Rating Action: Eye Care Centers of America, Inc.

MOODY'S UPGRADES LIQUIDITY RATING OF EYE CARE CENTERS OF AMERICA TO SGL-2; CONFIRMS EXISTING RATINGS; OUTLOOK STABLE

Approximately $340 Million of Debt Affected

New York, July 14, 2006 -- Moody's Investors Service confirmed all long-term ratings of Eye Care Centers of America, Inc. ("ECCA") and upgraded the speculative grade liquidity rating to SGL-2 from SGL-4. This concludes the rating review that commenced on May 3, 2006. The review was prompted by the announcement that HVHC Inc., a wholly-owned subsidiary of Highmark Inc. (insurance financial strength rating of Baa1), intends to acquire complete ownership of ECCA. Confirmation of the long-term ratings reflects that, following the proposed transaction, ECCA's debt structure will not change and that ECCA will continue to be rated on a stand-alone basis without benefit of ownership by Highmark or HVHC. The upgrade of the liquidity rating recognizes that internally generated cash flow should comfortably exceed fixed obligations and that the company will comfortably remain in compliance with its existing bank loan covenants, given that the potential change of control issues in the bank agreement and bond indenture will now be satisfactorily resolved.

Ratings confirmed are as follows:

- $190 million senior secured bank loan rating at B2,

- $152 million 10.75% senior subordinated notes (2015) rating at Caa1, and the

- Corporate family rating at B2.

The following rating is upgraded:

- Speculative grade liquidity rating to SGL-2 from SGL-4.

ECCA's corporate family rating reflects that key quantitative and qualitative rating drivers are solidly non-investment grade. Weighting down the ratings are the company's relatively weak debt protection measures and substantial fixed charge burden relative to cash flow; competition in optical retailing including from much larger retailers; and the company's relatively small size for a rated retailer. However, supporting the company's ratings are the leading position of ECCA in the optical retailing industry in terms of geography, store count, and revenue; the modest cyclicality and seasonality for optical product sales compared to many other retailing segments; and the favorable demographics for vision correction demand growth.

Now that the change of control issue is in the process of being resolved, the stable rating outlook reflects Moody's expectations that revenue and cash flow will continue to grow because of underlying demographic factors and that the company will use a material portion of discretionary cash flow for prudent purposes such as repaying the term loan ahead of schedule. An upgrade is unlikely within the medium-term given Moody's belief that ECCA is comfortably positioned within its rating category. Given the nature of the company's business in which intangible assets provide most collateral value, Moody's expects somewhat stronger credit metrics than for similarly-rated retailers. Important components of an eventual upgrade would be further improvement in operating margins and improved credit metrics such (using standard analytical adjustments) as debt to EBITDA falling below 5 times, EBIT to interest becoming greater than 2 times, and free cash flow to net debt increasing in excess of 8%. Factors that could lead Moody's to consider a negative rating action include a sustained reversal in the pattern of comparable store sales growth, inability to improve operating margins, or a reversal in debt protection measure improvements such that debt to EBITDA becomes greater than 6 times, EBIT to interest expense falls toward 1 time, or free cash flow to net debt falls to break-even for an extended period.

Eye Care Centers of America, Inc. ("ECCA"), with headquarters in San Antonio, Texas, operates 385 optical retailing stores under EyeMasters and other regional trade names. The company is being acquired by HVHC Inc., a wholly-owned subsidiary of Highmark Inc. (insurance financial strength rating of Baa1). Revenue for the twelve months ending April 1, 2006 was approximately $414 million.

New York
William L. Hess

Senior Vice President
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Richard Baldwin
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

© Copyright 2006, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from $1,500 to $2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Moody's Investors Service Pty Limited does not hold an Australian financial services licence under the Corporations Act. This credit rating opinion has been prepared without taking into account any of your objectives, financial situation or needs. You should, before acting on the opinion, consider the appropriateness of the opinion having regard to your own objectives, financial situation and needs.