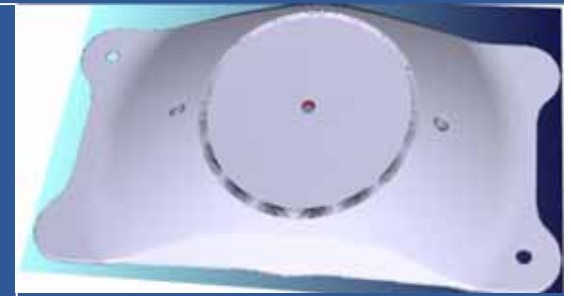




(NASDAQ: STAA)



3rd Annual Benchmark
One on One
Investor Conference
May 31, 2012



**“Fastest growing refractive
technology in the world.”**

FORWARD-LOOKING STATEMENTS

All statements in this presentation that are not statements of historical fact are forward-looking statements, including any projections of earnings, revenue, sales, profit margins, cash or other financial items, any statements of the plans, strategies, and objectives of management for future operations, any statements regarding new products, including but not limited to, expectations for success of the ICL or other products in U.S. or international markets, any statements concerning proposed new products and government approval of new products, services or developments, or other future actions of the FDA or other regulators, any statements regarding expectations for the success of our products in the US and the international markets, the outcome of product research and development or any clinical study, any statements regarding future economic conditions or performance, the size of market opportunities statements of belief and any statements of assumptions underlying any of the foregoing. These statements are based on expectations and assumptions as of the date of this presentation and are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements.

The risks and uncertainties include our limited capital resources and limited access to financing, the broad discretion of the FDA and other regulators in approving any medical device and the inherent uncertainty that new devices will be approved, the likelihood of administrative delays, the risk that our global consolidation plans will not yield the expected savings in taxes or cost of goods or expose us to supply interruptions, the negative effect of global recession on sales of products, especially products like the ICL used in non-reimbursed elective procedures, the challenge of managing our foreign subsidiaries, the risk that research and development efforts will not be successful or may be delayed in delivering for launch, the willingness of surgeons and patients to adopt a new product and procedure, and the potential effect of negative publicity about LASIK on the demand for refractive surgery in general in the U.S., and the other factors discussed under the heading “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on March 8, 2012. STAAR assumes no obligation to update its forward-looking statements to reflect future events or actual outcomes and does not intend to do so.






In addition, to supplement the GAAP numbers, we have provided non-GAAP adjusted net income and basic and diluted net income per share information that excludes manufacturing consolidation expenses, gains on foreign currency, fair market value adjustments for warrants and stock-based compensation expense. We believe that these non-GAAP numbers provide meaningful supplemental information and are helpful in assessing our historical and future performance. A table reconciling the GAAP information to the non-GAAP information is included in our financial release and in our slide presentation can be found in our Form 8-K filed on May 2, 2012.



STAAR Surgical in 2011

- Generated **14% revenue growth**
- Grew Visian **ICL sales by 32%**
 - 85% gross margin product
- Expanded Gross Margin 370 bps to 67.5%
 - Gross margin dollars **+21%**
- **Profitable** each quarter and full year

STAAR 2012 Key Metrics

-  Increase revenues 15%
-  Grow Visian ICL sales by more than 32%
-  Expand Gross Margin to 71% (350 bps)
-  Profitable each quarter and full year
-  Accomplish manufacturing consolidation milestones without customer disruption in supply or quality

Off To a Good Start in Q1

STAAR Positioned for Strong Growth

-  **Two Large Market Opportunities**
-  **Strong Balance Sheet**
-  **Sustainable Competitive Advantages**
-  **Six new product offerings in 2012**
-  **Robust New Product Pipeline**
-  **Mfg. consolidations leads to big savings**

