VISION TWENTY ONE INC
Form 10-Q
May 21, 2001

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ------------------ TO -------------------------

COMMISSION FILE NUMBER: 0-22977

VISION TWENTY-ONE, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

FLORIDA	59-3384581
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

120 WEST FAYETTE STREET - SUITE 700
BALTIMORE, MARYLAND 21201

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (410) 752-0121

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The registrant had 13,865,464 Shares outstanding as of March 31, 2001.

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

VISION TWENTY-ONE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	THREE MONTHS E MARCH 31, 2000
Revenues:	
Managed Care	13,492,020
	13,492,020
Operating expenses:	
Medical claims	9,741,255
General and administrative	5,456,509
Depreciation and amortization	688,581
Special items:	
Restructuring credits	-0-
Other charges and credits	-0-
Total operating expenses	15,886,345
Income (loss) from operations	(2,394,325)
Interest expense, net	(1,814,276)
Other income	-0-
Income (loss) from continuing operations	(4,208,601)
Discontinued operations:	
Income from discontinued operations	601,382
Income (loss) on disposal of discontinued operations	(7,153)
Income (loss) before extraordinary items	(3,614,372)
Extraordinary item-costs associated with Opticare Health Systems, Inc. merger	(1,016,263)
Extraordinary item - forgiveness of indebtedness	-0-
Net income (loss)	(4,630,635)
Basic and diluted income (loss) per common share:	
Income (loss) from continuing operations	$ (0.28)
Income from discontinued operations	0.04
Income (loss) on disposal of discontinued operations	-0-
Income (loss) before extraordinary items	(0.24)
Extraordinary item-costs associated with OptiCare Health Systems, Inc. merger	(0.07)
Extraordinary item - forgiveness of indebtedness	0.00
Net income (loss) per common share	$ (0.31)

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See accompanying notes to the condensed consolidated financial statements.

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VISION TWENTY-ONE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2000
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,609,973
Accounts receivable due from:	
Managed health benefits payors	914,730
ASC	3,700,000
Other	241,968
Prepaid expenses and other current assets	306,792
Current assets of discontinued operations	1,741,693
Total current assets	9,515,156
Fixed assets, net	701,253
Excess of purchase price over fair values of net assets acquired, net of accumulated amortization of $4,959,000 and $5,364,000 at December 31, 2000 and March 31, 2001 respectively	42,027,315
Other assets	1,175,547
Restricted cash	1,718,844
Non current assets of discontinued operations	513,730
Total assets	$ 55,651,845
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 3,707,711
Accrued expenses	2,088,658
Medical claims payable	4,461,219
Accrued compensation	881,785
Accrued restructuring charge	324,282
Accrued interest and loan fees	98,078
Amount due to ECCA	1,531,873
Current portion of long-term debt	64,737,500
Current portion of obligations under capital leases	57,131
Current liabilities of discontinued operations	590,216
Total current liabilities	78,478,453

Obligations under capital leases, less current portion	104,332
Long-term debt, less current portion	-0-
Long-term liabilities of discontinued operations	641,780
Total liabilities	79,224,565
Stockholders' deficit:	
Preferred stock, $.001 par value; 10,000,000 shares authorized: no shares issued	-0-
Common stock, $.001 par value; 50,000,000 shares authorized; 13,860,176 (2000) and 13,865,464 (2001) shares issued and outstanding	13,860
Additional paid in capital	89,030,522
Notes receivable	(172,984)
Accumulated deficit	(112,444,118)
Total stockholders' deficit	(23,572,720)
Total liabilities and stockholders' deficit	$ 55,651,845

See accompanying notes to the condensed consolidated financial statements.

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VISION TWENTY-ONE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 3	
	2000	2001
OPERATING ACTIVITIES		
Net income (loss)	$(4,630,635)	2,136,0
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net gain (loss) from discontinued operations	(594,229)	(654,6
Depreciation and amortization	688,581	444,7
Extraordinary items	1,016,263	(532,5
Non-cash compensation expense	79,098	13,1
Other amortization	192,135	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(271,986)	209,7
Prepaid expenses and other current assets	(94,705)	(156,2
Other assets and restricted cash	(252,914)	76,3
Accounts payable	(1,164,637)	(94,2
Accrued expenses	536,945	(626,6
Accrued compensation	51,561	(108,6
Accrued restructuring charge	(72,651)	(319,9
Accrued interest and loan fees	1,530,197	196,8
Medical claims payable	(403,964)	(437,6

Net cash provided by (used) in operating activities ...	(3,390,941)	146,2
INVESTING ACTIVITIES		
Payments for fixed assets, net	(79,804)	(149,5
Net proceeds from sale of ASC	-0-	3,700,0
Net cash provided by (used in) investing activities ...	(79,804)	3,550,4
FINANCING ACTIVITIES		
Proceeds from credit facility	1,959,085	-
Payments on capital lease obligations and long term debt	(1,520,667)	(3,766,9
Net cash provided by (used in) financing activities ...	438,518	(3,766,9
DISCONTINUED OPERATIONS		
Operating activities	(1,242,888)	768,9
Investing activities	4,396,168	-
Financing activities	(27,872)	758,9
Cash provided by discontinued operations	3,125,408	759,0
Increase in cash and cash equivalents	93,181	688,7
Cash and cash equivalents at beginning of period	4,807,944	2,609,9
Cash and cash equivalents at end of period	$ 4,901,125	3,298,6

See accompanying notes to the condensed consolidated financial statements

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VISION TWENTY-ONE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

MARCH 31, 2001

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

The balance sheet at December 31, 2000 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2000.

2. RECLASSIFICATION OF FINANCIAL STATEMENTS

As a result of the Company's exit from the physician practice management business and the ASC/RSC business, the Company has accounted and reported for these business segments as discontinued operations. Consequently, prior period financial statements have been restated to reflect discontinued operations treatment for the results of these business segments.

3. INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted income (loss) per share for income (loss) from continuing operations:

	THREE MONTHS ENDED MARCH 31, 2000	2001
Numerator for basic and diluted income (loss) per share-income (loss) available to common stockholders	$ (4,208,601)	$ 948,868
Denominator for basic and diluted income (loss) per share-weighted average shares	14,879,532	13,860,822
Basic and diluted income (loss) per common share ...	$ (0.28)	$ 0.07

There were no dilutive securities included in the computations of income (loss) per share in the three-month period ended March 31, 2000 because the Company incurred a loss from continuing operations. Options and warrants to purchase shares of common stock were not included in the computation of diluted income (loss) per share in the three-month period ended March 31, 2001 because the effect would have been anti-dilutive.

