

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **2003-02-10**
SEC Accession No. **0000950124-03-000261**

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SUBJECT COMPANY

1 800 CONTACTS INC

CIK: **1050122** | IRS No.: **870571643** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-54695** | Film No.: **03547103**
SIC: **3827** Optical instruments & lenses

Mailing Address	Business Address
13751 S WADSWORTH PARK	13751 S WADSWORTH PARK
DR SUITE D-140	DR SUITE D-140
DRAPER UT 84020	DRAPER UT 84020
	8015728225

FILED BY

KATZMAN DAVID B

CIK: **1216061** | IRS No.: **270035575** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **SC 13D**

Mailing Address	Business Address
100 GALLERIA	100 GALLERIA
OFFICECENTRE, SUITE 419	OFFICECENTRE, SUITE 419
SOUTHFIELD MI 48034	SOUTHFIELD MI 48034
	2488277799

OMB APPROVAL
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

1-800 CONTACTS, INC.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

681977104

(Cusip Number)

David Katzman
c/o Camelot Ventures, L.L.C.
100 Galleria Officentre, Suite 419
Southfield, Michigan 48034
(248) 827-3397

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

January 30, 2003

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. ☐

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. Name of Reporting Person:	I.R.S. Identification Nos. of above persons (entities only):
David Katzman	

2. Check the Appropriate Box if a Member of a Group (See Instructions):

(a) ☐

(b) ☒

3. SEC Use Only:

4. Source of Funds (See Instructions):

AF, WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐

6. Citizenship or Place of Organization:

United States of America

7. Sole Voting Power:

0

Number of
Shares
Beneficially
Owned by

8. Shared Voting Power:

1,455,700

Each
Reporting
Person With

9. Sole Dispositive Power:

0

10. Shared Dispositive Power:

1,455,700

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,455,700

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

☐

13. Percent of Class Represented by Amount in Row (11):

10.6%

14. Type of Reporting Person (See Instructions):

IN

1. Name of Reporting Person:	I.R.S. Identification Nos. of above persons (entities only):
Daniel Gilbert	

2. Check the Appropriate Box if a Member of a Group (See Instructions):

(a) ☐

(b) ☒

3. SEC Use Only:

4. Source of Funds (See Instructions):

AF, WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐

6. Citizenship or Place of Organization:

United States of America

7. Sole Voting Power:

0

Number of
Shares

8. Shared Voting Power:

1,455,700

Beneficially
Owned by

9. Sole Dispositive Power:

0

Each
Reporting

10. Shared Dispositive Power:

1,455,700

Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,455,700

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

☐

13. Percent of Class Represented by Amount in Row (11):

10.6%

14. Type of Reporting Person (See Instructions):

IN

1. Name of Reporting Person:	I.R.S. Identification Nos. of above persons (entities only):
Camelot Ventures/CJ, L.L.C.	

2. Check the Appropriate Box if a Member of a Group (See Instructions):

(a) ☐

(b) ☒

3. SEC Use Only:

4. Source of Funds (See Instructions):

AF, WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐

6. Citizenship or Place of Organization:

State of Michigan

7. Sole Voting Power:

725,000

Number of
Shares

8. Shared Voting Power:

730,700

Beneficially
Owned by

9. Sole Dispositive Power:

725,000

Each
Reporting

10. Shared Dispositive Power:

730,700

Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,455,700

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

☐

13. Percent of Class Represented by Amount in Row (11):

10.6%

14. Type of Reporting Person (See Instructions):

OO

1. Name of Reporting Person: I.R.S. Identification Nos. of above persons (entities only):
Camelot Ventures, L.L.C.

2. Check the Appropriate Box if a Member of a Group (See Instructions):

(a) ☐

(b) ☒

3. SEC Use Only:

4. Source of Funds (See Instructions):
AF, WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐

6. Citizenship or Place of Organization:
State of Michigan

7. Sole Voting Power:
555,700

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8. Shared Voting Power:
900,000

9. Sole Dispositive Power:
555,700

10. Shared Dispositive Power:
900,000

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
1,455,700

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):
☐

13. Percent of Class Represented by Amount in Row (11):
10.6%

14. Type of Reporting Person (See Instructions):
OO

1. Name of Reporting Person:	I.R.S. Identification Nos. of above persons (entities only):
Lens Express LLC	

2. Check the Appropriate Box if a Member of a Group (See Instructions):

(a) ☐

(b) ☒

3. SEC Use Only:

4. Source of Funds (See Instructions):

AF, WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐

6. Citizenship or Place of Organization:

State of Michigan

7. Sole Voting Power:

175,000

Number of
Shares

8. Shared Voting Power:

1,280,700

Beneficially
Owned by

9. Sole Dispositive Power:

175,000

Each
Reporting

10. Shared Dispositive Power:

1,280,700

Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,455,700

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

☐

13. Percent of Class Represented by Amount in Row (11):

10.6%

14. Type of Reporting Person (See Instructions):

OO

Item 1. Security and Issuer.

The title of the class of equity securities to which this statement relates is Common Stock, par value \$0.01 per share ("Common Stock"), of 1-800 CONTACTS, INC., a Delaware corporation ("1-800 Contacts"). The address of 1-800 Contacts' principal executive offices is 66 E. Wadsworth Park Drive, 3rd Floor, Draper, Utah 84020.

Item 2. Identity and Background.

This statement is being filed by David Katzman, Daniel Gilbert, Camelot Ventures/CJ, L.L.C., a manager-managed Michigan limited liability company d/b/a Lens 1st ("Lens 1st"), Camelot Ventures, L.L.C., a manager-managed Michigan limited liability company ("Camelot"), and Lens Express LLC, a manager-managed Michigan limited liability company ("Lens Express"), who are collectively referred to in this Schedule as the "Reporting Persons" and individually as a "Reporting Person". David Katzman and Daniel Gilbert are the managers of Lens 1st, Camelot and Lens Express. Each of David Katzman's and Daniel Gilbert's present principal occupation or employment is private investor. Lens 1st's and Lens Express' principal business was supplying contact lenses, solutions, accessories and other vision care products directly to consumers and retailers, until that business was sold to 1-800 Contacts on January 30, 2003. Currently, Lens 1st and Lens Express primarily hold for liquidation the assets and liabilities of their businesses not transferred to 1-800 Contacts and the proceeds of such sale. Camelot's principal business is being a private venture capital firm. David Katzman's, Lens 1st's, Camelot's and Lens Express' principal business address is 100 Galleria Officentre, Suite 419, Southfield, Michigan 48034. Daniel Gilbert's principal business address is 20555 Victor Parkway, Livonia, Michigan 48152.