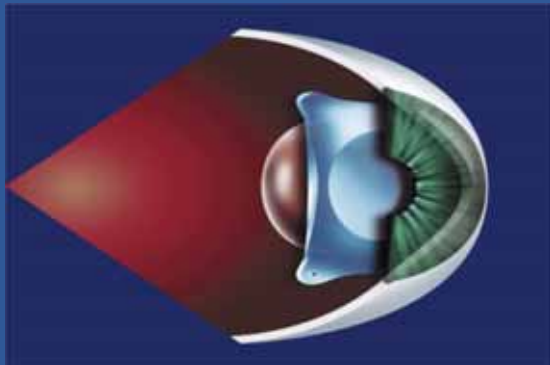
Intraocular Lens Focus

Lenses Placed within the Eye

Refractive Lens

 Sits in front of natural crystalline lens

 Refractive ICL

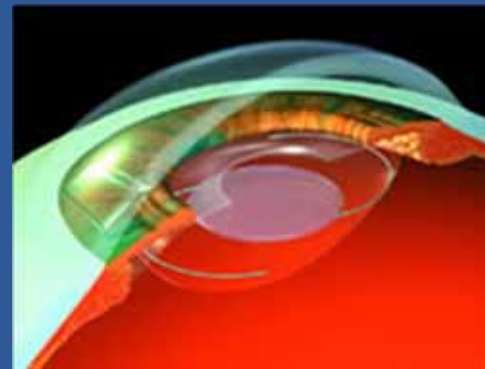


56% of sales Q1

Cataract Lens

 Replaces natural crystalline lens

 Cataract IOL

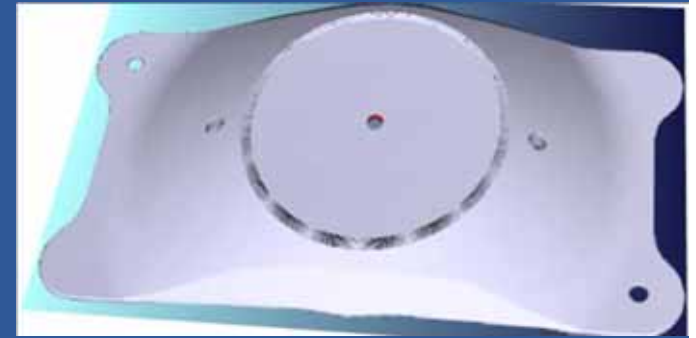


41% of sales Q1

STAAR's Value Driver

The Visian ICL

- Over \$32 million sales/\$60M to end customer
 - Growth rate 32% 2011/25% Q1
 - 85% Gross Margins
 - New Product Launches
- **\$3 Billion** Addressable Market
 - Currently about 2% Market Share
- 10% average share position in Focused Markets would yield **\$270M of end customer revenue**



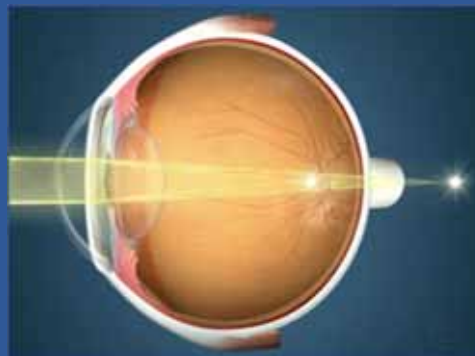


Visian ICL[®]

Premium Product
Premium Result

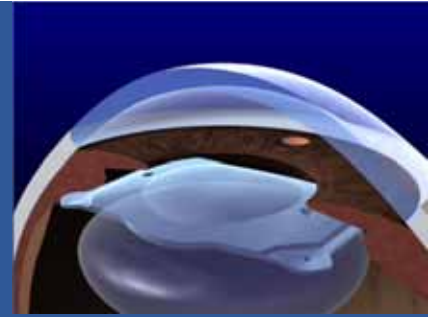


- Implantable Collamer Lens better known as “the **Implantable Contact Lens**”
- Made from a **proprietary material called Collamer[®]**
- **Corrects myopia (nearsightedness)** inability to see far
- **Toric ICL** version corrects both myopia and astigmatism (blurred due to inability to focus)



Visian ICL

Competitive Landscape



☞ **STAAR is the market leader in this segment**

☞ **>70% Unit Market Share/85% Dollar Share**

☞ **Only Posterior Lens Approach**

☞ **Other players (Anterior Phakic Lens):**

☞ **Abbott (AMO)/Ophtec**

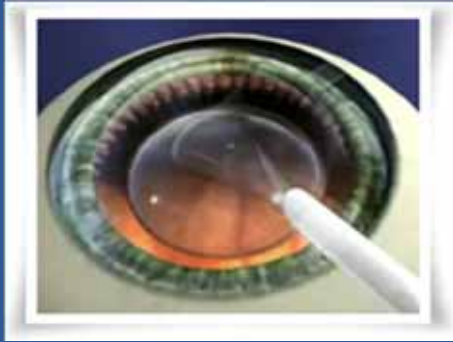
☞ **Novartis (Alcon)**



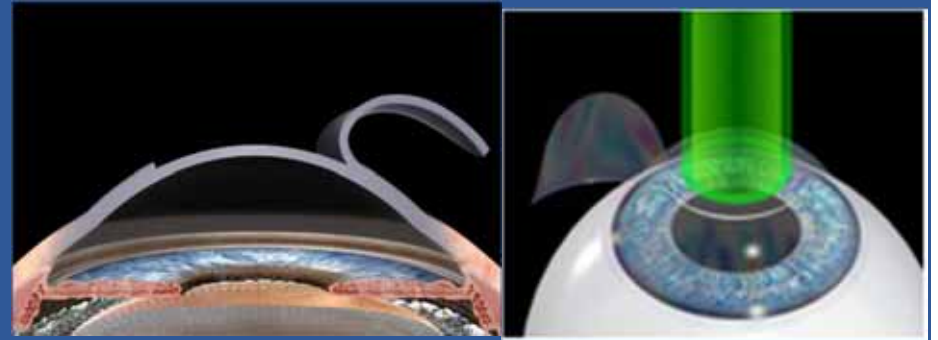
☞ **The Big Guys are in the WRONG Place and heavily invested in LASIK!**

☞ **LASIK is the Real Competition**





ICL



vs.