4. SPECIAL ITEMS

During the fourth quarter of 1998, management of the Company committed to and commenced the implementation of a restructuring plan (the "Restructuring Plan") that was designed to facilitate the transformation

of the Company into an integrated eye care company. The Restructuring Plan initiatives, which were composed of a number of specific projects, were expected to position the Company to take full operational and economic advantage of recent acquisitions. The Restructuring Plan was to enable the Company to complete the consolidation and deployment of necessary infrastructure for the future, optimize and integrate certain assets and exit certain markets. The Restructuring Plan initiatives resulted in the elimination of over 100 positions throughout the Company and were completed during 1999.

The accrued restructuring charge of approximately $324,000 at December 31, 2000 was reduced by approximately $320,000 during the three-month period ended March 31, 2001. The reduction was related to a reversal of severance costs as a result of an employee settlement.

The Company settled certain trade payables for approximately $474,000 less than the carrying amount and expensed a note receivable of approximately $173,000 during the three-month period ended March 31, 2001. The net result of approximately $301,000 (credit) is included in other charges and credits in the accompanying statements of operations.

5. DISCONTINUED OPERATIONS

Effective August 31, 1999, the Company completed the sale of Vision World, Eyecare One Corp., and The Eye DRx (the "Retail Optical Chains") to Eye Care Centers of America, Inc. ("ECCA"). In connection with this transaction, the Company received approximately $37,300,000 in cash, of which approximately $1,250,000 was utilized to fund an escrow arrangement between the parties relative to terms under the agreement. Based on post-closing adjustments, the final sales price was approximately $31,800,000, and the Company had recorded a liability of approximately $4,032,000 to ECCA, net of escrow, with respect to such post-closing adjustments in 1999. In September 2000, the Company and ECCA reached a comprehensive resolution of all disputed matters which provided for, among other things, the reduction in the post-closing adjustment liability from $4.0 million to $1.5 million. The liability under the post-closing adjustment will be considered satisfied upon issuance of a three-year 7% convertible note, convertible into shares of common stock at $ .18 per share. In addition, Vision Twenty-One had indemnified one of its former managed optometry practices for certain partnership obligations. A charge of $200,000 was recorded to loss on disposal of discontinued operations in 1999, with respect to this litigation. In January 2001, litigation regarding this matter was settled for approximately $50,000 and the Company was released from such indemnification obligations.

On October 25, 1999, the Company announced its intent to exit the business of managing optometry and ophthalmology practices. This represented a crucial step in the Company's strategy of focusing its corporate resources on expanding its managed care business. The exit of the physician practice management ("PPM") business, completed in September, 2000, was accomplished through the sale of the practice assets back to the physicians or affiliates, the termination of management agreements and the restructuring of certain refractive surgery center facility access agreements. The terms of each managed practice divestiture were subject to the prior approval of the banks under the Company's credit facilities as well as the Company's Board of Directors.

During the third quarter of 2000, the Company announced its intent to exit the business of owning and managing Refractive and Ambulatory Surgery Centers. The Company sold substantially all of the assets and liabilities of five refractive and ambulatory surgery centers to American Surgisite Management Services Organization, Inc. and R.E.S.C., LLC, for cash consideration of $3,700,000. The transaction closed in the first quarter of 2001 with an effective date of December 31, 2000. The Company withdrew as a member of Suffolk Eye Management Associates, LLC and received cash consideration of $100,000 for its membership interest. The transaction closed in the second quarter of 2001 with an effective date of December 8, 2000. During the second quarter of 2001, the Company also disposed of its partnership interest in Pasco Surgery Center, LLP for cash consideration of $550,000, and sold substantially all of the assets of its refractive surgery center in Phoenix, Arizona for cash consideration of approximately $103,000. The total income of the discontinued operations of approximately $655,000 for the three months ended March 31, 2001, $155,000 in excess of the amount previously estimated at December 31, 2000.

The assets and liabilities of the discontinued operations primarily include cash, accounts receivable, fixed assets, accounts payable and accrued liabilities.

As a result of the changes occurring in the Company's business, including, but not limited to, the divestiture of large business units, the shift in operating focus, changes in the Company's managed care business, the Company's exiting the PPM and ASC/RSC businesses and issues relating to the Company's accessibility to future working capital, the overall results should not necessarily be relied upon as being indicative of future operating performance.

The operating results of these discontinued operations are summarized as follows:

	THREE MONTHS ENDED MARCH 31, 2000	THREE MONTHS ENDED MARCH 31, 2001
Revenues	$4,387,017	$ 0
Operating expenses	3,785,635	0
Income (loss) from discontinued operations	601,382	0
Income (loss) on disposal	(7,153)	654,645
Total income of discontinued operations	$ 594,229	$654,645

The operating expenses of the discontinued operations for the three months ended March 31, 2000 and the operating expenses on the disposal of discontinued operations for the three months ended March 31, 2001 include an allocation of amortization expense of intangible assets of approximately $36,000 and $8,000 respectively.

6. EXTRAORDINARY ITEMS

As a result of the termination of the merger agreement with Opticare Health Systems, Inc. and OC Acquisition Corp., professional fees incurred in connection with the proposed merger of approximately $1.0 million for the three months ended March 31, 2000 were expensed and reported as an extraordinary item.

In March 2001, the Company settled litigation with The Source Buying Group, Inc. for $30,000. As a result of the settlement with The Source Buying Group, Inc., the Company recognized an extraordinary gain on forgiveness of indebtedness of $532,500 during the three month period ended March 31, 2001.

7. LITIGATION

During the quarter for which this report is filed, there have been no material developments to previously reported legal proceedings except for the settlement with The Source Buying Group, Inc. Except as previously reported, the Company is not a party to any material litigation and is not aware of any threatened material litigation.

Management of the Company is unable to determine the impact, if any, that the resolution of the previously disclosed pending lawsuits will have on the financial position or results of operations of the Company. However, there can be no assurance that the resolution of the previously disclosed pending lawsuits will not have a material adverse effect on the Company and further contribute to its negative financial operations.

The Company is currently attempting to restructure debt with certain of its creditors. To the extent it is unsuccessful in achieving the same, the Company could face material litigation which could have a material adverse effect on the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

Vision Twenty-One, Inc. ("Vision Twenty-One" or the "Company") is a vision care company that is mainly focused on the provision of administrative services to managed care entities. The Company manages routine vision and medical/surgical eye care programs through contracts with managed care organizations and other third-party payors.