None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

David Katzman and Daniel Gilbert are citizens of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration.

Pursuant to an Asset Purchase Agreement, dated as of January 30, 2003, among 1-800 Contacts, Lens 1st, Lens Express, David Katzman and Daniel Gilbert (the "Asset Purchase Agreement"), 1-800 Contacts purchased from Lens 1st and Lens Express specified assets in exchange for the assumption of specified liabilities, the payment of cash and the issuance of 900,000 unregistered shares of Common Stock. At the closing of the Asset Purchase Agreement on January 30, 2003, Lens 1st acquired 725,000 shares of Common Stock and Lens Express acquired 175,000 shares of Common Stock pursuant to the Asset Purchase Agreement. The closing sale price of the Common Stock on January 30, 2003 was \$20.92. At that time and for

more than 60 days before the Reporting Persons became the beneficial owners of more than five percent of the outstanding Common Stock, Camelot owned 555,700 shares of Common Stock that it had acquired in the open market for an aggregate of \$6,602,174, using its working capital to fund the purchases.

Each of Camelot, Lens 1st and Lens Express had loans relating to its business from a commercial bank, and Lens 1st and Lens Express acquired their Common Stock as part of the purchase price for the assets they sold to 1-800 Contacts. Lens 1st's remaining \$3,000,000 revolving line of credit, however, is secured by the 725,000 shares of Common Stock it owns and the 175,000 shares of Common Stock owned by Lens Express.

Item 4. Purpose of Transaction.

Lens 1st and Lens Express acquired their shares of Common Stock as part of the purchase price for their assets sold to 1-800 Contacts pursuant to the Asset Purchase Agreement, as described in Item 3. Camelot acquired the shares of Common Stock beneficially owned by it for investment purposes.

In connection with the Asset Purchase Agreement, 1-800 Contacts, Jonathan Coon, Stephen A. Yacktmann, Jason Subotky and John F. Nichols (the "Principal Stockholders"), Lens 1st, Lens Express and David Katzman entered into a Voting Agreement, dated as of January 30, 2003 (the "Voting Agreement"). Pursuant to the Voting Agreement, the size of 1-800 Contacts' Board of Directors was increased, and David Katzman was elected as a Class II Director of 1-800 Contacts on January 31, 2003. In addition, 1-800 Contacts has agreed to nominate and recommend David Katzman for election as a Class II Director at the 2003 Annual Meeting of Stockholders of 1-800 Contacts for a term expiring at the 2006 Annual Meeting of Stockholders, and the Principal Stockholders, Lens 1st and Lens Express have agreed to vote for his election, subject to the terms and conditions of the Voting Agreement. The Reporting Persons disclaim beneficial ownership of the Common Stock owned by the Principal Stockholders.

Also in connection with the Asset Purchase Agreement, 1-800 Contacts, Lens 1st, Lens Express, David Katzman and Daniel Gilbert entered into a Lock-Up Agreement, dated as of January 30, 2003 (the "Lock-Up Agreement"). Pursuant to the Lock-Up Agreement, Lens 1st, Lens Express, David Katzman and Daniel Gilbert (collectively, the "Shareholders") agreed not to sell or otherwise dispose of, directly or indirectly, the 900,000 shares of Common Stock issued pursuant to the Asset Purchase Agreement for 12 months following January 30, 2003, subject to various exceptions described in the Lock-Up Agreement that generally either (1) do not involve open market transactions without 1-800 Contacts' consent or (2) involve business combinations.

Also in connection with the Asset Purchase Agreement, 1-800 Contacts, Lens 1st and Lens Express entered into a Registration Rights Agreement, dated as of January 30, 2003 (the "Registration Rights Agreement"). The Registration Rights Agreement generally provides Lens 1st, Lens Express and specified assignees with piggyback registration rights with respect to 900,000 shares of Common Stock.

Subject to market conditions, the Lock-Up Agreement, the Registration Rights Agreement and other factors that the Reporting Persons may deem material to their investment decisions, each of the Reporting Persons may, from time to time, acquire additional shares of Common Stock, or rights to purchase shares of Common Stock in the open market, in privately negotiated transactions, by receipt of director stock options or otherwise, depending upon the price and availability of such shares or rights. Each of the Reporting Persons intends to review on a continuing basis various factors relating to his or its investment in 1-800 Contacts, including 1-800 Contacts' business and prospects, the price and availability of 1-800 Contacts' securities, subsequent developments affecting 1-800 Contacts, other investment and business opportunities available to the Reporting Person, his or its general investment and trading policies, market conditions or other factors. Based on these factors, each of the Reporting Persons may determine to dispose of some or all of his or its Common Stock, periodically, by public or private sale (registered or unregistered and with or without the simultaneous sale of newly-issued Common Stock by 1-800 Contacts), distribution to members of Lens 1st, Lens Express and/or Camelot, gift, pledge, expiration of options or otherwise, including, without limitation, sales of Common Stock by the Reporting Persons pursuant to Rule 144 under the Securities Act of 1933, as amended, or otherwise, subject to the Lock-Up Agreement and the Registration Rights Agreement. Each Reporting Person reserves the right not to acquire Common Stock or not to dispose of all or part of such Common Stock if he or it determines such acquisition or disposal is not in his or its best interests at that time.

