Presentation to Vision Monday Leadership Summit

Citigroup Private Equity

March 21, 2007

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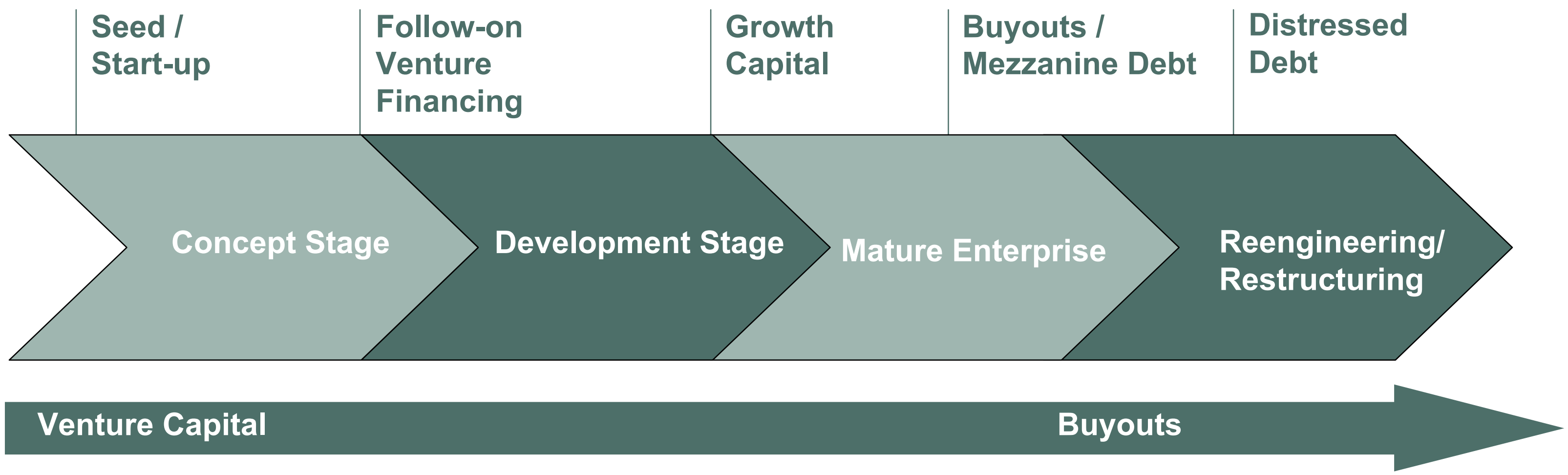
Private Equity Investing

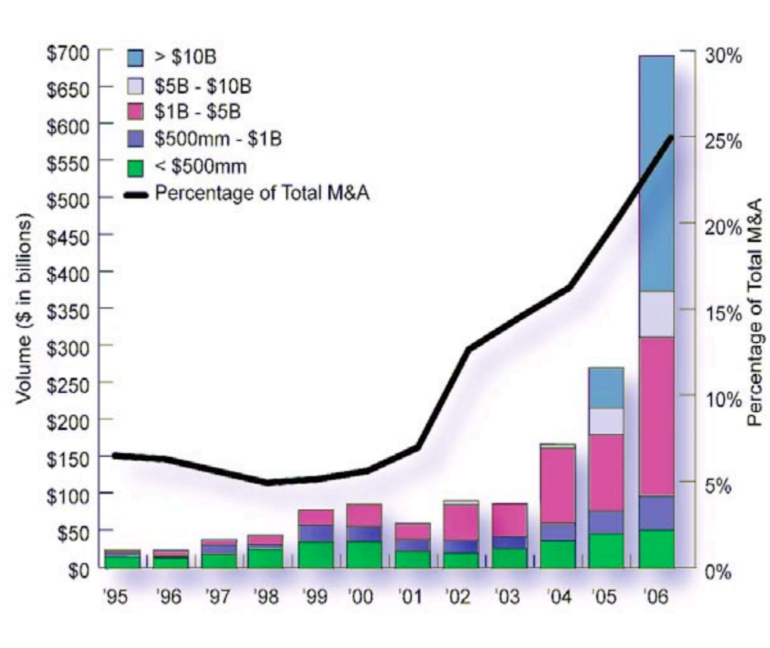
- Broadly defined as investments in public or non-public companies that are privately negotiated transactions and typically seek to acquire control of established businesses
- Private equity managers are typically independent organizations that often take an active role in the direction of a company seeking to create value, enhance returns and exit successfully
- Spans a spectrum of investment stages and strategies, which principally comprises buyouts (including leveraged buyouts ("LBOs")), which typically acquire control of established businesses with stable cash flows by utilizing debt financing, or venture capital ("VC"), which invests private capital in start-up to growth stage companies
- Alternative means of gaining equity exposure in portfolios