Previously, Vision Twenty-One's local area eye care delivery (LADS) operating revenue was primarily derived from a wide range of service fees earned through strategic affiliations with eye care clinics and retail optical locations and through ownership interests in refractive surgery centers ("RSCs"), ambulatory surgery centers ("ASCs") and retail optical chains. LADS also included the management of practices of optometry and ophthalmology through the Physician Practice Management ("PPM") Division. During 2000, the Company completed divesting itself of the PPM business in order to focus on the managed care business. The PPM divestiture required multiple transactions involving the sale of practice assets, typically back to the doctors or their affiliates, and the termination of Management Agreements. This divestiture program commenced late in the 4th quarter of 1999 and was completed by September 30, 2000. During the third quarter of 2000 the Company announced its plans to exit the ASC/RSC business. During the first and second quarters of 2001, the Company completed the divestiture of eight refractive and ambulatory surgery centers. See Note 5 to Condensed Consolidated Financial Statements.

In an effort to streamline costs, the Company closed its Largo, Florida corporate headquarters and most of its operations at the Boca Raton, Florida managed care service center and relocated and consolidated these functions into operations in Baltimore, Maryland.

Management Restructuring. As part of the Company's plan of restructuring, several officers and directors resigned during fiscal year 2000 and the vacancies created by such departures were filled by promoting its MEC and Block Vision senior executives. In addition, a seasoned financial executive was hired as the Company's Chief Financial Officer.

Consolidation of Managed Care Offices. The consolidation of the Corporate Executive and Managed Care Offices was started in October 2000 and was substantially completed by year-end 2000. Additional steps to integrate the IS function from the Boca Raton service center into MEC's Baltimore service center were completed during the first quarter of 2001. The Vision Twenty-One executive offices in Largo were leased directly from the landlord to a new tenant and all equipment was moved or sold. The lease for the Block Vision facility in Boca Raton was terminated on April 1, 2001, and Block Vision leased smaller space in the same building for certain of its staff. Equipment not retained at the Boca Raton location was either moved to the Baltimore location or sold.

Credit Facilities. On November 10, 2000 the Company amended and restated its credit agreement dated July 1, 1998, as previously amended (the "Credit Agreement"). The $64.2 million restated and amended credit facility consists of a $3.0 million revolving loan, $45.8 million term loan and $6.4 million convertible note with maturity dates of October 31, 2003, and a $9.0 million bridge loan which matures on October 31, 2002. Quarterly principal repayments under the term loan of $0.5 million begin March 31, 2002. The bridge loan was reduced to $5.3 million in the first quarter of 2001 and is required to be further reduced by $1.0 million on June 30, 2001, by $0.5 million on September 30, 2001 and by $0.5 million on December 31, 2001, with a balloon payment due at maturity. Mandatory principal payments are required from 100% of the proceeds of any asset sale. In addition, mandatory prepayments are required from 75% of Annual Excess Funds. Annual Excess Funds are defined as EBITDA, as determined by Generally Accepted Accounting Principles ("GAAP"), for the immediately preceding four quarters, less payments made for interest, income tax, capital expenditures, capital lease payments, required term loan principal payments, and permanent revolver paydowns. For 2001 only, EBITDA shall exclude income arising as a result of excess prior period restructuring/transition accruals and shall be reduced by cash payments on prior period restructuring/transition accruals. Mandatory loan prepayments will be applied first to the permanent reduction of the Bridge Loan Commitment and second to the Term Facility. Any Term Facility prepayments will be applied to the reduction of the remaining scheduled amortization payments in inverse order of maturity.

On March 31, 2001, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment (i) reduced the amount due under the bridge facility on March 31, 2001, (ii) revised certain covenants and financial ratios, (iii) extended the date by which the Company is required to obtain the approval of its shareholders, (the "Shareholder Approval") of an increase in the authorized shares of the Company's capital stock from February 28, 2001 until May 31, 2001, and (iv) waived the Company's non-compliance with certain financial reporting obligations through May 31, 2001. On March 31, 2001, the Company also entered into a First Amendment to the Convertible Note Agreement, Warrant Agreement, and Warrants providing for the extension of the date by which the Company is required to obtain the Shareholder Approval. The Company has requested a further extension of the date by which the Shareholder Approval is required. Since the Company will not have obtained the Shareholder Approval by May 31, 2001, if the lenders do not consent to the extension, the Company will be in default under the Credit Agreement.

Additional Overview. Managed care revenues are derived principally from fixed premium payments received by the Company pursuant to its managed care contracts on a capitated or risk-sharing basis. The Company also receives fees for the provision of certain administrative services related to its fee-for-service plans. Pursuant to its capitated managed care contracts, the Company receives a fixed premium payment per-member-month for a predetermined benefit level of eye care services, as negotiated between the Company and the payor. Profitability of the Company's capitated managed care contracts is directly related to the specific terms negotiated, utilization of eye care services by member patients and the effectiveness of administering the contracts. Although the terms and conditions of the Company's managed care contracts vary considerably, they typically have a one-year term with automatic annual renewals unless either party elects to terminate the contract pursuant to its terms.

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RESULTS OF OPERATIONS

The following table sets forth, as a percentage of total revenues, certain items in the Company's statement of operations for the periods indicated. As a result of the changes occurring in the Company's business, including, but not limited to the shift in operating focus, changes in the Company's managed care business, the Company's exiting the PPM and ASC/RSC businesses, the Company's settlement of claims with numerous unsecured creditors and issues relating to the Company's accessibility to future working capital, the overall results should not necessarily be relied upon as being indicative of future operating performance.

	THREE MONTHS ENDED MARCH 31, 2000	2001
Revenues:		
Managed care	100.0%	100.0%
Total revenues	100.0	100.0
Operating expenses:		
Medical claims	72.2	66.6
General and administrative	40.4	19.2
Depreciation and amortization	5.1	3.8
Special Items:		
Restructuring and other charges (credit)	-0-	(2.8)
Other charges and credits	-0-	(2.6)
Total operating expenses	117.7	84.2
Income (loss) from operations	(17.7)	15.8
Interest expense	(13.4)	(8.7)
Other Income	0.0	1.1
Income (loss) from continuing operations	(31.1)	8.2
Discontinued operations:		
Income (loss) from discontinued operations	4.5	0.0
Income (loss) from disposal discontinued operations	(0.1)	5.6

Income (loss) before extraordinary item	(26.7)	13.8
Extraordinary items-costs associated with Opticare Health Systems, Inc.	(7.5)	-0-
Extraordinary Items - forgiveness of Indebtedness	-0-	4.6
Net Income (loss)	(34.2)%	18.4%
Medical claims ratio	72.2%	66.6%

THREE-MONTH PERIOD ENDED MARCH 31, 2001 COMPARED TO THREE-MONTH PERIOD ENDED MARCH 31, 2000

Revenues.