Other than as described above, none of the Reporting Persons has any current plans or proposals which relate to, or would result in, (a) any acquisition or disposition by him or it of securities of 1-800 Contacts, (b) any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving 1-800 Contacts or any of its subsidiaries, (c) any sale or transfer of a material amount of assets of 1-800 Contacts or any of its subsidiaries, (d) any change in the present Board of Directors or management of 1-800 Contacts, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the Board, (e) any material change in 1-800 Contacts' present capitalization or dividend policy, (f) any other material change in 1-800 Contacts' business or corporate structure, (g) any changes in 1-800 Contacts' Certificate of Incorporation or Bylaws or other actions which may impede the acquisition of control of 1-800 Contacts by any person, (h) causing a class of securities of 1-800 Contacts to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association, (i) a class of 1-800 Contacts' equity securities becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended, or (j) any action similar to those enumerated above.

Item 5. Interest in Securities of the Issuer.

(a) The number and percentage of shares of Common Stock beneficially owned by the Reporting Persons as of February 7, 2003 are as follows:

	Number		Percent*
Lens 1st	1,455,700	**	10.6%
Camelot	1,455,700	**	10.6%
Lens Express	1,455,700	**	10.6%
David Katzman	1,455,700	**	10.6%
Daniel Gilbert	1,455,700	**	10.6%

*Based on the 12,880,341 shares of Common Stock represented as outstanding as of December 31, 2002 in the Asset Purchase Agreement, plus the 900,000 shares of Common Stock issued in pursuant to the Asset Purchase Agreement.

**Includes 725,000 shares of Common Stock acquired by Lens 1st pursuant to the Asset Purchase Agreement, 555,700 shares of Common Stock owned by Camelot before the closing of the Asset Purchase Agreement and 175,000 shares of Common Stock acquired by Lens Express pursuant to the Asset Purchase Agreement. David Katzman and Daniel Gilbert are the managers of Lens 1st, Camelot and Lens Express, and, therefore, share voting and investment power over the shares of Common Stock they hold. Because of the common managers of Lens 1st, Camelot and Lens Express, the Reporting Persons might constitute a group, although the Reporting Persons disclaim the existence of a group.

(b) Lens 1st, Camelot and Lens Express have sole voting and investment power over the 725,000, 555,700 and 175,000 shares of Common Stock respectively owned by them. David Katzman and Daniel Gilbert, as the managers of Lens 1st, Camelot and Lens Express, share voting and investment power over the 1,455,700 shares of Common Stock owned by Lens 1st, Camelot and Lens Express.

(c) The Reporting Persons have not effected any transactions in shares of Common Stock during the sixty days before January 30, 2003 or the date of this Schedule 13D, except for the acquisition of 725,000 shares of Common Stock by Lens 1st and 175,000 shares of Common Stock by Lens Express pursuant to the Asset Purchase Agreement, as described in Item 3.

(d) No other person is known to have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, the shares of Common Stock beneficially owned by the Reporting Persons.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The Reporting Persons are parties to the Voting Agreement, the Registration Rights Agreement and the Lock-Up Agreement described in Item 4 above.

Item 7. Material to be Filed as Exhibits.

- 99.1 Agreement of Joint Filing among the Reporting Persons, dated as of February 7, 2003.
- 99.2 Voting Agreement, dated as of January 30, 2003, among 1-800 Contacts, the Principal Stockholders, Lens 1st, Lens Express and David Katzman.
- 99.3 Lock-Up Agreement, dated as of January 30, 2003, among 1-800 Contacts, Lens 1st, Lens Express, David Katzman and Daniel Gilbert.
- 99.4 Registration Rights Agreement, dated as of January 30, 2003, among 1-800 Contacts, Lens 1st and Lens Express.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 7, 2003

/s/ DAVID KATZMAN

David Katzman

Dated: February 7, 2003

/s/ DANIEL GILBERT

Daniel Gilbert

Dated: February 7, 2003

CAMELOT VENTURES/CJ, L.L.C.

By: /s/ DAVID KATZMAN

David Katzman

Its: President and Manager

Dated: February 7, 2003

CAMELOT VENTURES, L.L.C.

By: /s/ DAVID KATZMAN

David Katzman

Its: President and Manager

Dated: February 7, 2003

LENS EXPRESS LLC

By: /s/ DAVID KATZMAN

David Katzman

Its: President and Manager

EXHIBIT INDEX

Exhibit Number and Description

- 99.1 Agreement of Joint Filing among the Reporting Persons, dated as of February 7, 2003.
- 99.2 Voting Agreement, dated as of January 30, 2003, among 1-800 Contacts, the Principal Stockholders, Lens 1st, Lens Express and David Katzman.
- 99.3 Lock-Up Agreement, dated as of January 30, 2003, among 1-800 Contacts, Lens 1st, Lens Express, David Katzman and Daniel Gilbert.
- 99.4 Registration Rights Agreement, dated as of January 30, 2003, among 1-800 Contacts, Lens 1st and Lens Express.

AGREEMENT OF JOINT FILING

David Katzman, Daniel Gilbert, Camelot Ventures/CJ, L.L.C., Camelot Ventures, L.L.C. and Lens Express LLC hereby agree that the Schedule 13D to which this Agreement is attached as an exhibit and any amendment to such Schedule 13D may be filed on behalf of each such person.

Dated: February 7, 2003

/s/ DAVID KATZMAN

David Katzman

Dated: February 7, 2003

/s/ DANIEL GILBERT

Daniel Gilbert

Dated: February 7, 2003

CAMELOT VENTURES/CJ, L.L.C.

By: /s/ DAVID KATZMAN

David Katzman

Its: President and Manager

Dated: February 7, 2003

CAMELOT VENTURES, L.L.C.