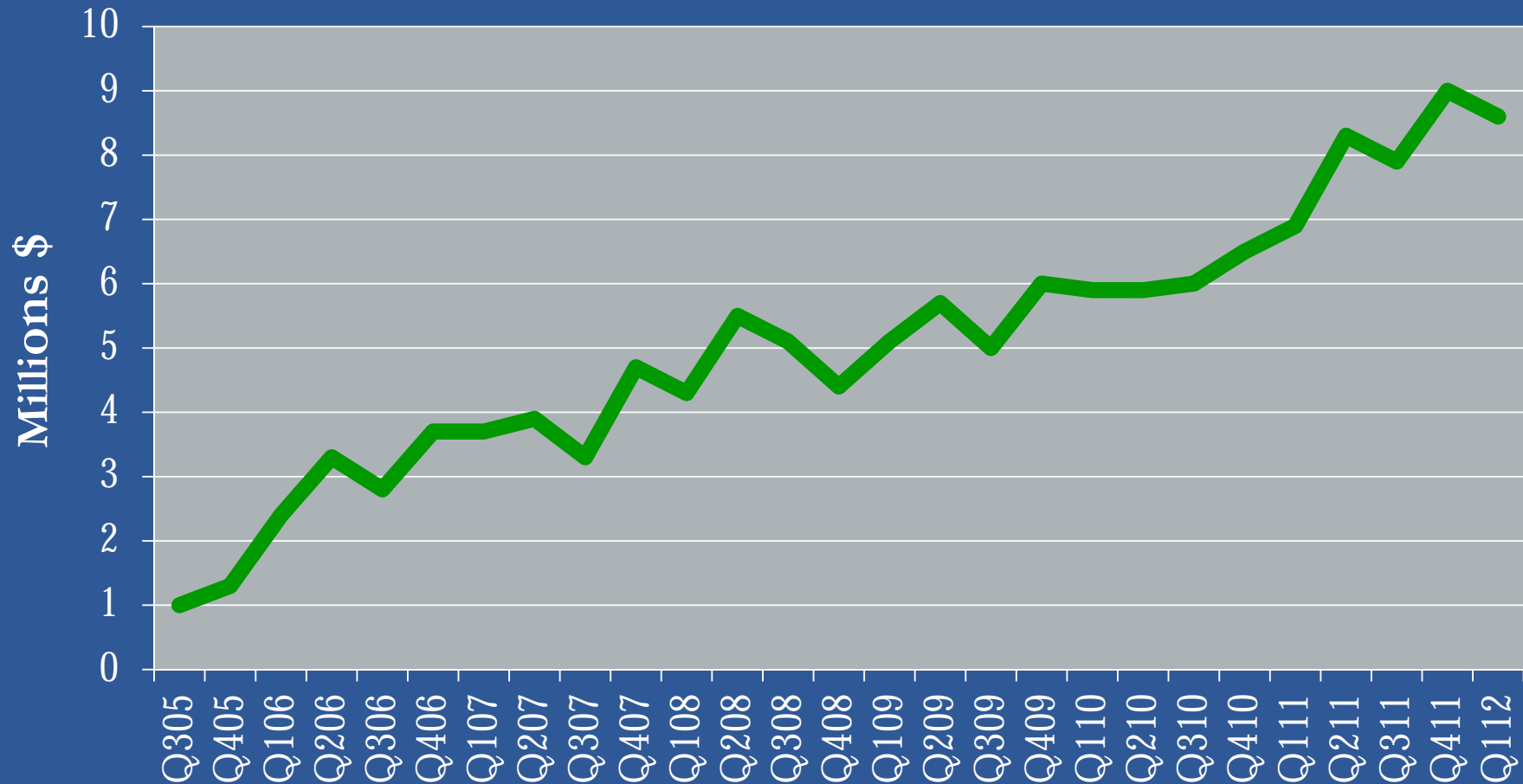
LASIK

- | | |
|--|--|
| <ul style="list-style-type: none"> Small micro incision | <ul style="list-style-type: none"> Incision over 1 inch-long |
| <ul style="list-style-type: none"> Adds a lens into the eye | <ul style="list-style-type: none"> Burns material away |
| <ul style="list-style-type: none"> Permanent but removable | <ul style="list-style-type: none"> Cannot be reversed |
| <ul style="list-style-type: none"> No induced dry eye | <ul style="list-style-type: none"> Potential dry eye induced |
| <ul style="list-style-type: none"> Future options preserved | <ul style="list-style-type: none"> <u>May reduce future options</u> |

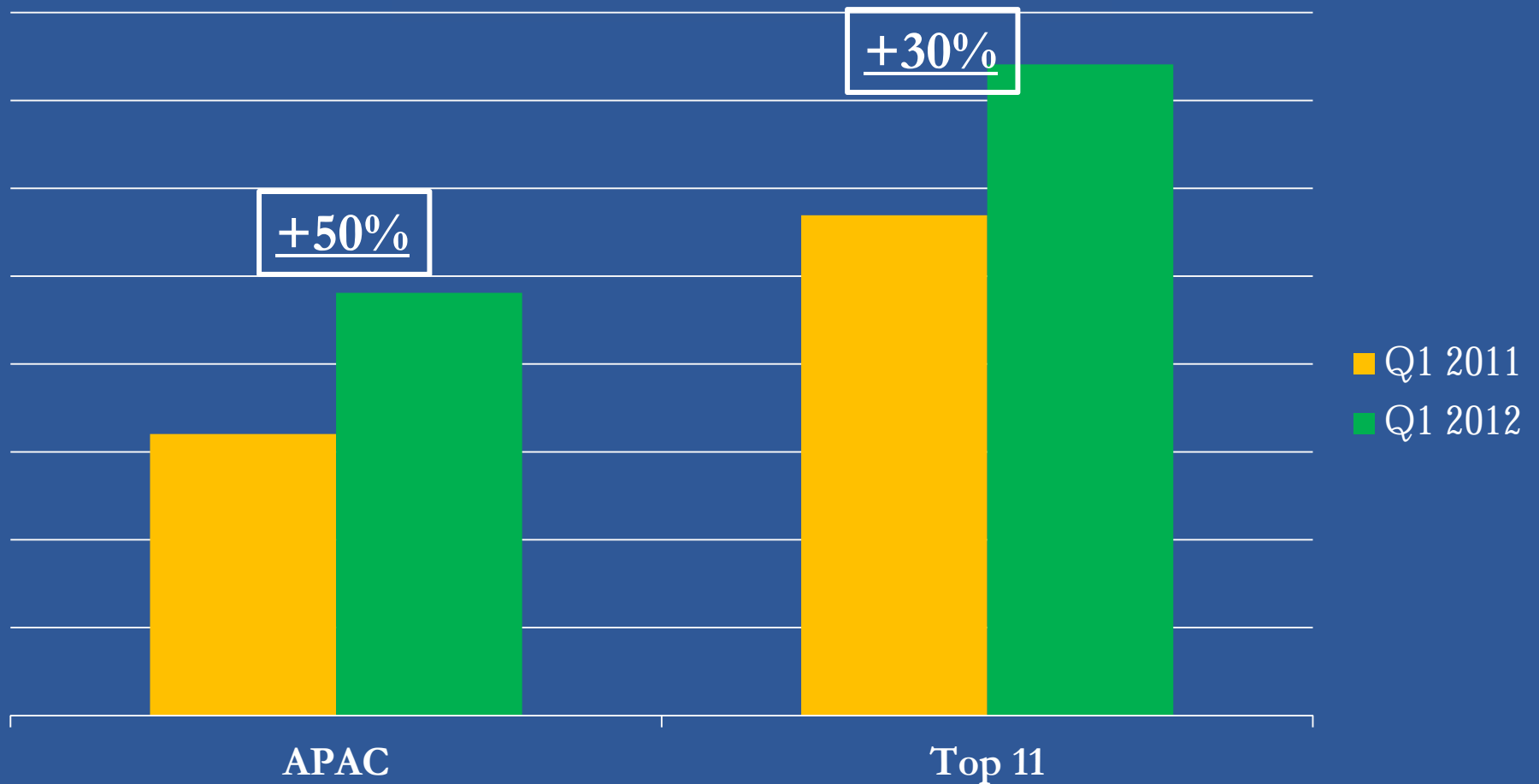
Plus eyes in which LASIK is contraindicated.

