

LCA-VISION INC. AUDIT COMMITTEE CHARTER

The Audit Committee (“Committee”) of the Board of Directors (“Board”) of LCA-Vision Inc. (“Company”), will have the oversight responsibility, authority and specific duties as described below.

COMPOSITION

The Committee will be comprised of at least three directors as determined by the Board. The members of the Committee will meet the independence and experience requirements of applicable Nasdaq Stock Market and Securities and Exchange Commission (“SEC”) rules and regulations. Each member shall be able to read and understand fundamental financial statements at the time of his or her appointment, in accordance with Marketplace Rules of the Nasdaq Stock Market (“Nasdaq Rules”). Audit Committee requirements. At least one member of the Audit Committee will have past employment experience in finance or accounting, requisite certification in accounting, or any comparable experience or background which results in that individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. To the extent reasonably practicable, at least one member of the Audit Committee shall satisfy the definition of an “audit committee financial expert” in accordance with the rules and regulations of the SEC. The members of the Committee will be elected annually at the organizational meeting of the full Board held on the date of the annual meeting of stockholders and will be listed in the annual report to stockholders. One of the members of the Committee will be elected Committee Chair by the Board.

RESPONSIBILITY

The Committee is a part of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the financial statements and other financial information to be provided to shareholders and the SEC; (ii) compliance with legal and regulatory requirements; (iii) the system of internal controls that management has established; (iv) the external audit process; and (v) the auditing, accounting, and financial reporting process generally. In addition, the Committee will provide an avenue for communication between the independent auditors, financial management and the Board. The Committee should have a clear understanding with the independent auditors that they must maintain an open and transparent relationship with the Committee. The Committee will be directly responsible for the appointment, compensation and oversight of the independent auditors engaged to prepare or issue an audit report on the financial statements of the Company. The independent auditor shall report directly to the Committee. The Committee will make regular reports to the Board concerning its activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. This is the responsibility of management and the independent auditor.

AUTHORITY

The Committee has the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. The Committee has the authority to retain and determine the funding for external professionals, including independent counsel and auditors, to render advice and counsel and assist in any investigation and performance of its functions at the Company's expense. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a Committee meeting or to meet with any members of or advisors to the Committee. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

MEETINGS

The Committee is to meet at least four times annually and as many additional times as the Committee deems necessary. The Committee is to meet periodically in separate executive sessions with the management, the internal auditors (if any) and the independent auditors.

ATTENDANCE

Committee members will strive to be present at all meetings.

SPECIFIC DUTIES

In carrying out its oversight responsibilities, the Committee will:

1. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. This should be done in compliance with applicable Nasdaq Rules.
2. Approve the selection, retention or termination of the Company's independent auditor.
3. Pre-approve all audit and permitted non-audit services to be performed by the independent auditor and establish policies and procedures for the engagement of the independent auditors to provide the permitted non-audit services, with exceptions provided for de minimis amounts under certain circumstances in accordance with the rules and regulations of the SEC and the Nasdaq Rules.
4. Review and discuss with the Company's management and independent auditors: (a) the adequacy and effectiveness of the Company's internal controls over financial reporting, including any significant deficiencies and significant changes in internal controls over financial reporting reported to the Committee by the independent auditors or management; (b) the Company's internal audit procedures; and (c) the adequacy and effectiveness of the Company's disclosure controls and procedures, and management reports thereon.
5. Review with the Company's management and independent auditors significant accounting and reporting principles, practices and procedures applied by the Company in preparing its financial statements the critical accounting policies and practices used by the Company. Discuss with the independent auditors their judgments about the quality, not just the acceptability, of the Company's accounting principles used in financial reporting.

Auditing Committee Charter

6. Review the scope and general extent of the independent auditors' annual audit. The Committee's review should include an explanation from the independent auditors of the factors considered by the auditor in determining the audit scope, including the major risk factors with respect to the audit and the Company. The independent auditors should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures. The Committee will determine and approve the fee arrangement with the independent auditors.
7. Require, at least annually, a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Company, as contemplated by Independence Standards, Standard No. 1, Independence discussions with Audit Committees, and engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take, or recommend that the full board take, appropriate action to oversee the independence of the independent auditors.
8. Have a predetermined arrangement with the independent auditors that they will advise the Committee through its Chair and management of the Company of any matters identified through procedures followed for interim quarterly financial statements, and that such notification is to be made prior to filing Forms 10-Q.
9. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices proposed by management.
10. At the completion of the annual audit, review with management and the independent auditors the following:
 - The annual financial statements and related footnotes and financial information to be included in the Company's annual report to shareholders and on Form 10-K, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
 - Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
 - Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the independent auditors during their audit, including access to all requested records, data and information. Inquire of the independent auditors whether there have been any disagreements with management which, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the Company's financial statements.
 - Other communications as required to be communicated by the independent auditors by Statement of Auditing Standards (SAS) 61, as amended, relating to the conduct of the audit.

If deemed appropriate after such review and discussion, recommend to the Board that the financial statements be included in the Company's annual report on Form 10-K.

11. Approve the report required under SEC rules to be included in the Company's annual proxy statement.
12. Discuss with the independent auditors the quality of the Company's financial and accounting personnel. Also, elicit the comments of management regarding the responsiveness of the independent auditor to the Company's needs.
13. Meet with management and the independent auditors to discuss any recommendations that the independent auditors may have, particularly those characterized as 'material' or 'serious'. Typically, such recommendations will be presented by the independent auditors in the form of a Letter of Comments and Recommendations to the Committee. The Committee should review responses of management to the Letter of Comments and Recommendations from the independent auditor and receive follow-up reports on action taken concerning the aforementioned recommendations.
14. Review and pre-approve related-party transactions in accordance with the Nasdaq Rules.
15. Establish procedures for receipt, retention and treatment of complaints received regarding the Company's accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding (i) questionable accounting or auditing matters; or (ii) any other matter as provided by the Company's Code of Business Conduct and Ethics.
16. Obtain from the independent auditor assurance that they will inform Company management concerning any information indicating that an illegal act has or may have occurred that could have a material effect on the Company's financial statements, and assure that such information has been conveyed to the Committee.
17. Generally as part of the review of the annual financial statements, receive an oral report(s), at least annually, from the Company's general counsel concerning legal and regulatory matters that may have a material impact on the financial statements or on the Company's contingent liabilities and risks.

As effective March 8, 2004.