By: /s/ DAVID KATZMAN

David Katzman

Its: President and Manager

Dated: February 7, 2003

LENS EXPRESS LLC

By: /s/ DAVID KATZMAN

David Katzman

Its: President and Manager

VOTING AGREEMENT

THIS VOTING AGREEMENT (the "Agreement") is made as of the 30th day of January, 2003 by and among 1-800 CONTACTS, INC., a Delaware corporation (the "Company"), and Jonathan C. Coon, Stephen A. Yacktmann, Jason S. Subotky and John F. Nichols (the "Principal Stockholders"), and CAMELOT VENTURES/CJ, L.L.C. d/b/a LENS 1st, a Michigan limited liability company, and LENS EXPRESS LLC, a Michigan limited liability company (the "Investors"), and David Katzman ("Mr. Katzman").

RECITALS

The Company, the Investors and Mr. Katzman have entered into an Asset Purchase Agreement (the "Purchase Agreement") of even date herewith pursuant to which the Company is delivering to the Investors, among other things, nine hundred thousand (900,000) shares of the Company's \$0.01 par value common stock (the "Closing Buyer Shares"). A requirement under the Purchase Agreement is that the Company, the Principal Stockholders, the Investors and Mr. Katzman enter into this Agreement for the purpose of setting forth the terms and conditions pursuant to which the Principal Stockholders shall vote their shares of the Company's voting stock in favor of electing, and against removing, the Investors' designee, Mr. Katzman, as a member of the Company's Board of Directors in accordance with the Company's certificate of incorporation and bylaws, as amended. The Company, the Investors, the Principal Stockholders and Mr. Katzman each desire to facilitate the voting arrangements set forth in this Agreement by agreeing to the terms and conditions set forth below. All terms not defined herein shall have the meaning ascribed to such terms in the Purchase Agreement.

AGREEMENT

The parties agree as follows:

1. Election of Directors.

1.1 Board Representation. At the first meeting of the Board of Directors of the Company after the delivery of the Closing Buyer Shares, currently contemplated for January 31, 2003, the Company's Board of Directors shall increase the number of Directors which shall constitute the Company's Board of Directors and the resulting vacancy shall be filled by the Company's Board of Directors electing Mr. Katzman as a Class II Director, with a term expiring at the 2003 Annual Meeting of Stockholders. The Company and its Board of Directors shall nominate and recommend Mr. Katzman for election as a Class II Director of the Company at the 2003 Annual Meeting of Stockholders for a term expiring at the 2006 Annual Meeting of Stockholders. At the 2003 Annual Meeting of Stockholders, the Principal Stockholders and the Investors agree to vote or act with respect to their shares of the Company's common stock so as to elect the Investors' designee, currently Mr. Katzman, as a Class II member of the Company's Board of Directors for a term expiring at the 2006 Annual Meeting of Stockholders, unless this Agreement is terminated before the 2003 Annual Meeting of Stockholders pursuant to Section 2

below; provided, however, that with respect to the foregoing sentence, if the Investors designate a person to serve as director other than Mr. Katzman, then the person so designated shall be subject to the reasonable approval of a majority of the directors of the Company then serving in such capacity, which directors shall not include the director or directors of the Company who is, or was, serving as the previous designee of the Investors on the Company's Board of Directors. At any other meeting or action by written consent of the Company's stockholders during the term of this Agreement at or by which the Investors' designee is proposed to be removed as a member of the Company's Board of Directors, the Principal Stockholders and the Investors shall vote or act with respect to their shares of the Company's common stock so as to oppose the removal of the Investors' designee as a member of the Company's Board of Directors, unless there is cause for such removal pursuant to Section 1.3.

1.2 Appointment of Directors. In the event of the resignation or death, removal or disqualification of a director selected pursuant to Section 1.1 above, the Investors shall promptly nominate a new director, and, after written notice of the nomination has been given by the Investors to the other parties (and, with respect to a nominee designated by the Investors, other than Mr. Katzman, such nominee has been approved by the Company's directors as provided in Section 1.1 above), each of the Investors and the Principal Stockholders shall vote its shares of capital stock of the Company to elect such nominee to the Board of Directors.

1.3 Removal. The Investors may change their designated director at any time and from time to time, with or without cause (subject to the Certificate of Incorporation and Bylaws of the Company as in effect from time to time and any requirements of law), in their sole discretion, and after written notice to each of the parties hereto of the new nominee to replace such director (and with respect to a nominee designated by the Investors, other than Mr. Katzman, after such nominee has been approved by the Company's directors in accordance with Section 1.1 above), each of the Investors and the Principal Stockholders shall promptly vote its shares of capital stock of the Company to remove the former designee from, and to elect such nominee to, the Board of Directors. Notwithstanding the foregoing, however, the Company may remove the Investors' designee to the Board of Directors of the Company, in the event such designee (a) is or becomes subject to an enforcement action, or is or becomes the only member of the Company's Board of Directors subject to a publicly announced investigation, brought by the U.S. Securities & Exchange Commission or the NASD, or (b) is or becomes subject to a criminal investigation or other proceeding in which criminal activity is alleged. For purposes of this Section 1.3, the Company shall not be entitled to remove the Investor's designee to the Board of Directors of the Company merely because such nominee does not constitute an "independent" director, as defined by the rules and regulations of The Nasdaq Stock Market, Inc.

1.4 No Revocation. Except as expressly provided herein, the voting agreements contained herein are coupled with an interest and may not be revoked during the term of this Agreement.

1.5 Successors to the Investors. If the Investors distribute the Closing Buyer Shares to their members, the holder of the largest number of Closing Buyer Shares, as identified in writing by the Investors, shall succeed to the Investors' rights and obligations under this Agreement upon agreeing in writing to be bound by the terms of this Agreement.

2. Termination.

2.1 Termination Events. This Agreement shall terminate upon the earlier of:

(a) January 30, 2006;

(b) Investors, their members and Affiliates of the foregoing holding, in the aggregate, less than five percent (5%) of the issued and outstanding common stock of the Company; or

(c) The sale, conveyance or disposal of all or substantially all of the Company's property or business to a third party not directly or indirectly owned at least 50% by the Company's stockholders before such sale, conveyance or disposal or the Company's merger with or into or consolidation with any other corporation (other than a wholly-owned subsidiary corporation) after which the Company's stockholders immediately before such merger or consolidation no longer own, directly or indirectly, at least 50% of the surviving entity, or if the Company effects any other transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Company is disposed of, provided that this Section 2.1(b) shall not apply to a merger effected exclusively for the purpose of changing the domicile of the Company.