Visian ICL Revenue Gains

25% Increase Q1 2012 vs. 18% Q1/11 & 32% full year

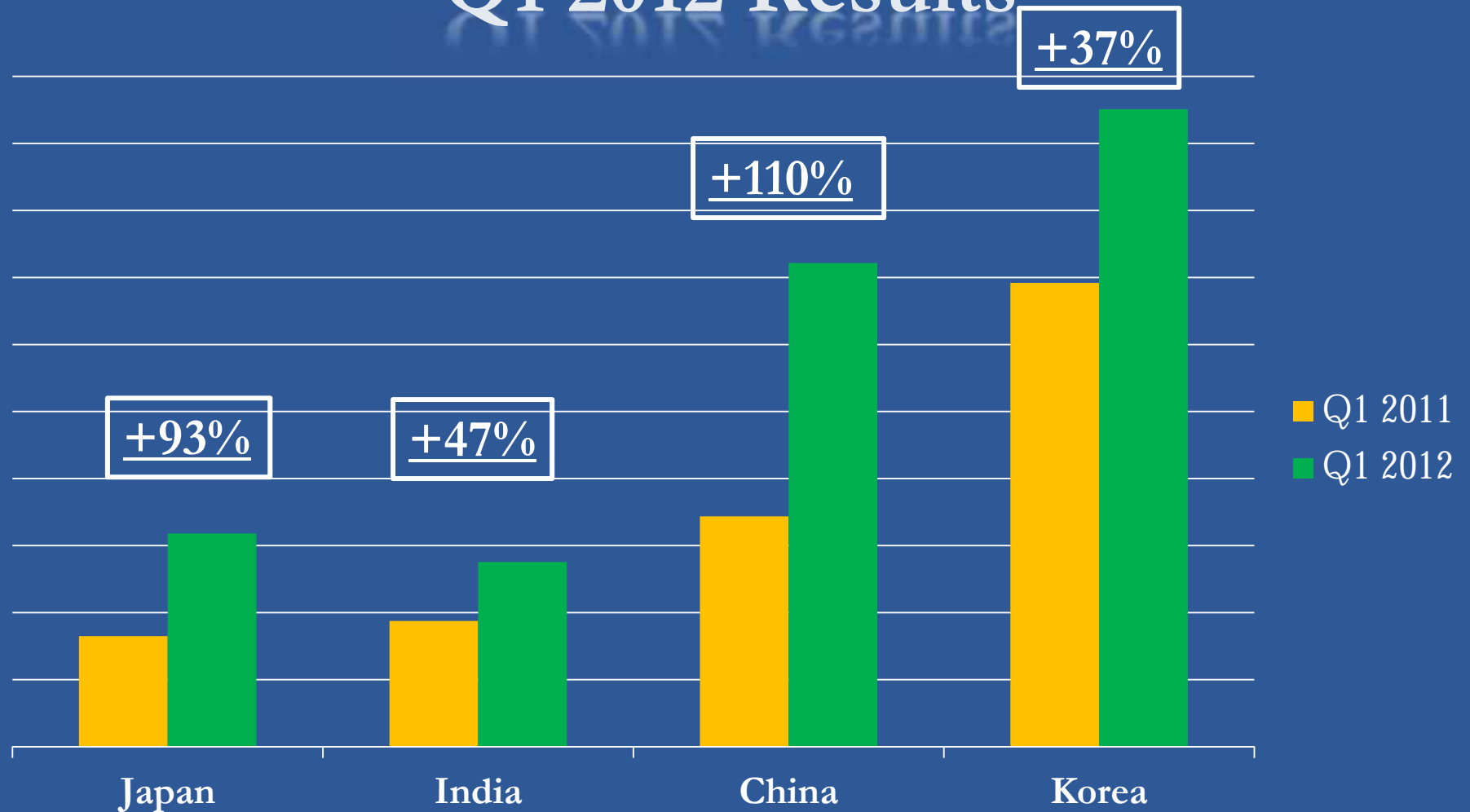


APAC and top 11 targeted markets 2012 Q1 Results







Key ICL Asia Pacific markets

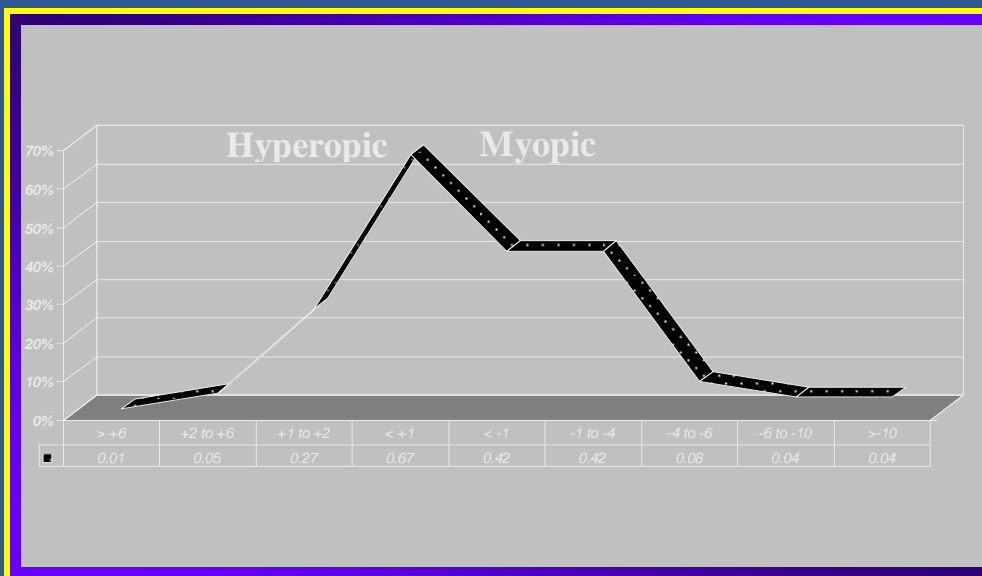
Q1 2012 Results



New Visian V4b ICL






Doubles Market of Treatable Patients

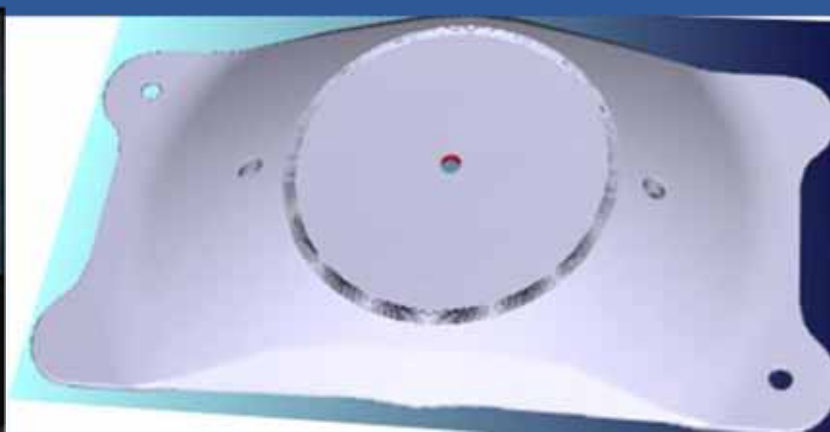
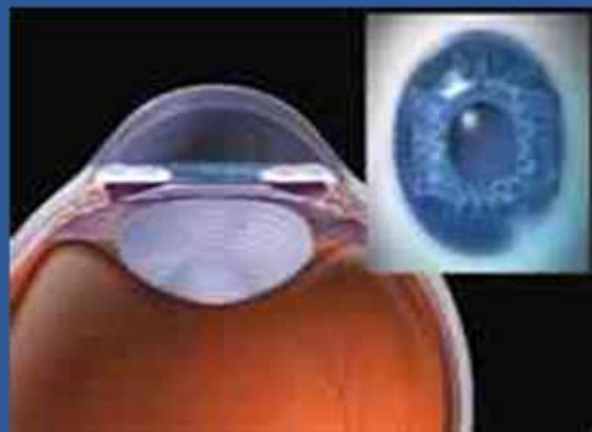
-  V4b has the **widest approval** of any refractive option
-  Can treat all LASIK eligible patients and MORE
-  Available in all CE Marked countries
-  Other markets gain expanded range on V4c approval



New Visian V4c ICL

During Q1-58% of ICLs in Europe (>1,000 implanted)

-  **CentraFLOW™** technology restores natural aqueous flow within the eye utilizing the **KS-AquaPORT™**
-  **Eliminates** a procedure and additional visit by patient
-  Less time & more **convenient** (LASIK-like)
-  **Economics better for the surgeon**
-  **Premium of 10%** on price of V4c



Visian Toric ICL

Approved in Japan

NEW 11/2011

- Estimated 325,000 refractive procedures with **very high rate of myopia and astigmatism**

Prevalence of:	<u>Japan</u>	<u>ROW</u>
Myopia	40%	15% to 28%
Astigmatism	50%	30%

- Dr. Tomita believes that **75% of his ICL usage** will be TICL compared to 40% ROW
- Very attractive market as **direct distribution drives a higher gross margin and sales**

Sources: The Global Refractive Surgery Market by Market Scope December 2011
The Tajima Study 2007



