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FORM A

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STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

SVS VISION MANAGED CARE, INC.

BY

FARSTAN INVESTMENT CORPORATION

Filed with the Insurance Department of the State of Michigan

Dated: January 8, 2007

Name, Title, address and telephone number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Mr. David D. Grande-Cassell, Esq.
CLARK HILL PLC
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Lansing, MI 48906
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ITEM 1. METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

SVS Vision Managed Care, Inc. ("SVSMC")
140 Macomb
Mt. Clemens, MI 48043

Control of SVSMC will be acquired through a merger agreement (the "Merger Agreement") by and among Farstan Investment Corporation, a Delaware corporation ("Farstan"), PENMAN Private Equity and Mezzanine Fund, L.P., a Delaware limited partnership ("PENMAN"), and SVS Vision Holding Company, a Delaware corporation. A copy of the proposed Merger Agreement is attached hereto as Exhibit 1.

Pursuant to the Merger Agreement, SVS Vision Holding Company, which is the holder of 100% of the issued and outstanding shares of SVS Vision Holding II Company, which is in turn the holder of 100% of the issued and outstanding shares of both SVS Vision, Inc., and SVSMC, will be merged into Farstan upon the effective date of a certificate of merger to be filed with the Secretary of State of the State of Delaware (the "Effective Time"), in accordance with the laws of the State of Delaware. After the merger of SVS Vision Holding Company and Farstan, SVS Vision Holding Company will be the surviving corporation (Organizational charts showing the pre-merger, merger, and post-merger relationships of the parties are attached at Exhibit 2(c)).

The certificate of incorporation of SVS Vision Holding Company immediately prior to the Effective Time shall be the certificate of incorporation of the surviving corporation. The bylaws of SVS Vision Holding Company immediately prior to the Effective Time shall be the bylaws of

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the surviving corporation. The members of the board of directors of Farstan and the officers of SVS Vision Holding Company immediately prior to the Effective Time shall continue as the board of directors and officers of the surviving corporation.

The remainder of the existing corporate structure will remain identical to that existing prior to the Effective Time, except that SVS Visions Holding Company will be owned, post-merger, by the current shareholders of Farstan, those shareholders being Dr. Robert Farrell and Kenneth J. Stann.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) *State the name and address of the applicant seeking to acquire control over the insurer.*

Farstan Investment Corporation ("Farstan")

Resident Agent (DE): Corporation Service Company
2711 Centerville Road, Suite 400
Wilmington, DE 19808

Mailing Address (MI): 140 Macomb
Mt. Clemens, MI 48043

(b) *If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Describe the business intended to be done by the applicant and the applicant's subsidiaries.*

Farstan was incorporated on December 11, 2006, for the sole purpose of being merged with SVS Vision Holding Company pursuant to the Merger Agreement. As noted above, SVS Vision Holding Company will be the surviving entity after the merger is completed. Farstan's shareholders are Dr. Robert Farrell and Kenneth J. Stann, the president and chief financial officer of SVSMC, respectively.

(c) *Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). No affiliate need be identified if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership), primary business (e.g. holding company, insurance agency, manufacturer) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.*

Farstan's shareholders are Dr. Robert Farrell and Kenneth J. Stann. As noted above, SVS Vision Holding Company will be the surviving entity after the merger is completed. As a result of the merger, SVS Vision Holding Company's shareholders will be Dr. Robert Farrell and Kenneth J. Stann. Charts showing the pre-merger organizational structure, effect of the merger transaction, and the post-merger organizational structure are attached as Exhibit 2(c).

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

State the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who

perform or will perform functions appropriate to those positions), or owners of 10% or more of the voting securities of the applicant, and, 3) in all instances where individuals will be the direct or indirect source of funding for the acquisition:

- (a) Name and business address;
- (b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;
- (c) All occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.
- (d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.
- (e) Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249a for state, multi-state, and federal criminal history record checks.

NAIC biographical affidavits for Dr. Robert Farrell and Kenneth J. Stann are attached hereto as Exhibit 3, along with a statement from Kenneth Stann affirming that the information set forth in his affidavit, originally dated August 2, 2004, remains accurate as of the date of the filing of this Form A.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. Describe any transaction where funds were or are to be obtained for such purpose, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or controlling affiliates. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

The aggregate purchase price to be paid by Farstan is Nine Million Two Hundred Thousand Dollars (\$9,200,000), plus the amount of accrued and unpaid interest on the Convertible Subordinated Promissory Note dated March 30, 2000, issued by SVS Vision Holding Company to PENMAN (the "PENMAN Note"), if any, less any amounts paid prior to the closing by SVS Vision Holding Company to redeem shares of its preferred stock, to prepay the PENMAN Note, or declare and pay a dividend to its stockholders, up to One Million Dollars (\$1,000,000), and less the balance of the principal and accrued interest on the PENMAN Note, and less certain enumerated expenses related to the merger transaction and closing of the same, and less a retention bonus of Two Hundred Eighty-Two Thousand Seven Hundred Fifty Dollars (\$282,750) to be paid to Dr. Robert Farrell and Kenneth Stann at closing (resulting in the "Merger Purchase Price").

As of the Effective Time, SVS Vision Holding Company will hold all of the issued and outstanding shares of SVS Vision Holding II Company, which in turn will hold all of the issued and outstanding shares of SVSMC and its affiliate, SVS Vision, Inc.

At the Effective Time, by virtue of the merger, each issued and outstanding share of SVS Vision Holding Company's preferred stock will be converted to the right to receive One Thousand Dollars (\$1,000) per share plus accrued but unpaid dividends thereon, up to an aggregate amount not exceeding the Merger Purchase Price. At the Effective Time, by virtue of the merger, each issued and outstanding share of SVS Vision Holding Company's Series A Common Stock will be converted to the right to receive the lesser of: (A) One Thousand Dollars (\$1,000) per share; and (B) the quotient, if a positive number of (1) the (i) Merger Purchase Price, minus (ii) the product of the total number of shares of SVS Vision Holding Company's preferred stock issued and outstanding immediately before the Effective Time multiplied by the per share consideration paid for SVS Vision Holding Company's preferred stock, divided by (2) the number of shares of SVS Vision Holding Company's Series A Common Stock issued and outstanding immediately prior to the Effective Time. Each share of SVS Vision Holding Company's Non-Series A Common Stock will be canceled without consideration being paid therefor.

At the Effective Time, each share of SVS Vision Holding Company's preferred stock, Series A Common Stock, and Non-Series A Common Stock issued and outstanding immediately prior to the Effective Time will be canceled and thereafter cease to exist, as will all treasury shares held by SVS Vision Holding Company immediately prior to the Effective Time. At the Effective Time, all rights, options, and other rights, however evidenced, arising, or created to acquire or purchase shares of SVS Vision Holding Company's preferred or common stock shall be terminated.

At the closing, Farstan shall pay the balance of the principal and accrued interest of the PENMAN Note, shall pay certain enumerated expenses related to the merger transaction and closing of the same, and shall pay the per share price set forth above in exchange for the surrender of the certificates representing such shares, in accordance with Section 2.5 of the Merger Agreement.

Farstan will obtain the necessary funds to pay the Merger Purchase Price through a line of credit and term note with JPMorgan Chase & Co. A copy of a commitment dated January 8, 2007, is attached hereto as Exhibit 4(a) (the "Commitment"). As set forth in the Commitment, the line of credit will be in the initial amount of Three Million Dollars (\$3,000,000), and the term note will be in the principal amount of Five Million Dollars (\$5,000,000), amortized over forty-two (42) months. Both the line of credit and the term note will be personally guaranteed by Dr. Robert Farrell and Kenneth Stann, and further guaranteed by Farstan Investments I, LLC, and Farstan Investments II, LLC, and secured by all assets of SVS Vision Holding Company, Farstan Investments I, LLC, and Farstan Investments II, LLC. Dr. Robert Farrell and Kenneth Stann are the members of Farstan Investments I, LLC, and Farstan Investments II, LLC, which own certain real property upon which SVSMC and SVS Vision, Inc., offices and operations are located.

(b) *Explain the criteria used in determining the nature and amount of such consideration.*

The aggregate consideration to be paid by Farstan was a negotiated, arms-length purchase price agreed to after due negotiations between the parties to the Merger Agreement, and has not been specifically allocated as between or among SVSMC and the other operating unit subsidiaries of SVS Vision Holding Company. The purchase price was based on a multiple of 3.83 of the projected earnings before interest, taxes, depreciation and amortization (EBITDA) of \$2,400,000.00 of SVSMC for the fiscal year ending December 31, 2007.

(c) *If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.*

Farstan specifically requests that the identity of the lender and the terms of financing set forth in Item 4(a) be kept confidential to the fullest extent permitted.

ITEM 5. FUTURE PLANS FOR INSURER

- (a) *Describe any plans or proposals which the applicant may have for the insurer to declare a dividend, (whether or not extraordinary), to liquidate the insurer, to sell its assets, to merge it with any person or persons, or to make any other material change in its business operations or corporate structure or management.*

It is anticipated that SVSMC will pay a dividend of One Million Dollars (\$1,000,000) in March of 2007. Approval of the dividend was requested on October 16, 2006, and approval was received from the received from the State of Michigan Office of Financial and Insurance Services on November 9, 2006. Such dividend will be noted as a liability on SVSMC's year-end financial statements. At this time, Farstan does not anticipate any material change in SVSMC's business operations or corporate structure or management post-merger.

- (b) *Provide a 5 year business plan which describes the types of business to be written by the insurer, marketing plan, projected direct, assumed, ceded, and net written premiums by line, pro-forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing, and type of capital contributions (if any), proposed changes to the insurer's executive officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.*

SVSMC presently provides vision care services on a capitated basis to various plan sponsors. Sterling Vision, SVSMC's predecessor, was granted a license by the State of Michigan as a for-profit Alternative Healthcare Financing Delivery System under Public Act 368 of 1978, as amended. SVSMC contracts through affiliated providers to deliver the contracted vision care services. Post-merger, SVSMC anticipates selling the same plan design that has been in place since inception of the license. As market demand dictates, any future plan design changes will be filed and reviewed with the Insurance Department of the State of Michigan prior to implementation.

With respect to marketing plans, SVSMC will continue to focus marketing resources towards educating Michigan employers and members about SVSMC. Special emphasis will be placed on SVSMC's high quality assurance and product standards. The fact that SVSMC is a locally based employer with ties to the community will also be emphasized.

Attached as Exhibit 5(b) are five (5) year financial projections, including projected direct, assumed, ceded, and net written premiums by line, pro-forma statutory balance sheets and income statements, and risk-based capital calculations, taking into account the anticipated dividend referenced above.

SVSMC's executive management currently consists of Dr. Robert Farrell, William Miller, and Kenneth Stann. SVSMC's current directors are Dr. Robert Farrell and John Dougherty. It is not anticipated that there will be any changes to the executive management or the board of directors of SVSMC as a result of the merger.

SVSMC intends to continue to comply with its obligations under Michigan law by maintaining a complete copy of all books and records of the company at its main corporate office, located in Mt. Clemens, Michigan.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

SVSMC currently has 5,000 authorized shares of common stock, of which 100 shares are currently issued and outstanding. All 100 issued and outstanding shares of SVSMC's common stock are held by SVS Vision Holding II Company, and will continue to be so held after the merger is completed.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

None, except as will be acquired under the Merger Agreement. SVSMC currently has 5,000 authorized shares of common stock, of which 100 shares are currently issued and outstanding. All 100 issued and outstanding shares of SVSMC's common stock are held by SVS Vision Holding II Company, and will continue to be so held after the merger is completed.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understanding have been entered into.

None, except as specifically detailed in Item 4(a) above with respect to the conversion and cancellation of the preferred and common stock of SVS Vision Holding Company as a result of the merger.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

None.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

None.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

None.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) *Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.*
- (b) *The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to be the ultimate controlling persons, for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statement. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.*

The annual financial statements of the applicant corporate entity shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial positions of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

Farstan was incorporated on December 11, 2006, for the sole purpose of being merged with SVS Vision Holding Company pursuant to the Merger Agreement. As such, no such financial statements are available. ✓

- (c) *File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory, managing general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required Form A forms and instructions Section 4 and 6.*

None.

[The remainder of this page is intentionally blank – Item 13, Signature and Certification, appears on the next page.]

ITEM 13. SIGNATURE AND CERTIFICATION


Signature and certification required as follows:

SIGNATURE

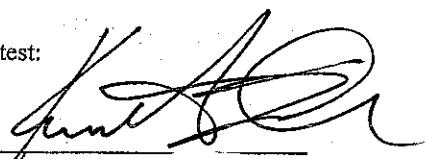
Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, Farstan Investment Corporation has caused this application to be duly signed on its behalf in the City of Mt. Clemens, and State of Michigan on the 8 day of January, 2007.

FARSTAN INVESTMENT CORPORATION

BY

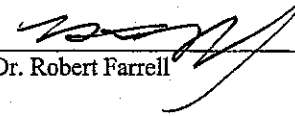

Dr. Robert Farrell, President

Attest:


Kenneth Stann, Executive Vice President

CERTIFICATION

The undersigned deposes and says that she or he has duly executed the attached application dated January 8, 2007, for and on behalf of Farstan Investment Corporation; that she or he is the President of such company and that she or he is authorized to execute and file such instrument. Deponent further says that she or he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his or her knowledge, information and belief.


Dr. Robert Farrell