3. Miscellaneous.

3.1 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Amendments and Waivers. Any term hereof may be amended or waived only with the written consent of the Company, the Investors, the Principal Stockholders and Mr. Katzman. Any amendment or waiver effected in accordance with this Section 3.2 shall be binding upon the Company, the Investors and the Principal Stockholders and each of their respective successors and assigns.

3.3 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient on the date of delivery, when delivered personally or by overnight courier or sent by telegram or fax, or seventy-two (72) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address or fax number as set forth on the signature page hereto, or as subsequently modified by written notice.

3.4 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of

the Agreement shall be interpreted as if such provision were so excluded and (c) the balance of the Agreement shall be enforceable in accordance with its terms.

3.5 Governing Law and Jurisdiction. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Utah without giving effect to principles of conflicts of law. The jurisdiction and venue of any legal action under this Agreement shall be as set forth in the Purchase Agreement.

3.6 Counterparts. This Agreement may be executed by facsimile and in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.7 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[Signature Pages Follow]

The parties hereto have executed this Voting Agreement as of the date first written above.

COMPANY:

1-800 CONTACTS, INC

By: /s/ _____

Its _____

Address:

66 East Wadsworth Park Drive, 3rd Floor
Draper, UT 84020
Fax: (801) 924-9905

PRINCIPAL STOCKHOLDERS:

/s/ _____

Jonathan C. Coon

Address:

1-800 CONTACTS, INC.
66 East Wadsworth Park Drive, 3rd Floor
Draper, UT 84020
Fax: (801) 924-9909

/s/ _____

Stephen A. Yackman

Address:

1-800 CONTACTS, INC.
66 East Wadsworth Park Drive, 3rd Floor
Draper, UT 84020
Fax: (801) 924-9905

/s/ _____

Jason S. Subotky

INVESTORS:

CAMELOT VENTURES/CJ, L.L.C.
d/b/a LENS 1st

By: /s/ _____

Its _____

Address:

100 Galleria Officentre, Suite 419
Livonia, Michigan 48034
Fax: (248) 352-5973

LENS EXPRESS LLC

By: /s/ _____

Its _____

Address:

100 Galleria Officentre, Suite 419
Livonia, Michigan 48034
Fax: (248) 352-5973

MR. KATZMAN:

/s/ _____

David Katzman

Address:

100 Galleria Officentre, Suite 419
Southfield, Michigan 48034
Fax: (248) 352-5973

Address:

1800 CONTACTS, INC.
66 East Wadsworth Park Drive, 3rd Floor
Draper, UT 84020
Fax: (801) 924-9905

S-1

/s/

John F. Nichols

Address:

1800 CONTACTS, INC.

66 East Wadsworth Park Drive, 3rd Floor

Draper, UT 84020

Fax: (801) 924-9905

LOCK-UP AGREEMENT

THIS LOCK-UP AGREEMENT (this “Agreement”), is made and entered into as of January 30, 2003 (the “Effective Date”) by and among 1-800 CONTACTS, INC., a Delaware corporation (the “Company”), CAMELOT VENTURES/CJ, L.L.C. d/b/a LENS 1st, a Michigan limited liability company (“Lens 1st”), LENS EXPRESS LLC, a Michigan limited liability company (“Lens Express”), Dan Gilbert, an individual (“Gilbert”), and David Katzman, an individual (“Katzman”). Lens 1st, Lens Express, Gilbert and Katzman are collectively referred to herein as the “Shareholders.”

RECITALS

A. Lens 1st, Lens Express, Gilbert, Katzman and the Company have entered into an Asset Purchase Agreement, dated January 30, 2003 (the “Purchase Agreement”), pursuant to which the Company is purchasing certain of the assets and is assuming certain of the liabilities of Lens 1st and Lens Express (the “Transaction”).

C. As partial consideration for the Transaction, the Company will issue 900,000 shares of its \$0.01 par value common stock (the “Common Stock”) to Lens 1st and Lens Express (the “Shares”).

D. As a condition to the closing of the Transaction, each of the Shareholders is required to enter into a lock-up agreement covering the Shares (collectively, the “Lock-up Shares”).

AGREEMENT

The parties hereby agree as follows:

1. Lock-up. The Shareholders agree that they will not offer, sell or contract to sell, trade, transfer or otherwise dispose of, directly or indirectly (including short sales, sales against the box and/or other hedging or derivative transactions) (collectively, “Transfer”), the Lock-Up Shares for a period of twelve (12) months following the Effective Date (the “Lock-Up Period”), except (1) Transfers with the Company’s prior written consent, (2) Transfers by Lens 1st and/or Lens Express to any of their members (“Members”) who agree in writing to be bound by the terms of this Agreement as a Shareholder as provided in Section 4 below, (3) Transfers to a Member’s immediate family or blood relative (“Relative”) who agree to act through a single representative who agrees in writing to be bound by the terms of this Agreement as a Shareholder as provided in Section 4 below, (4) Transfers to any trust which has as its only beneficiaries one or more Relatives, to the extent any such beneficiaries agree in writing to be bound by the terms of this Agreement as a Shareholder as provided in Section 4 below, (5) Transfers to any entity controlled by one or more Members which agrees in writing to be bound by the terms of this Agreement as a Shareholder as provided in Section 4 below, (6) Transfers by Members, upon death, by will, pursuant to the applicable laws of descent and distribution, by other applicable law, pursuant to the terms of the applicable trust, or by any combination of the foregoing, if the transferee agrees in writing to be

bound by the terms of this Agreement as a Shareholder as provided in Section 4 below, and (7) Transfers by bonafide gift if the transferee agrees in writing to be bound by the terms of this Agreement as a Shareholder as provided in Section 4 below. In the event that any of the Shareholders breaches the restrictions on Transfer of the Lock-Up Shares provided herein, the Company, without prejudice to any other right or remedy that the Company might have under the Purchaser Agreement, in law or equity, shall be entitled to receive the total amount of proceeds that such breaching Shareholder received from the Transfer Notwithstanding anything to the contrary set forth above, no Transfer of the Lock-up Shares shall be permitted hereunder until the purchase price adjustment set forth in section 2(d) of the Purchase Agreement shall have occurred.