2012 Targeted Visian ICL Markets

Market	2011 Proc.	Proc Δ	ICL Δ	TICL	V4c	Share
China *	1,003,000	+11%	+84%	2008	2012/13	.7%
U.S.*	763,000	+6%	(1%)	2012	2013	.8%
Japan*	325,000	(13%)	+167%	<u>2011</u>	2014	.4%
Lat Am*	219,000	+3%	+8%	2012	2012	1.3%
Spain*	155,000	+5%	+5%	2002	2011	3.3%
India*	141,000	+4%	+36%	2007	2012/13	3.5%
S. Korea	140,000	+23%	+34%	2005	<u>V4b</u> /2012	13.4%
Italy*	129,000	+8%	(2%)	2002	2011	0.3%
Germany	120,000	+8%	+52%	2002	2011	1.1%
U.K.	120,000	+8%	+22%	2002	2011	.2%
M East*	64,000	+1%	+54%	2005	<u>2012</u>	7.5%

*Adding Sales and Marketing direct employees in 2012.

Source: The Global Refractive Surgery Market by Market Scope December 2011.



Visian ICL Product Pipeline

<u>Product</u>	<u>R</u>	<u>D</u>	<u>CE</u>	<u>Japan</u>	<u>U.S.</u>
<u>Toric ICL</u>	√	√	√	<u>2011</u>	2012
<u>V4b Expanded Range</u> Lower myopes and toric hyperopic	√	√	2010	NP	NP
<u>V4c</u> (Includes expanded range) Eliminates need for PI	√	√	<u>2011</u>	○	○
<u>V5</u> (Includes all features of 4b & 4c) Preloaded, enhanced safety design	○	○	2012	2014	2014
<u>V6</u> (Includes all features of V4 & V5) Multifocal, MF Toric, forgiving design	○	○			

○ = In the planning stage.



Q1 Innovation Updates

- ☑ Inventions completed during the quarter allowing Collamer lens to be sterilized in preloaded system.
- ☑ Key feature on the Visian V5 ICL
 - ☑ Key surgeons evaluated during ASCRS meeting with very good feedback
- ☑ Believe same system can be used to preload nanoFLEX IOLs



V5 ICL Eliminates Multiple Steps

Saves Time and Less Risk of Errors



What the ICL Innovation Means

V4b Q1 2011

Expanded Range

Allows treatment of virtually all myopic patients.

V4c Q1 2012

CentraFLOW Technology

Eliminates a step in the current procedure.

V5 Q1 2013

Preloaded ICL

More convenient, less procedure time, no delivery issues.



DTC Results in Korea

Expanded Market Share from 5% to 13.4% in 5 Years

How to duplicate results in additional markets?

Subway Signage
Began in 2006



Radio Ads
Began in 2007



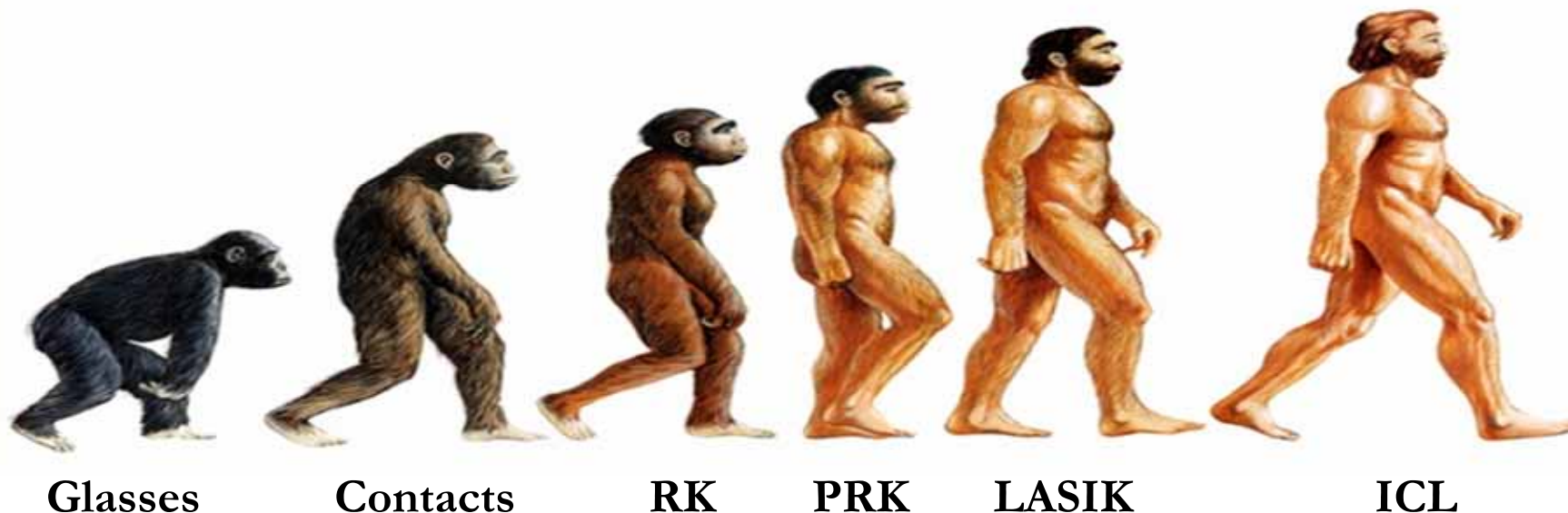
Bus Wraps
Began in 2009



Movie Theater Commercials in 2011



The ICL Technology Era Beginning?