Revenues decreased 14.1% from $13.5 million for the three months ended March 31, 2000 to 11.6 million for the three months ended March 31, 2001. This decrease was primarily due to the termination of several non-profitable contracts in 2000.

Medical claims expense decreased 20.8% from $9.7 million for the three months ended March 31, 2000 to $7.7 million for the three months ended March 31, 2001. The Company's medical claims ratio decreased from 72.2% for the three

months ended March 31, 2000 to 66.6% for the three months ended March 31, 2001. Medical claims expense consists of payments by the Company to its affiliated providers for vision care. This improvement in claims expense was partially due to the termination of certain unprofitable contacts and price increases in others.

General and Administrative.

General and administrative expenses decreased 59.3% from $ 5.4 million for the three months ended March 31, 2000 to $2.2 million for the three months ended March 31, 2001. General and administrative expenses consist mainly of salaries, wages and benefits related to management and administrative staff located at the Company's corporate headquarters and its managed care service centers as well as professional fees, advertising, building and occupancy costs, operating lease expenses and other costs related to the maintenance of a headquarters operation. Expenses as a percentage of revenue also decreased dramatically from 40.4% for the three months ended March 31, 2000 to 19.2% for the three months ended March 31, 2001. Management has been aggressively reducing staff and related overhead expenses in an effort to bring overall general and administrative expenses in line with the current run rate of the continuing business, including the consolidation of the managed care and corporate operations.

Depreciation and Amortization.

Depreciation and amortization expense decreased from $.7 million for the three months ended March 31, 2000 to $.4 million for the three months ended March 31, 2001. As a percentage of revenues, depreciation and amortization expense decreased from 5.1% for the three months ended March 31, 2000 to 3.8%

for the three months ended March 31, 2001 due to the consolidation of offices.

Interest Expense.

Interest expense decreased 44.5% from $1.8 million for the three months ended March 31, 2000 to $1.0 million for the three months ended March 31, 2001. Average borrowings were approximately $4 million higher in the first quarter of 2000 versus the same period in 2001. The remainder of the lower expense was due to reduced interest rates.

Discontinued Operations.

During the first quarter of 2001, the Company sold five refractive and ambulatory surgery centers for cash consideration of $3.7 million. During the second quarter of 2001, the Company received cash consideration of approximately $750,000 for the sale of its interests in three additional refractive and ambulatory surgery centers.

Extraordinary Items.

The extraordinary gain of approximately $0.5 million represents forgiveness of indebtedness as a result of a settlement agreement with The Source Buying Group.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically funded its working capital and capital expenditure requirements primarily through institutional borrowings and private debt and equity financing. Net cash provided by operating activities for the three months ended March 31, 2001 was $0.1 million as compared to net cash used in operating activities of $3.4 million for the three months ended March 31, 2000.

The Company currently has insufficient liquidity and capital resources to meet its obligations to unsecured creditors and mandatory principal payments due to the Company's lenders.

Additionally, the Company may have to post additional cash reserves to meet reserve/solvency requirements for its managed care operations. The Company cannot estimate the amount, if any, of such reserve requirements at this time.

Net cash used in investing activities for the three months ended March 31, 2000 was $0.1 million resulting from purchases of medical equipment, office furniture and capitalized acquisition costs. Net cash provided by

investing activities for the three months ended March 31, 2001 was $3.5 million and resulted from proceeds of the sale of the ASC/RSC businesses.

Net cash used in financing activities for the three months ended March 31, 2001 of $3.8 million was primarily attributable to paying down existing debt as compared to net cash provided by financing activities of $0.4 for the three months ended March 31, 2000.

On November 10, 2000 the Company amended and restated its credit agreement dated July 1, 1998, as previously amended (the "Credit Agreement"). The $64.2 million restated and amended credit facility consists of a $3.0 million revolving loan, $45.8 million term loan and $6.4 million convertible note with maturity dates of October 31, 2003 and a $9.0 million bridge loan which matures on October 31, 2002. Quarterly principal repayments under the term loan of $0.5 million begin March 31, 2002. The bridge loan was reduced to $5.3 million in the first quarter of 2001 and is required to be further reduced by $1.0 million on June 30, 2001, by $0.5 million on September 30, 2001 and by $0.5 million on December 31, 2001, with a balloon payment due at maturity. Mandatory principal payments are required from 100% of the proceeds of any asset sale. In addition, mandatory prepayments are required from 75% of Annual Excess Funds. Annual Excess Funds are defined as EBITDA, as determined by Generally Accepted Accounting Principles ("GAAP"), for the immediately preceding four quarters, less payments made for interest, income tax, capital expenditures, capital lease payments, required term loan principal payments, and permanent revolver paydowns. For 2001 only, EBITDA shall exclude income arising as a result of excess prior period restructuring/transition accruals and shall be reduced by cash payments on prior period restructuring/transition accruals. Mandatory loan prepayments will be applied first to the permanent reduction of the Bridge Loan Commitment and second to the Term Facility. Any Term Facility prepayments will be applied to the reduction of the remaining scheduled amortization payments in inverse order of maturity.

On March 31, 2001, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment (i) reduced the amount due under the bridge facility on March 31, 2001, (ii) revised certain covenants and financial ratios, (iii) extended the date by which the Company is required to obtain the approval of its shareholders, (the "Shareholder Approval") of an increase in the authorized shares of the Company's capital stock from February 28, 2001 until May 31, 2001, and (iv) waived the Company's non-compliance with certain financial reporting obligations through May 31, 2001. On March 31, 2001, the Company also entered into a First Amendment to the Convertible Note Agreement, Warrant Agreement, and Warrants providing for the extension of the date by which the Company is required to obtain the Shareholder Approval. The Company has requested a further extension of the date by which the Shareholder Approval is required. Since the Company will not have obtained the Shareholder Approval by May 31, 2001, if the lenders do not consent to the extension, the Company will be in default under the Credit Agreement.

Management has been aggressively reducing staff and related overhead spending, carefully managing business unit operating cash flow and working toward completing the divestiture of the Refractive and Ambulatory Surgery Center businesses in an effort to further improve the Company's liquidity position and restore profitability. Additionally, during the first quarter of 2001, the Company engaged an investment banking firm to assist it in evaluating strategic alternatives which may include private debt or equity financing, the sale of one or more business units or the entire company. There can be no assurance that the proceeds which may be realized by the Company from such a transaction, if one were to occur, would be sufficient to satisfy the Company's obligations under the Credit Agreement or to its unsecured creditors, or that sufficient proceeds would remain for the benefit of the shareholders. In the event the Company's efforts are not successful, the Company will have to restructure its obligations under the Credit Agreement. If such restructuring efforts are not successful, the Company may need to seek protection under the Federal Bankruptcy Code.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to changes in interest rates primarily as a result of borrowing activities under its Amended and Restated Credit Agreement, which is used to maintain liquidity and fund the Company's business operations. The nature and amount of the Company's debt may vary as a result of future business requirements, market conditions and other factors. The extent of the Company's interest rate risk is not quantifiable or predictable because of the variability of future interest rates and business financing requirements, but the Company does not believe such risk is material. The Company did not use derivative instruments to adjust the Company's interest rate risk profile during the three months ended March 31, 2001.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q, and certain information provided periodically in writing and orally by the Company's designated officers and agents contain certain statements which constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The terms "Vision Twenty-One," "Company," "we," "our" and "us" refer to Vision Twenty-One, Inc. The words "expect," "believe," "goal," "plan," "intend," "estimate," and similar expressions and variations thereof are intended to specifically identify forward-looking statements. Those statements appear in this Form 10Q, and the documents incorporated herein by reference, particularly "Management's Discussion and analysis of Financial Condition and Results of Operations," and include statements regarding the intent, belief or current expectations of the Company, its directors or officers with respect to, among other things:

(i) our financial prospects;

(ii) our exit from the PPM and ASC/RSC businesses;

(iii) our financing plans including our ability to meet our obligations under our current credit facility and obtain satisfactory operating and working capital;

(iv) trends affecting our financial condition or results of operations including our divestiture of business units;

(v) our operating strategy including the shift in focus to the managed care business;

(vi) the impact on us of current and future governmental regulations;

(vii) our current and future managed care contracts and the impact such contracts have on gross profit;

(viii) our ability to maintain our relationships with providers;

(ix) our ability to operate the managed care business efficiently, profitably and effectively;

(x) our integration of systems and implementation of cost savings and reduction plans;

(xi) our expected savings from the restructuring programs;

(xii) our current and expected future revenue and the impact of the consolidation of infrastructure and business divestitures may have on our future performance;

(xiii) our timely filing of Securities and Exchange Act Reports;

(xiv) the purported class action complaints filed against the

Company;

(xv) our contemplated restructuring of certain outstanding indebtedness;

(xvi) the issuance and expected issuance of a significant number of additional shares of Common Stock and securities convertible into Common Stock; and

(xvii) the need for shareholder approval of a sufficient increase in the number of authorized shares of Common Stock to enable the Company to complete the financial restructuring.

You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. The factors that might cause such differences include, among others, the following:

(i) our inability to sell certain business units and any potential losses arising therefrom;

(ii) our inability to obtain sufficient cash from our credit facility and business divestitures to fund our ongoing operations including severance obligations and contingent payment obligations;

(iii) our loss of, changes in, or inability to keep, key personnel, management or directors;

(iv) Any unexpected increases in or additional charges or losses related to the unwinding of the ASC/RSC centers;

(v) the continuation of operating and net losses being experienced by the Company and increases in such losses;

(vi) any material inability to acquire additional sufficient capital at a reasonable cost to fund our continued operations or to maintain compliance with our credit facility;

(vii) the inability to maintain our managed care business or to increase and expand managed care initiatives;

(viii) any adverse changes in our managed care business, including but not limited to, the inability to renew existing managed care contracts or obtain future contracts or maintain and expand our provider network;

(ix) our inability to negotiate managed care contracts with HMOs;

(x) our inability to successfully and profitably operate our managed care business or for existing managed care contracts to positively impact gross profit;

(xi) any adverse change in our medical claims to managed care revenue ratio;

(xii) the inability to maintain or obtain required licensure in the states in which we operate; or any changes in state or federal governmental regulations which could materially affect our ability to operate;

(xiii) consolidation of our competitors, poor operating results by our competitors, or adverse governmental or judicial rulings against our competitors;

(xiv) our inability to realize any significant benefits, cost savings or reductions from our restructuring program;

(xv) unexpected cost increases;

(xvi) our inability to successfully defend against the class action lawsuits, or any additional litigation that currently exists or may arise in the future;

(xvii) our inability to timely file our required reports with the SEC or to maintain the listing of our Common Stock on NASDAQ;

(xviii) our inability to restructure and settle any and all indebtedness, claims and disputes in a manner that permits continued operations of the Company;

(xix) our inability to enter into acceptable settlement agreements with parties making claims against us or to fulfill our obligations pursuant to such settlement agreements;

(xx) our inability to complete our restructuring efforts, including, but not limited to, obtaining any required consents or approvals of the shareholders;

(xxi) our stock price;

(xxii) in the event the Company becomes a debtor in Bankruptcy Court; and

(xxiii) other factors including those identified in our filings from time-to-time with the SEC.

The Company undertakes no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after the date of this Form 10-Q and annual report or to reflect the occurrence of unanticipated events.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except as described below, the Company is not a party to any material litigation and is not aware of any threatened material litigation:

The Company, one of its former executive officers who was also a director and two former officers are named as defendants in several purported class action lawsuits filed in the United States District Court for the middle District of Florida, Tampa Division. The complaints allege, principally, that the Company and other defendants issued materially false and misleading statements related to the Company's integration of its acquisitions, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The plaintiffs seek to certify their complaints as class actions on behalf of all purchasers of the Company's Common Stock in the period between December 5, 1997 and November 5, 1998, and seek an award of an unspecified amount of monetary damages to all of the members of the purported class. The purported class action lawsuits were as follows: (i) Tad McBride against Vision Twenty-One, Inc., Theodore N. Gillette, Richard T. Welch, and Michael P. Block (filed on January 22, 1999); (ii) Robert Rosen v. Vision Twenty-One, Inc., Theodore N. Gillette and Richard T. Welch (filed on January 27, 1999); (iii) Charles Murray against Vision Twenty-One, Inc., Theodore N. Gillette, Richard T. Welch and Michael P. Block (filed on January 29,1999); and (iv) Sam Cipriano, on behalf of himself and all others similarly situated v. Vision Twenty-One, Inc., Theodore N. Gillette, Richard T. Welch and Michael P. Block (filed on February 22, 1999).