2. Stock Transfer Instructions. In furtherance of the restrictions imposed under this Agreement, the Shareholders hereby authorize the Company and its transfer agent to decline to make any transfer of Lock-up Shares if such transfer would constitute a violation or breach of this Agreement. The Shareholders also agree and consent to the entry of stock transfer instructions with the Company's transfer agent against the transfer of any Lock-up Shares.

3. Stock Legend. The Shareholders agree that all certificates representing all Lock-Up Shares will have endorsed upon them in bold-face type a legend in substantially the following form:

RESTRICTIONS ON THE SALE OR TRANSFER OF THE STOCK REPRESENTED BY THIS CERTIFICATE HAVE BEEN IMPOSED PURSUANT TO A LOCK-UP AGREEMENT DATED JANUARY 30, 2003. A COPY OF THE LOCK-UP AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF 1-800 CONTACTS, INC., A DELAWARE CORPORATION (THE "COMPANY"), AND WILL BE FURNISHED WITHOUT CHARGE TO THE HOLDER OF THIS CERTIFICATE UPON RECEIPT BY THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS OR REGISTERED OFFICE OF A WRITTEN REQUEST FROM THE HOLDER REQUESTING SUCH COPY.

The Company shall cause such legend to be removed and new certificates issued to the holders of the Lock-up Shares without such legend within three business days after the expiration of the Lock-Up Period.

4. Additional Shareholders. The parties to this Agreement acknowledge and agree that the Transfers of the Lock-Up Shares set forth in Section 1 above shall not constitute a breach of this Agreement only if the permitted transferees listed in Section 1 above agree in writing to be bound by the terms of this Agreement by delivering an executed copy hereof to the Company upon such transfer. Upon execution of this Agreement, those transferees will become parties to, and bound by, this Agreement to the same extent as the shareholders listed in the introductory paragraph hereof and will be deemed to be "Shareholders" for all purposes of this Agreement.

5. Exceptions. The foregoing provisions of this Agreement shall not apply in the event of: (1) the sale, conveyance or disposal of all or substantially all of the Company's property or business, to a related or third party, or (2) the Company's merger with or into or consolidation with any other corporation, or (3) if the Company effects any other transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Company is disposed

of; provided, however, that this Section 5 shall not apply to a merger effected exclusively for the purpose of changing the domicile of the Company.

6. General Provisions. This Agreement will be enforced, governed and construed exclusively under the laws of the State of Utah. The jurisdiction and venue of any legal action under this Agreement shall be as set forth in the Purchase Agreement. This Agreement is binding upon the Shareholders, the Shareholders' heirs, estates, legal representatives, successors and assigns, and is for the benefit of the Company and its successors and assigns. If any portion of this Agreement is held to be invalid by a court having jurisdiction, the remaining terms of this Agreement shall remain in full force and effect to the extent possible. This Agreement may be executed by facsimile and in two or more counterparts, all of which shall constitute but one and the same instrument.

[Signature Page Follows]

Executed as the first date written above.

THE COMPANY:

1-800 CONTACTS, INC.

By: /s/
Jonathan C. Coon

Title: President and CEO

THE SHAREHOLDERS:

CAMELOT VENTURES/CJ, L.L.C. d/b/a
LENS 1st

By: /s/

Title: Manager

LENS EXPRESS LLC

By: /s/

Title: Manager

/s/
Dan Gilbert

/s/
David Katzman

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the “Agreement”) is made and entered into effective as of the 30th day of January, 2003, by and among 1-800 CONTACTS, INC., a Delaware corporation (the “Company”), and CAMELOT VENTURES/CJ, L.L.C. d/b/a LENS 1st, a Michigan limited liability company, and LENS EXPRESS LLC, a Michigan limited liability company (collectively the “Investors”).

RECITALS

A. The Company and the Investors have entered into an Asset Purchase Agreement of even date herewith (the “Purchase Agreement”), whereby the Company will purchase certain of the assets and assume certain of the liabilities of the Investors.

B. Pursuant to the Purchase Agreement, the purchase price for the Acquired Assets will be paid by the Company by the delivery to the Investors of (1) cash, (2) the Closing Buyer Shares, and (3) by the assumption by the Company of the Assumed Liabilities. Pursuant to the Purchase Agreement, the Company has agreed to grant to each of the Investors certain registration rights, to enable the Investors to participate, under certain specified circumstances, in registrations of the Common Stock of the Company with the Securities and Exchange Commission, pursuant to the Securities Act of 1933, as amended.

C. The purpose of this Agreement is to document and establish the terms of the registration rights granted to each of the Investors.

D. Terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Purchase Agreement.

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions.

“Act” shall mean the Securities Act of 1933, as amended.

“Closing Buyer Shares” shall mean nine hundred thousand (900,000) shares of the Company’s Common Stock.

“Commission” shall mean the Securities and Exchange Commission.

“Common Stock” shall mean the Company’s \$0.01 par value common stock.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Holder” or “Holders” shall mean any Investor or Investors holding Registrable Securities (including shares of Common Stock convertible into Registrable Securities) and any

person holding Registrable Securities to whom the rights under this Agreement have been transferred, in accordance with Section 9 hereof.

The terms “register,” “registered,” and “registration” refer to a registration effected by preparing and filing a registration statement in compliance with the requirements of the Act and the declaration or ordering of the effectiveness of such registration statement.

“Piggyback Registration” shall have the meaning set forth in Section 2(a) hereof.