- RK: Started in 1978, **peaked in 1994.**
- PRK: Started in 1984, **peaked in 2006.**
- LASIK: Started in 1989, **Has LASIK peaked??**
 - Under much scrutiny in the past few years particularly in U.S.
 - **LASIK procedures losing share in major markets.**
- Vision ICL:
 - **Over 300,000 ICLs implanted world wide.**
 - **Gaining share in major markets.**

Source: The Global Refractive Surgery Market by Market Scope December 2011.



Cataract IOL

Large & Growing Market
Tough Competitive Landscape

- **20.7 million** IOLs to be implanted in 2012 (22.6M 2020)
- The Big Three hold 74% market share
 - Alcon (Novartis), AMO (Abbott), B&L (Private)
- **STAAR Strategy**
 - Focused on only the higher margin premium IOLs
 - Focused only in markets that generate a fair profit



Source: The Global IOL Market by Market Scope May 2012



Unique Collamer® Material

- Proprietary hydrophilic material produces **superior quality of vision (competitive advantage)**
- 40% water content produces:
 - Reduced glare or halo effect
- Free from glistenings
- **Patent protection until 2014/manufacturing know-how much more important**
- **Preliminary CAST data suggests “accommodation” potential**



CAST Preliminary Findings

- Distance Vision: All cataract patients see very well at far distance
- Near Vision: Usually require reading glasses
 - nanoFLEX SUPERIOR to all Standard IOLs**
- Intermediate Vision: Usually require glasses for laptop
 - nanoFLEX SUPERIOR to ALL IOLs, both Standard and Premium**



“nanoFLEX IOL Family” in Europe

- Initial nanoFLEX shipments 2011 2ndH

- Rollout to limited countries

- nanoFLEX Toric IOL (NEW PRODUCT)**

- Premium product with very good margins

- Will allow profitable entry to new markets

- Collamer will be an excellent competitive advantage over other toric IOLs

- First shipments Q2 2012

Approved November 16th

STAAR IOL Product Pipeline

<u>Product</u>	<u>R</u>	<u>D</u>	<u>CE</u>	<u>Japan</u>	<u>U.S.</u>
<u>Preloaded Silicone</u>	√	√	√	√	<u>2012</u>
<u>Preloaded 1P Acrylic</u>	√	√	√	√	NP
<u>nanoFLEX IOL</u>	√	√	√	○	√
<u>nanoFLEX Toric</u>	√	○	√	○	<u>2012/13</u>
<u>nanoFLEX II</u>	○	○	2012	○	<u>2012</u>
<u>Preloaded nanoFLEX</u>	○	○	2013	○	2014
<u>Accommodating IOL</u>	○	○	2013/14	○	○

○= In the planning stage.



2012 Q1 GAAP Results

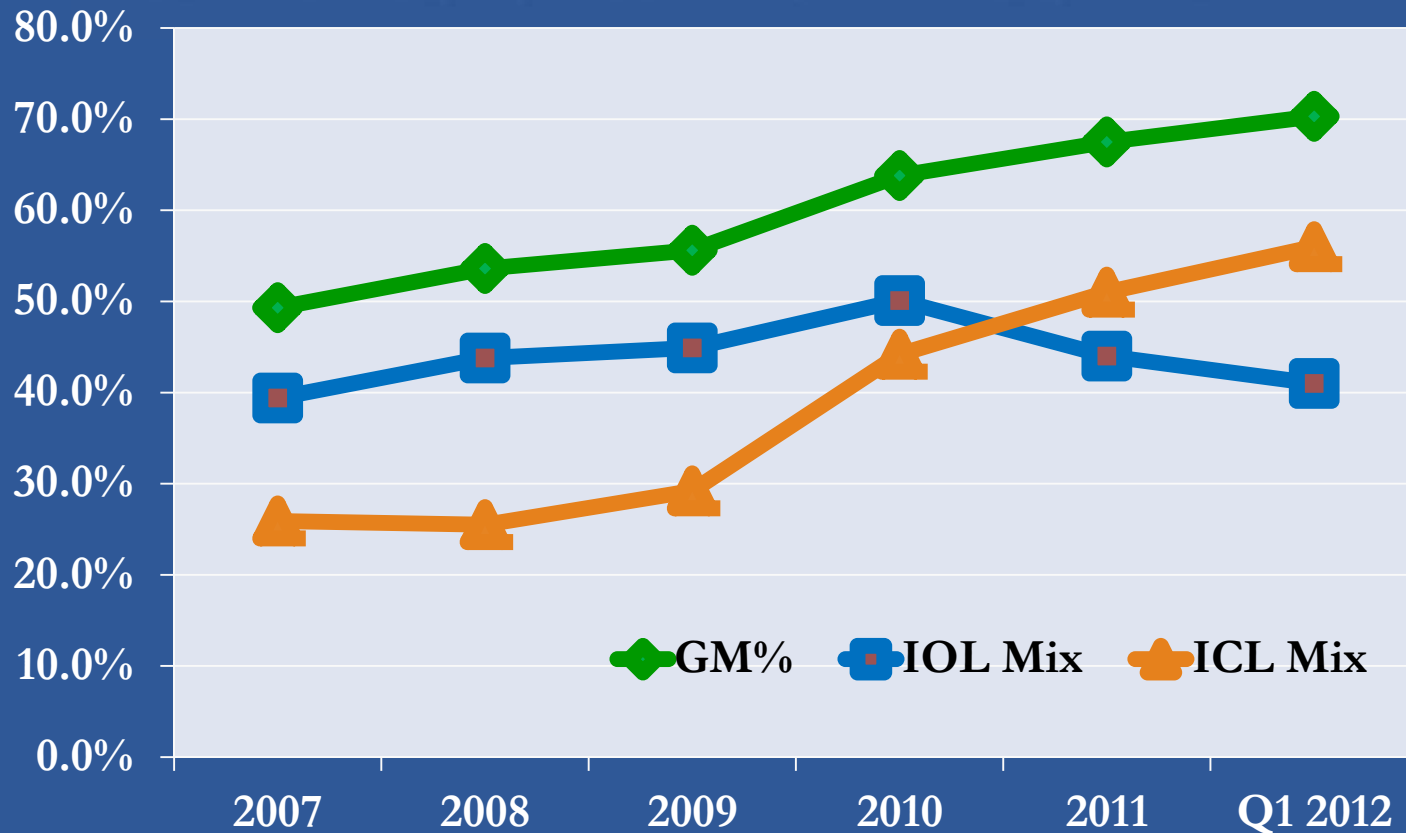
Comparison to Q1 2011 (\$000's)

	<u>Q1 2012</u>	<u>Q1 2011</u>	<u>Improvement</u>
Revenue	\$15,509	\$14,849	+\$660/ +4.4%
Gross Profit Dollars	\$10,902	\$ 9,629	+\$1,273/ <u>+13%</u>
Gross Profit Margin	<u>70.3%</u>	64.8%	<u>+550bps</u>
Operating Exps ex Comet	\$10,069	\$ 9,288	+\$781/ +8%
Operating Expenses	\$10,624	\$ 9,421	+\$1,203/ +13%
Operating Income	\$ 278	\$ 208	+\$ 70/ +34%
Other Income	\$ 186	\$ 395	(\$ 209)
Net Income	\$ 232	\$ 300	(\$ 68)

Reconciliation of Non-GAAP Measure






<u>Measure</u>	<u>Q1 2012</u>	<u>Q1 2011</u>
GAAP net income	\$ 232	\$ 300
Mfg. consolidation expenses	\$ 555	\$ 133
Gain foreign currency	(\$ 67)	(\$ 372)
Adjustment of warrant value	\$ 14	(\$ 103)
Stock-based compensation exp	\$ 687	\$ 355
Adjusted net income	\$ 1,421	\$ 313
Adjusted income per share	\$ 0.04	\$ 0.01

Expanding Gross Margins With ICL Product Mix Gains























**Gross margins have expanded from 49% to 70.3%.
Q1 Mix: ICLs at 55.5% and IOLs at 41%.**

2012 Key Metric Report Card

	Q1	Q2	Q3	Q4	2012
Increase revenues by 15%					
Exceed 2011 Visian ICL sales growth of 32%					
Continuous expansion of GM % to achieve 71% for the full year					
Profitable each quarter and full year					
Successfully implement Comet without disruption of product supply					

2011 Key Metric Report Card

Increased 3 of 4 Metrics Mid-Year








	Q1	Q2	Q3	Q4	2011
Double Digit Revenue Growth					
Grow ICL Sales by 25% , <u>30%</u>					
Continuous Expansion of GM %, End year at 66% , <u>66.5%</u>					
Profitable in 3 of 4 <u>all 4</u> quarters and for the full year					

Six New Product Launches

In Process during 2012



<u>ICLs</u>	<u>IOLs</u>
<u>V4c ICL</u> Q4 2011 to Europe Additional approvals 2012	<u>nanoFLEX IOL</u> Q3 2011 to Europe
<u>V4 ICL</u> Q4 2011 to Brazil	<u>nanoFLEX Toric IOL</u> Q2 2012 to Europe
<u>V4 TICL</u> Q4 2011 to Japan	<u>KS-SP</u> 1 Piece Preloaded Acrylic 2H 2012 to Europe and Japan

Plan to Use our **\$121M NOLs**





-  Consolidate four manufacturing operations to existing U.S. facility
-  Two years to complete with a cost of \$6M
 -  Spent \$1.1M in 2011/\$555k in Q1
 -  Planned spend of \$2M to \$2.5M in 2012
-  **Complete by the end of 2013**
-  **Over \$100M savings in tax and labor costs from 2014 to 2020**
-  **Move effective current tax rate from 50% to 10% in 2014**

STAAR Balance Sheet

Profitable & Generating Cash

-  \$9.7M swing in cash generation from operations
-  \$16.4M in Cash end of Q1

Company Debt Free

-  Only a working line of credit in Japan
-  \$121M in NOLs (Worth \$1 a share)
-  37 million diluted shares outstanding
 -  1.4 million warrants at approximately \$4

STAAR's Path to 2014

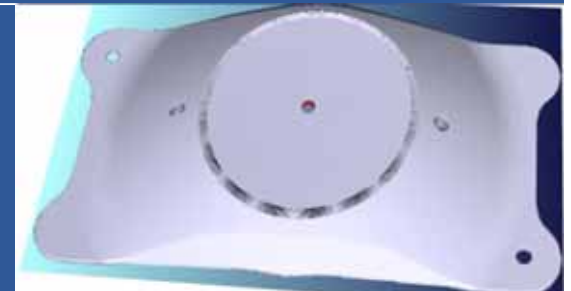
- **Continued ICL market penetrations**
 - 85% Gross Margin
 - **New products** (V5 and V6)
- **Targeted IOL profitable growth**
 - 60%+ Gross Margin
 - New Products (nanoFLEX Toric + Preloaded)
- **Manufacturing Consolidation** complete 2014
- STAAR moves to **over \$100M in revenue,**
near or at 80% gross margins and 10% tax rate



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