



## **LCA-Vision Inc. Compensation Committee Charter**

### **Committee Membership**

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of LCA-Vision Inc. (the "Company") shall consist solely of directors who (i) are "independent directors" under the listing standards of the NASDAQ Stock Market, Inc., (ii) are "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time, (iii) are "non-employee directors" under Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934, as amended from time to time, and (iv) do not otherwise have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Members shall be appointed by the Board based on recommendation by the Chairman of the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Committee shall normally have at least three (3) members.

### **Committee Purpose and Responsibilities**

The Committee shall have the purpose and direct responsibility to:

1. Review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board), determine, or recommend to the Board for determination, the CEO's compensation level based on this evaluation. In determining or recommending the long-term incentive component of CEO compensation, the committee shall consider, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.
2. Either as a committee or together with the other independent directors (as directed by the Board), determine, or recommend to the Board for determination, the compensation of the other executive officers of the Company.
3. Review the Company's overall compensation policies and practices for all employees as they relate to risk management practices and risk-taking incentives on at least an annual basis.
4. Discharge the responsibilities of the Board with respect to the Company's incentive compensation plans and equity-based plans, including the 2006 Stock Incentive Plan and the "frozen" 1995 Long-Term Stock Incentive Plan, 1998 Long-Term Stock Incentive Plan and 2001 Long-Term Stock Incentive Plan, oversee the activities of the individuals responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans.

5. Approve issuance under, or any material amendment of, any tax qualified, nondiscriminatory employee benefit plan or parallel nonqualified plan pursuant to which a director, officer, employee or consultant will acquire restricted or unrestricted stock, performance units or options.
6. Approve issuances under, or any material amendment of, any stock incentive or other similar plan pursuant to which a person not previously an employee or director of the Company, as an inducement material to the individual's entering into employment with the Company, will acquire restricted or unrestricted stock, performance units or options.
7. In consultation with management, oversee regulatory compliance with respect to compensation matters, including recommendations to the Board regarding submission of certain compensation matters to the vote of stockholders, overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
8. Review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company.
9. Prepare an annual Compensation Committee Report for inclusion in the Company's Annual proxy statement in accordance with applicable Securities Exchange Commission rules and regulations.
10. Prepare and issue the evaluation required under "Performance Evaluation" below.
11. Report to the Board on a regular basis, but not less often than annually.
12. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs or compensation matters.
13. Except where the Committee otherwise expressly determines or applicable law otherwise expressly requires, the Committee shall not act or serve as a fiduciary with respect to any benefit plans or programs under the Employee Retirement Income Security Act ("ERISA") or any other applicable law.

### **Committee Structure and Operations**

The Board shall designate one member of the Committee as its Chair. The Committee shall meet at least twice a year, in conjunction with regularly scheduled meetings of the Board at regularly scheduled times and places determined by the Committee Chair, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chair.

The CEO may not be present during any voting or deliberations of the Committee regarding the CEO's compensation.

### **Delegation to Subcommittee**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee consisting of one or more members.

### **Performance Evaluation**

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Committee's charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such a manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

### **Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to compensation consultants retained to assist in the evaluation of director, CEO or executive officer compensation, this authority shall be vested solely in the Committee.

As amended effective February 17, 2011.