Private Equity Investing Activity Increasing

Global LBO Volume by Deal Size[1]

While buyout managers continue to raise capital, they are also actively deploying it – spurred by the significant increase in deal sizes



"Nothing is off the Table"[2]

HCA Hospital Corporation of America
$33B – Bain, KKR, Merrill Lynch

KINDER MORGAN
$22B – Goldman, AIG, Carlyle, Riverstone*

freescale semiconductor
$17.6B - Blackstone, Carlyle, Permira, Texas Pacific Group

Hertz
$14.5B – Clayton, Dubilier & Rice, Carlyle, Merrill Lynch

TDC
$15.6B – Apax, Blackstone, KKR

GMAC
$14B - Cerberus Capital

Univision
$13.7B – Saban Capital, Madison Dearborn, Providence Equity, Texas Pacific Group*

vnu
$11.6B – Carlyle, Blackstone, KKR, Hellman & Friedman, Thomas H. Lee

1) Source: Citigroup Global Markets Inc. As of December 31, 2006. There can be no assurance that these market conditions will remain in the future. **Past performance does not guarantee future results. Real results may vary.**
2) Source: Securities Data Company, Inc.; The Deal. The transactions detailed above are for illustrative purposes only to show the size and types of transactions recently being completed in the marketplace. **Past performance is no guarantee of future results. Real results may vary.**
* Announced and pending completion. As of February 28, 2007.

Private Equity is a Global Phenomena

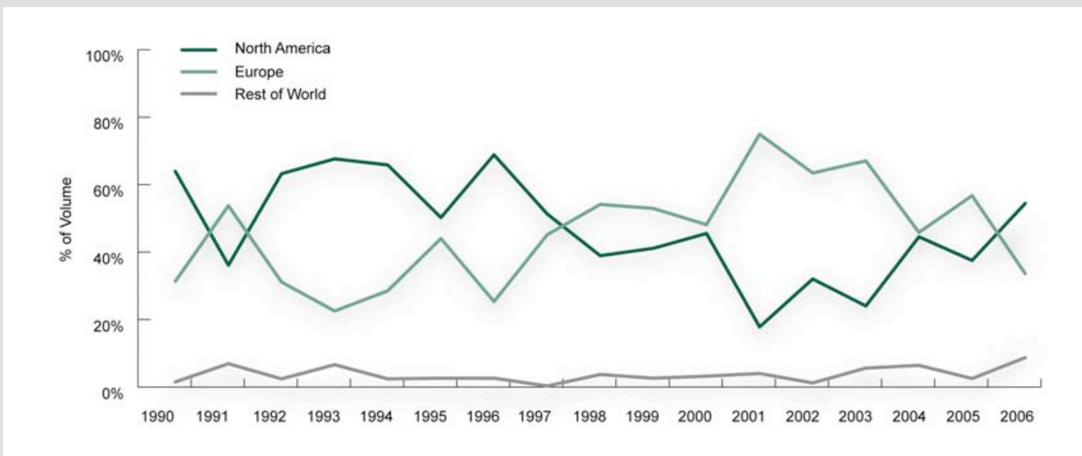
EUROPE

- Private equity is not new
  - European LBO volume has surpassed US LBO volume in eight of the past nine years
- Market inefficiencies in corporate ownership and structure have driven deal flow
  - Corporate restructurings (deconglomeration), divestitures of family-owned businesses and government privatizations
  - Regulatory and market transitions due to European Union integration and expansion

ASIA

- Rapid economic growth
- Increasing acceptance of private equity
  - Relatively large capital flows into the region recently
- Higher degree of political, legal, and economic risk in more developing countries
- Not a very deep/long track record for private equity investing

Global Buyout Activity



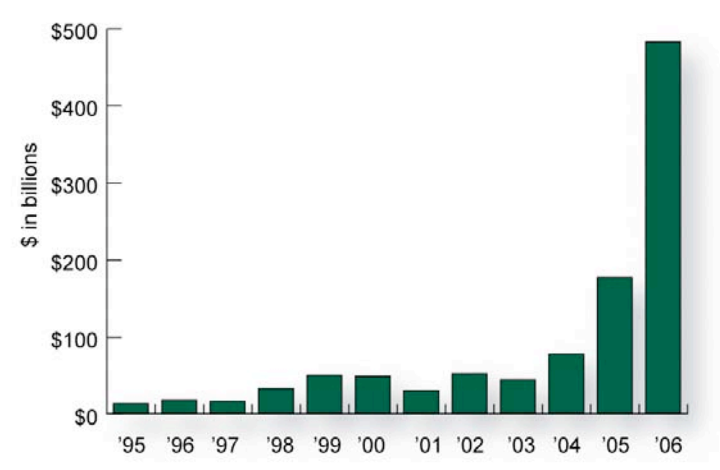
Source: Securities Data Company, Inc. As of December 31, 2006.