On April 20, 1999, pursuant to a motion and order, these complaints were consolidated into one case captioned: Tad McBride, Plaintiff, v. Vision Twenty-One, Inc., Theodore N. Gillette, Richard T. Welch and Michael P. Block (Case No. 99I38-CIV-T-25F), and one plaintiff's group was appointed lead plaintiff by judicial order on May 6, 1999. This uncertified consolidated class action seeks to hold the Company and one of its former officers, who was also a director, as well as two former officers liable for alleged federal securities law violations based upon alleged misstatements and omissions in analyst reports, trade journal articles, press releases and filings with the Securities and Exchange Commission.

Pursuant to judicial orders, the lead plaintiffs filed an amended consolidated complaint on August 14, 1999. On October 11, 1999, the lead plaintiffs and Michael P. Block executed a stipulation dismissing without prejudice the action against Mr. Block. The Defendants filed a motion to dismiss the amended consolidated complaint on October 15, 1999. The lead plaintiffs served answering papers on December 3, 1999. The Defendant's motion to dismiss was granted in part on August 18, 2000. A Motion for Class Certification was filed on January 26, 2001. The parties are now engaged in class certification discovery to enable the Defendants to respond to the Plaintiffs' Motion for Class Certification. The Company believes that it has substantial defenses to this matter and intends to assert them vigorously.

The Company is party to several lawsuits alleging medical malpractice by providers which were previously associated with the Company through certain of its discontinued operations. Several of these lawsuits have been referred to the Company's malpractice insurance carrier for defense and coverage; however, the Company is unable to determine whether its exposure, if any, would exceed its insurance coverage.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a.) Exhibits - See Exhibits under attached hereto.

b.) Reports on Form 8-K. The Company did not file any reports on Form 8-K during the quarter ended March 31, 2001.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in the city of Baltimore, State of Maryland on May 21, 2001.

VISION TWENTY-ONE, INC.,
Registrant

By: /s/ RICHARD W. JONES

Richard W. Jones
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBITS DESCRIPTION
3.1*	Amended and Restated Articles of Incorporation of Vision Twenty-One, Inc.(1)
3.2*	By-laws of Vision Twenty-One, Inc.(1)
4.5*	Note Purchase Agreement for 10% Senior Subordinated Notes due December 19, 1999 (Detachable Warrants Exchangeable Into Common Stock) dated December 20, 1996, by and between Vision Twenty-One, inc. and certain purchasers.(1)
4.6*	Amendment No. 1 dated April 18, 1997 to that certain Note Purchase Agreement dated December 20, 1996, by and between Vision Twenty-One, Inc. and certain purchasers.(1)
4.7*	Note Purchase Agreement for 10% Senior Subordinated Series 1997 Notes Due December 19, 1999 (Detachable Warrants Exchangeable into Common Stock) dated February 28, 1997 between Vision Twenty-One Inc. and Piper Jaffrey Healthcare Fund II Limited Partnership.(1)
4.8*	Amended and Restated Note and Warrant Purchase Agreement dated June 1997 and First Amendment to Amended and Restated Note and Warrant Purchase Agreement dated August 1997 between Vision Twenty-One, Inc. and Prudential Securities Group.(4)

4.9*	Credit facility commitment letter dated October 10, 1997 between Prudential Securities Credit Corporation and Vision Twenty-One, Inc.(5)
4.10*	Note Purchase Agreement dated October 1997 between Vision Twenty-One, Inc. and Prudential Securities Credit Corporation.(9)
4.11*	Letter Amendment dated December 30, 1997 to the Note and Warrant Purchase Agreement between Vision Twenty-One Inc. and Prudential Securities Credit Corporation.(10)
4.13*	Credit Agreement dated as of January 30, 1998 among Vision Twenty-One, Inc. and Bank of Montreal as Agent for a consortium of banks.(11)
4.14*	Amended and Restated Credit Agreement dated as of July 1, 1998 among Vision Twenty-One, Inc., and the Bank of Montreal as Agent for a consortium of banks.(15)
4.15*	First Amendment to the Amended and Restated Credit Agreement dated as of February 23, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(18)
4.16*	Second Amendment to the Amended and Restated Credit Agreement dated as of June 11, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(18)

4.17*	Third Amendment to the Amended and Restated Credit Agreement dated as of August 30, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(19)
4.18*	Waiver Letter dated October 14, 1999 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(20)
4.19*	Fourth Amendment and Waiver to the Amended and Restated Credit Agreement dated as of November 12, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(21)
4.20*	Fifth Amendment to the Amended and Restated Credit Agreement dated as of November 24, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(22)
4.21*	Sixth Amendment to the Amended and Restated Credit Agreement dated as of December 3, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(22)
4.22*	Seventh Amendment to the Amended and Restated Credit Agreement dated as of December 10, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(22)

4.23*	Waiver Letter dated December 29, 1999 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(23)
4.24*	Waiver letter dated February 29, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
4.25*	Waiver letter dated March 24, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
4.26*	Waiver letter dated as of April 14, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
4.27*	Waiver letter dated as of May 5, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
4.28*	Waiver letter dated as of May 19, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
4.29*	Waiver letter dated June 1, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
4.30*	Waiver letter dated June 9, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)

4.31*	Waiver letter dated June 16, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
4.32*	Waiver letter dated June 29, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who area party thereto and Bank of Montreal as Agent.(27)
4.33*	Waiver letter dated July 21, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
4.34*	Waiver letter dated August 11, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.
4.35*	Waiver letter dated September 8, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(29)

4.36*	Waiver letter dated September 29, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(30)
4.37*	Waiver letter dated as of October 13, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(31)
4.38*	Waiver letter dated as of October 27, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(31)
4.39*	Amended and Restated Credit Agreement dated as of November 10, 2000 among Vision Twenty-One, Inc., the lenders party thereto and Bank of Montreal as Agent.(31)
4.40*	Convertible Note Agreement dated as of November 10, 2000 Re: $6,385,000 7% convertible Senior Secured Notes Due October 31, 2003.(31)
4.41*	Registration Rights Agreement dates as of November 10, 2000 among Vision Twenty-One, Inc., and the Lenders thereto.(31)
4.42*	Warrant Agreement dates as of November 10, 2000 Re: Class A Warrants to Purchase Common Stock, Class B Warrants to purchase Common Stock.(31)
4.43*	First Amendment to Amended and Restated Credit Agreement dates as of March 31, 2001, by and among Vision Twenty-One, Inc., the lenders party thereto and Bank of Montreal as Agent.(32)
4.44*	First Amendment to Convertible Note Agreement, Warrant Agreement and Warrants dated as of March 31, 2001 by and among Vision Twenty-One, Inc., the lenders party thereto and Bank of Montreal as Agent.(32)
10.4*	Services Agreement dated September 9, 1996 between Vision Twenty-One, Inc., and Dr. Richard L. Lindstrom, M.D.(1)

10.5*	Vision Twenty-One, Inc. 1996 Stock Incentive Plan(1)
10.6*	Vision Twenty-One, Inc. Affiliated Professionals Stock Plan(1)
10.7*	Agreement dated May 10, 1996 between Vision Twenty-One, Inc. and Bruce S. Maller.(1)
10.8*	Advisory Agreement dated October 20, 1996 between Vision Twenty-One, and Bruce S. Maller.(1)
10.9*	Services Agreement dated March 10, 1996 between Vision Twenty-One, Inc. and the BSM Consulting Group.(1)

10.14*	Note Purchase Agreement for 10% Senior Subordinated notes Due December 19, 1999 (Detachable Warrants Exchangeable Into Common Stock) dated December 20, 1996 by and between Vision Twenty-One., and certain purchasers.(2)
10.15*	Amendment No. 1 dated April 18, 1997 to that certain Note Purchase Agreement dated December 20, 1996 and between Vision Twenty-One, Inc. and certain purchasers, filed as Exhibit 4.6 to this Report and incorporated herein by reference.(1)
10.16*	Note Purchase Agreement for 10% Senior Subordinated Series 1997 Notes Due December 19, 1999 (Detachable Warrants Exchangeable Into Common Stock) by and between Vision Twenty-One Inc. and Piper Jaffray Healthcare Fund II Limited Partnership, filed as Exhibit 4.7 to this Report and incorporated herein by reference.(1)
10.17*	Amended and Restated Note and Warrant Purchase Agreement dated June 1997 and First Amendment to Amended and Restated Note and Warrant Purchase Agreement dated August 1997 between Vision Twenty-One, Inc. and Prudential Securities Group, Inc. filed as Exhibit 4.8 to this Report and incorporated herein by reference.(4)
10.18*	Form of Indemnification Agreement.(1)
10.22*	Business Management Agreement dated December 1, 1996 between Vision Twenty-One, Inc. and Gillette & Associates, #6965, P.A.(2)
10.24*	Business Management Agreement dated December 1, 1996 between Eye Institute of Southern Arizona, P.C. and ExcelCare, P.C. (as assigned to Vision Twenty-One, Inc.)(1)
10.27*	Business Management Agreement Dated December 1, 1996 between Vision Twenty-One, Inc. and Lindstrom Samuelson & Hardten Ophthalmology Associates, P.A.(1)
10.43*	Regional Services Agreement dated May 1997 between Vision Twenty-One, Inc. and Richard L. Lindstrom, M.D.(1)
10.47*	Form of Contract Provider agreement(2)
10.53*	Note Purchase Agreement dated October 1997 between Vision Twenty-One, Inc. and Prudential Securities Credit Corporation, filed as Exhibit 4.10 to this Report and incorporated herein by reference(9)

10.55*	Letter Agreement of October 2, 1997 by and between Prudential Securities Incorporated, as exclusive agent for obtaining a $50.0 million credit facility, and Vision Twenty-One, Inc.(9)
10.56*	Letter Agreement of October 14, 1997 by and between Prudential Securities Incorporated, as exclusive financial adviser in the

	Block Acquisition, and Vision Twenty-One, Inc.(9)
10.57*	Letter Amendment dated December 30, 1997 to the Note and Warrant Purchase Agreement between Vision Twenty-One, Inc. and Prudential Securities Credit Corporation, filed as Exhibit 4.11 to this Report and incorporated herein by reference.(10)
10.59*	Credit Agreement dated as of January 30, 1998 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent, filed as Exhibit 4.13 to this Report and incorporated herein by reference.(11)
10.60*	Amended and Restated Credit Agreement dated as of July 1, 1998 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(15)
10.61*	First Amendment to the Amended and Restated Credit Agreement dated as of February 23, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(18)
10.62*	Second Amendment to the Amended and Restated Credit Agreement dated as of June 11, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(18)
10.65*	Third Amendment to the Amended and Restated Credit Agreement dated as of August 30, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(19)
10.66*	Waiver Letter dated October 14, 1999 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(20)
10.67*	Fourth Amendment and Waiver to the Amended and Restated Credit Agreement dated as of November 12, 1999 by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(21)
10.72*	Fifth Amendment to the Amended and Restated Credit Agreement dated as of November 27, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(22)
10.73*	Sixth Amendment to the Amended and Restated Credit Agreement dated as of December 3, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(22)
10.74*	Seventh Amendment to the Amended and Restated Credit Agreement dated as of December 10, 1999 among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(22)

10.75*	Waiver letter dated December 29, 1999 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(23)
10.76*	Waiver letter dated February 29, 2000 to the Amended and Restated

	Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
10.77*	Waiver letter dated March 24, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
10.81*	Agreement and Plan of Merger and Reorganization among Vision Twenty-One, Inc., OC Acquisition Corp. and OptiCare Health Systems, Inc.(26)
10.82*	Waiver letter dated as of April 14, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
10.83*	Waiver letter dated as of May 5, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(26)
10.84*	Waiver letter dated as of May 19, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
10.85*	Waiver letter dated as of June 1, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
10.86*	Waiver letter dated as of June 9, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
10.87*	Waiver letter dated as of June 16, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
10.88*	Waiver letter dated as of June 29, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
10.89*	Waiver letter dated as of July 21, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(27)
10.90*	Agreement dated May 5, 2000 by and among Vision Twenty-One, Inc. and Vision 21 of Southern Arizona, Inc., Vital Sight, P.C., Ocusite-ASC, Inc. and Jeffrey I. Katz, M.D. and Barry Kusman, M.D.(28)
10.91*	Waiver letter dated as of August 11, 2000 to the Amended and Restated Credit Agreement among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(28)

10.92*	Waiver letter dated September 8, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(29)

10.93*	Waiver letter dated September 29, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the banks who are a party thereto and Bank of Montreal as Agent.(30)
10.94*	Amended and Restated Employment Agreement dated July 31, 2000 by and between Mark B. Gordon, O.D. and MEC Health Care, Block Vision, Inc. and Vision Twenty-One, Inc.(30)
10.95*	Amended and Restated Employment Agreement dated July 31, 2000 by and between Ellen Gordon and MEC Health Care, Block Vision, Inc. and Vision Twenty-One, Inc.(30)
10.96*	Amended and Restated Employment Agreement dated July 31, 2000 by and between Andrew Alcorn and MEC Health Care, Block Vision, Inc. and Vision Twenty-One, Inc.(30)
10.97*	Amended and Restated Employment Agreement dated July 31, 2000 by and between Richard Jones and MEC Health Care, Block Vision, Inc. and Vision Twenty-One, Inc.(30)
10.98*	Amended and Restated Employment Agreement dated July 31, 2000 by and between Howard Levin, O.D. and MEC Health Care, Block Vision, Inc. and Vision Twenty-One, Inc.(30)
10.99*	Warrant Agreement dated as of November 10, 2000 Re: Class A Warrants to Purchase Common Stock, Class B Warrants to purchase Common Stock.(31)
10.100*	Waiver letter dated as of October 13, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(31)
10.101*	Waiver letter dated as of October 27, 2000 to the Amended and Restated Credit Agreement by and among Vision Twenty-One, Inc., the Banks who are a party thereto and Bank of Montreal as Agent.(31)
10.102*	Amended and Restated Credit Agreement dated as of November 10, 2000 among Vision Twenty-One, Inc., the lenders party hereto and Bank of Montreal as Agent.(31)
10.103*	Convertible Note Agreement dated as of November 10, 2000 Re: $6,385,000 7% convertible Senior Secured Noted Due October 31, 2003.(31)
10.104*	Registration Rights Agreement dated as of November 10, 2000 among Vision Twenty-One, Inc., and the Lenders thereto.(31)
10.105*	First Amendment to Amended and Restated Employment Agreement dated November 10, 2000 by and between Mark B. Gordon, O.D., Vision Twenty-One, Inc. MEC Healthcare, Inc., and Block Vision, Inc.(32)
10.106*	First Amendment to Amended and Restated Employment Agreement dated November 10, 2000 by and between Ellen Gordon, Vision Twenty-One, Inc., MEC Health Care, Inc., and Block Vision, Inc.(32)

10.107*	First Amendment to Amended and Restated Employment Agreement dated November 10, 2000 by and between Andrew Alcorn, Vision Twenty-One, Inc., MEC Health Care Inc., and Block Vision, Inc. (32)
10.108*	First Amendment to Amended and Restated Employment Agreement dated November 10, 2000 by and between Richard Jones, Vision Twenty-One, Inc., MEC Health Care Inc., and Block Vision, Inc. (32)
10.109*	First Amendment to amended and Restated Employment Agreement dated November 10, 2000 by and between Howard Levin, O.D., Vision Twenty-One, Inc., MEC Health Care, Inc., and Block Vision, Inc. (32)
10.110*	Agreement dated September 2000 by and between Vision Twenty-One, Inc., Optometric Associates of Florida, P.A., TNG Management, Inc. and Theodore N. Gillette.(32)
10.111*	Agreement dated September 14, 2000 by and between Vision Twenty-One, Inc., Minnesota Eye Consultants, P.A., Richard L. Lindstrom, M.D., David R. Hardten, M.D., Thomas W. Samuelson, M.D. and Laser Vision Centers, Inc.(32)
10.112*	First Amendment to Amended and Restated Credit Agreement dated as of March 31, 2001, by and among Vision Twenty-One, Inc., the lenders party thereto and Bank of Montreal as Agent.(32)
10.113*	First Amendment to Convertible Note Agreement, Warrant Agreement and Warrants dated as of March 31, 2001 by and among Vision Twenty-One, Inc., the lenders party thereto and Bank of Montreal as Agent.(32)

Schedules (or similar attachments) have been omitted, and the Registrant agrees to furnish supplementary a copy of any omitted schedule to the Securities and Exchange Commission upon request.

* Previously filed as an Exhibit in the Company filing identified in the footnote following the Exhibit description and incorporated herein by reference.

(1) Registration Statement on Form S-1 filed on June 13, 1997 (File No. 333-29213).

(2) Amendment No. 1 to Registration Statement on Form S-1 filed on July 23, 1997.

(3) Amendment No. 3 to Registration Statement on Form S-1 filed on August 14, 1997.

(4) Amendment No. 4 to Registration Statement on Form S-1 filed on August 14, 1997.

(5) Form 8-K filed September 30, 1997.

(6) Registration Statement on Form S-1 filed on October 30, 1997

(33-39031).

(7) Amendment No.1 to Registration Statement on Form S-1 filed on November 3, 1997.

(8) Form 10-Q filed on November 14, 1997.

(9) Amendment No. 2 to Registration Statement on Form S-1 filed November 19, 1997.

(10) Form 8-K filed January 13, 1998.

(11) Form 8-K filed February 10, 1998.

(12) Form 8-K filed April 14, 1998.

(13) Registration Statement of Form S-1 filed on April 30, 1998 (File No. 333-51437).

(14) Amendment No. 1 to Registration Statement on Form S-1 filed on May 12, 1998 (333-51437).

(15) Form 8-K filed July 10, 1998.

(18) Form 10-K filed June 18, 1999.

(19) Form 8-K filed August 30, 1999.

(20) Form 8-K filed October 14, 1999.

(21) Form 10-Q filed November 14, 1999.

(22) Form 8-K filed December 13, 1999.

(23) Form 8-K filed January 10, 2000.

(26) Form 10-K filed May 5, 2000.

(27) Form 8-K filed July 31, 2000.

(28) Form 10-Q filed August 14, 2000.

(29) Form 8-K filed September 15, 2000.

(30) Form 10-Q filed November 14, 2000.

(31) Form 8-K filed December 5, 2000.

(32) Form 10-K filed April 17, 2001.