“Registrable Securities” shall mean the Closing Buyer Shares and any shares of Common Stock issued in respect of the Closing Buyer Shares, as a result of a stock split, stock dividend, recapitalization or otherwise; provided, however, that shares of Common Stock shall only be treated as Registrable Securities if and so long as they have not been (i) sold to or through a broker, dealer or underwriter in a public distribution or a public securities transaction, or (ii) sold or all of the otherwise Registrable Securities are available for sale in the opinion of counsel to the Company in a transaction exempt from the registration and prospectus delivery requirements of the Act so that all transfer restrictions and restrictive legends with respect thereto are removed upon the consummation of the sale.

“Registration Expenses” shall mean all expenses incurred in complying with Sections 2 and 4 hereof, including all registration and filing fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, and the reasonable fees and disbursements of one counsel for all Holders of Registrable Securities participating in the registration, but excluding Selling Expenses.

“Selling Expenses” shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to any securities registered or sold by the Holders and all fees and disbursements of counsel or consultants for the Holders (except for fees and disbursements of counsel included within the definition of Registration Expenses).

2. Grant of Piggyback Registration Rights.

a. Right to Piggyback. Subject to Section 2(e) below, whenever the Company proposes to register any of its securities under the Act in connection with a public offering of such securities solely for cash (but not including any registration relating solely to employee benefit plans or a registration relating solely to a Commission Rule 145 transaction), and the registration form to be used may be used for the registration of Registrable Securities (a “Piggyback Registration”), the Company shall give prompt written notice (before the initial filing of the registration statement relating to such public offering and at least twenty (20) days before the effective date of such registration statement) to all Holders of Registrable Securities of its intention to effect such a registration and shall use its best efforts, in accordance with the terms and conditions of this Agreement, to include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein before the effective date of the related registration statement. In the event that any Piggyback Registration shall be an underwritten offering of securities of the Company, any requests by the Holders pursuant to this Section 2(a) to register Registrable Securities must specify that such shares are to

be included in the underwriting on the same terms as the shares of Common Stock otherwise being sold through such registration.

b. Expenses Relating to Piggyback Registrations. The Registration Expenses incidental to the Company's performance of, or compliance with, this Agreement in connection with each Piggyback Registration shall be paid by the Company. Except for the reasonable fees and disbursements of one counsel for the Holders included in the Registration Expenses, each participating Holder shall bear the fees and costs of its own counsel. All Selling Expenses relating to the Registrable Securities being sold by a Holder in a Piggyback Registration shall be paid by such selling Holder.

c. Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that, in their opinion, the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Company, the Company shall be entitled to cut-back the number of securities to be included in such registration. In such event, securities shall be included in the Piggyback Registration in accordance with the following priority: (i) first, the securities the Company proposes to sell; (ii) second, any securities proposed to be sold by shareholders of the Company exercising any existing demand registration rights; and (iii) third, all shareholders of the Company exercising piggyback registration rights, including the Holders requesting that Registrable Securities be included in the registration pursuant to the terms of this Agreement. In the event of a cut-back of the number of securities that may be included in a Piggyback Registration, the number of Registrable Securities and other securities of the Company that may be included in the registration upon the exercise of piggyback registration rights shall be allocated among all of the Company's shareholders (including the Holders) who are exercising such Piggyback Registration rights, in proportion, as nearly as practicable, to the respective amounts of Registrable Securities and other securities which each such Holder requests to be included in such registration.

d. Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration of the Company's securities, and the managing underwriters advise the Company in writing that, in their opinion, the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Company and the Holders initially requesting such registration, the Company shall be entitled to cut-back the number of securities in such registration and include in such registration (i) first, any securities proposed to be sold by any shareholders of the Company exercising any existing demand registration rights; and (ii) second, the Registrable Securities and other securities of the Company requested to be included therein by the Holders and other shareholders of the Company exercising Piggyback Registration rights. The number of Registrable Securities and other securities of the Company that may be included in the registration on behalf of the Holders and other shareholders exercising Piggyback Registration rights shall be allocated among all of such Holders and other shareholders who are exercising Piggyback Registration rights, in proportion, as nearly as practicable, to the respective amounts of Registrable Securities and other securities which each such Holder requests to be included in such registration.

e. Exception. Notwithstanding any of the foregoing provisions of this Section 2, the Holders of Registrable Securities shall not be entitled to participate in, and the Company shall have no obligation to register any Holders' Registrable Securities in connection with the filing of the registration statement covering the shares of the Company's Common Stock issued in connection with the Company's acquisition of the assets of IGEL C.M. Laboratory Pte Ltd, International Vision Laboratories Pte Ltd and IGEL Visioncare Pte Ltd.

3. Holdback Agreements. In consideration for the grant of the Piggyback Registration rights described in this Agreement, no Investor or Holder shall effect any public sale or distribution (including sales pursuant to Rule 144) of any equity securities of the Company during the seven (7) business days prior to and the one hundred eighty (180) day period beginning on the effective date of any underwritten Piggyback Registration in which such Investor's or Holder's Registrable Securities are included (except as part of such underwritten registration), unless the underwriters managing the public offering otherwise agree. Moreover, each Investor and each Holder agrees, if requested by the Company and any underwriter of the Common Stock of the Company, to execute such agreements and instruments as are necessary, in the Company's and underwriter's reasonable opinion, to effect the foregoing.

4. Registration Procedures. Whenever Holders of Registrable Securities have requested that any Registrable Securities be included in and covered by any Piggyback Registration pursuant to this Agreement, such Holders shall furnish to the Company in writing such information as may be reasonably requested by the Company for inclusion in, or relating to, such Piggyback Registration, and the Company shall use its best efforts to include such Registrable Securities in such Piggyback Registration, consistent with the terms of this Agreement. In furtherance of this obligation, the Company shall:

a. subject to the Company's right to reduce the number of Registrable Securities to be included in a Piggyback Registration, use its best efforts to include in the Piggyback Registration those Registrable Securities as to which the Company has received written requests for inclusion pursuant to Section 2(a) above, consistent with the terms of this Agreement (provided, however, that the Company shall not be precluded from abandoning any Piggyback Registration that it determines not to be in the best interests of the Company);

b. notify each Holder of Registrable Securities of the effectiveness of each Piggyback Registration filed hereunder and prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than one hundred and eighty (180) days and to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the terms applicable to such registration statement and any related underwriting agreements;

c. furnish to each Holder who intends to sell Registrable Securities such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Holder of Registrable Securities may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holder;

d. use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any Holder reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder of Registrable Securities to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder (provided that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 4, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction); and

e. otherwise use its best efforts to comply with all applicable rules and regulations of the Commission; and

f. cooperate with the Holder of Registrable Securities and any underwriter to prepare and deliver timely certificates representing Registrable Securities to be sold and not bearing any restrictive legends.

