent conversion rates for consultations to surgery, while lower volume surgeons had an average conversion rate of 68 percent.

**Conversion Rates**



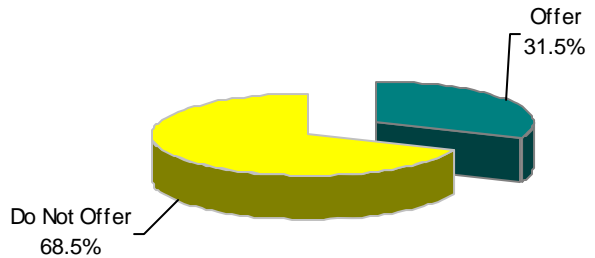
## Alternative Technology

**Do You Offer Phakic IOLs?**



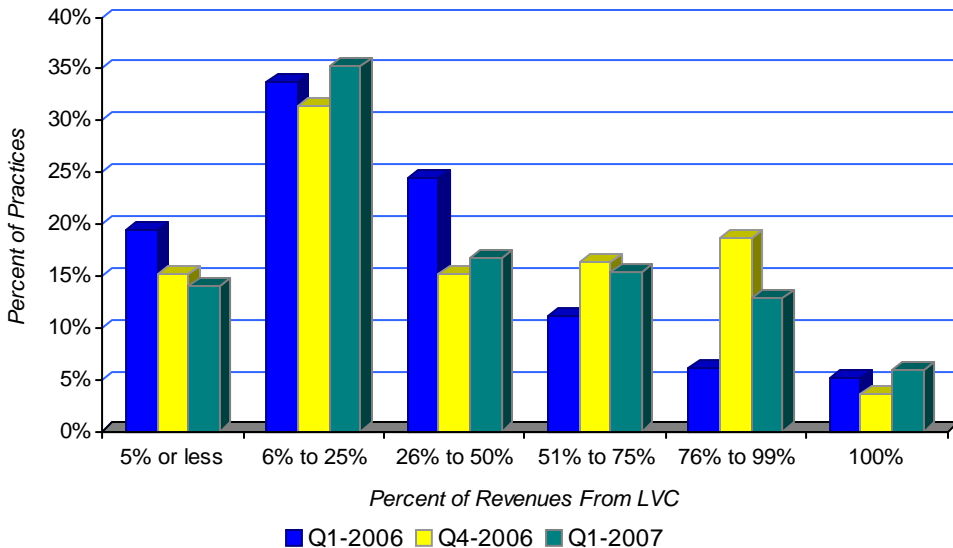
Approximately 33.7 percent of surgeons reported offering phakic IOLs. Of the surgeons offering this procedure, an average of 13.8 percent of their phakic IOL patients undergo a secondary excimer laser-based procedure to refine the patient's vision.

**Do You Offer RLE?**



Approximately 31.5 percent of respondents offer refractive lens exchange (RLE). Of the surgeons that offer this procedure, 76.4 percent offer a secondary excimer laser-based procedure to refine the patient's vision. Respondents report that an average of 12.1 percent of RLE patients require a secondary laser-based enhancement.

**Percentage of Revenues from LVC**



Most practices report that LVC accounts for less than half of practice revenues with only 34 percent reporting that LVC provides more than half of revenues.