Past performance and correlations are not a guarantee of future performance and correlations. Real results may vary.

Why Be a Public Company?

- In 2006, 463 public companies went private, representing $482 billion in transaction value (up 173% year-over-year)[1]
- Potential advantages of going private:
  - Ability to take long-term view of managing a business versus meeting quarterly numbers
  - Avoid increased cost/distraction of certain regulatory requirements
  - Ability to attract very talented senior operating professionals (potentially more lucrative payoff for management teams)

Global Public-to-Private Volume



Source: Citigroup Global Markets, Inc. As of December 31, 2006.

"Together, we have all allowed a system where everyone's incentives – those of analysts, management, and investors – are designed to produce results today at the expense of tomorrow. I can tell you that CEO frustration with earnings expectations is widespread and rapidly growing."[2]

Thomas Donahue, President, U.S. Chamber of Commerce

There can be no assurance that these market conditions will remain in the future. **Past performance does not guarantee future results. Real results may vary.**

1) Source: Citigroup Global Markets, Inc.

2) FT.com, March 7, 2006, "McKinsey hits at guidance 'short-termism'".

Considerations of Capital Raising Options

How a company decides to raise capital depends on many factors including development stage, product maturity, and desire to retain control

Considerations	Growth Capital	Leveraged Buyout	Public Offering
Control	Influence, short of full control; hands-on involvement	Typically full control or significant influence; hands-on, activist investing	Proxy voting
Management Ownership	Significant (typically > 50% owned by mgmt/ founders)	5% to 15%	< 5%
Governance	Investors may have “negative” control	Concentrated	Disperse
Board	Active involvement	Heavy involvement	Board elected by shareholders (Board/CEO interdependence?)
Management Liquidity	None	None	Public Sale / Lockup / Restrictions
Debt in Capital Structure	Little to none	Typically 70%	Typically 40% to 50%

Considerations of Capital Raising Options

Considerations	Growth Capital	Leveraged Buyout	Public Offering
Due Diligence Process	Access to proprietary information	Access to proprietary information	Access to public filings
Timing	2 to 4 months	2 to 4 months	Roadshow / Registration Process can be extensive (4 to 6 months)
Sarbanes – Oxley	N/A	N/A	Applicable
Reporting	Key performance indicators to management and PE firm	Key performance indicators to management and PE firm	Quarterly earnings, earning estimates
Investor Liquidity	IPO/Sale	IPO/Sale/Recap	Public sale of stock

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What Makes a Business Attractive

- Stable, growing market supported by favorable demographic trends
- Favorable industry dynamics
- Strong cash flow characteristics
- Significant barriers to entry
- Compelling strategic rationale
- Ability to realize significant cost savings / synergies
- Strong management team
  - Restructuring and cost-cutting experience
- Expertise of industrial / strategic partners

Specific Considerations for the Vision Industry

- Product lifestyles - predictable, consistent
- Favorable demographics
- Cash paying customers - consistent cash flows
- Less exposed to reimbursement costs
- Improvements to technology
- Product flow is primary driver
- Growth capital as pre-IPO equity infusion

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Examples of Private Equity Investing in Vision Companies

Select Venture/Growth Capital-Backed Vision Companies

Company	Description
AcuFocus	Commercializing a surgical implant for the correction of presbyopia (age-related farsightedness)
IntraLase	Developed a laser used in the first step of LASIK surgery
MacuSight	Developing therapeutics for the treatment of severe ocular diseases and conditions
Oculex Pharmaceuticals (acquired by Allergan in 2003)	Drug delivery platform for the treatment of major, sight-threatening diseases of the eye
Ophthonix	Developing and commercializing a programmable “super lens” capable of delivering 20/10 vision
Visiogen	Developing a dual-optic intraocular lens for the treatment of age-related vision loss

Source: VentureSource

Examples of Private Equity Investing in Vision Companies

Select Leveraged Buyout Vision Companies

Company	Transaction
Carl Zeiss Vision (“CZV”)	In 2005, CZV was created by the merger of the NYSE listed company Sola International Inc. with the eyeglass lens division of Carl Zeiss AG, resulting in CZV being owned 50:50 by Carl Zeiss and **EQT Partners**
Eye Care Centers of America, Inc. (“ECCA”)	Date of Buyout: April 1998 **Thomas H. Lee** Date of Buyout: December 2004 **Golden Gate Capital** ECCA operates or manages optical retail stores through 11 store names that are leaders in eye care service in each of their respective markets

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