5. Exchange Act Reports. Notwithstanding the registration rights set forth herein, the Company acknowledges that, in the event such registration statement shall not become effective, or, in the event there shall be a default in the undertaking by the Company of its obligations pursuant to this Agreement, the Holders may be required to rely upon an exemption under the Act for the purpose of disposing of the Registrable Securities. Accordingly, with a view to making available to the Holders the benefits of Rule 144 promulgated under the Act, and any other rule or regulation of the Commission that may at any time permit the Holders to sell the Registrable Securities to the public without registration, the Company shall (a) make and keep “public information” available, as such terms are contemplated and defined in Rule 144, (b) file with the Commission in a timely manner all reports and other documents required of the Company under the Act (if any) and the Exchange Act, and (c) furnish to each Holder, so long as each Holder owns any of the Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the Commission’s reporting requirements necessary to enable the Holders to sell the Registrable Securities pursuant to Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents so filed by the Company as may be reasonably requested and necessary in availing a Holder of any rule or regulation of the Commission permitting the selling of any such securities without registration.

6. Indemnification.

a. The Company agrees to indemnify, defend and hold harmless, to the extent permitted by law, each Holder of Registrable Securities and their members, managers, officers and control persons (within the meaning of the Act) from and against all losses, claims, damages, liabilities and expenses (including reasonable attorneys’ fees and expenses) caused by any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such Holder expressly for use therein or by such Holder’s failure to deliver a copy of the registration statement or prospectus or any

amendments or supplements thereto after the Company has furnished such Holder with a sufficient number of copies of the same.

b. In connection with any Piggyback Registration in which a Holder of Registrable Securities is participating, each such Holder shall furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, shall indemnify, defend and hold harmless the Company, its directors, officers and control persons (within the meaning of the Act) from and against all losses, claims, damages, liabilities and expenses resulting from any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is caused by or contained in any information or affidavit so furnished in writing to the Company by such Holder expressly for use therein, provided that the obligation to indemnify shall be individual and not joint and several for each Holder and shall be limited to the net amount of proceeds received by such Holder from the sale of Registrable Securities pursuant to such Piggyback Registration.

c. Any party entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with the assistance of counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent, which consent shall not be unreasonably withheld. An indemnifying party that is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless, in the reasonable judgment of any indemnified party, a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

d. The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party and shall survive the transfer of any Registrable Securities.

7. Participation in Underwritten Registrations. No Holder may participate in any Piggyback Registration hereunder which is underwritten unless such Holder (i) agrees to sell any Registrable Securities to be included in such registration on the basis provided in any underwriting arrangements applicable to the registration, as approved by the Company and to the extent they are the same as those applied to the other sellers in connection with such registration, and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements to the extent they are the same as those applied to the other sellers in connection with such

registration. The Company shall be entitled to select and approve the managing underwriter involved in any Piggyback Registration, in its sole and absolute discretion.

8. Contribution. If for any reason the indemnification provided for in Sections 6(a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless as contemplated by the preceding Sections 6(a) and (b), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of the loss, claim, damage, liability or expense in the proportion as is appropriate to reflect (1) the relative benefits received by the indemnified party and the indemnifying party, (2) the relative fault of the indemnified party and the indemnifying party, and (3) any other relevant equitable considerations.

9. Transfer of Registration Rights. The rights to cause the Company to include Registrable Securities in Piggyback Registrations as provided in this Agreement may be assigned or transferred to any transferee who: (i) acquires at least one hundred thousand (100,000) shares (as currently constituted, and to be appropriately adjusted for stock splits, combinations, stock dividends and the like) of Registrable Securities (including shares of Registrable Securities into which Shares are transferable); or (ii) who is (1) a member of an Investor, (2) an immediate family member of one or more members of an Investor who agree to act through a single representative, or (3) an affiliate controlled by one or more members of an Investor, provided that any transfer of rights shall not be effective until: (x) the Company is given written notice of the transfer, which notice shall state the name and address of the transferee and identify the number of securities with respect to which the rights under this Section 9 are being assigned; (y) the transfer of the securities to which the registration rights relate has been effected in compliance with any legend requirements or other requirements reasonably imposed by the Company to ensure compliance with applicable securities laws; and (z) the transferee has executed an agreement in a form approved by the Company, agreeing to be bound by the obligations imposed on the Investors and Holders under this Agreement. Any transfer pursuant to clause (ii) to one or more persons who own less than 100,000 shares of Registrable Securities shall be conditioned upon such transferees appointing a representative, representing holders of at least 100,000 shares of Registrable Securities, to exercise all of such transferee's rights under this Agreement.

10. Miscellaneous. This Agreement may be executed by facsimile in any number of counterparts, and different Investors may execute different counterparts. Each executed counterpart shall be deemed an original, and all executed counterparts together shall constitute one and the same agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Utah. The jurisdiction and venue of any legal action under this Agreement shall be as set forth in the Purchase Agreement.

IN WITNESS WHEREOF, this Agreement is executed by the undersigned, effective as of the date first set forth above.

THE COMPANY:

1-800 CONTACTS, INC

/s/

Jonathan C. Coon

President and Chief Executive Officer

INVESTORS:

CAMELOT VENTURES/CJ, L.L.C. d/b/a
LENS 1st

By: /s/

Its:

LENS EXPRESS LLC

By: /s/

Its: