

---

---

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**AMENDMENT NO. 2 to  
SCHEDULE TO  
(Rule 13e-4)**

---

**TENDER OFFER STATEMENT  
Under Section 14(d)(1) or 13(e)(1) of the  
Securities Exchange Act of 1934**

---

**MICROVISION, INC.**  
(Name of Subject Company (Issuer) and Filing Person (Offeror))

**Certain Options to Purchase Common Stock, No Par Value,  
Having an Exercise Price of Greater than \$10.00 or Expiring on or before May 30, 2003**  
(Title of Class of Securities)

N/A\*  
(CUSIP Number of Class of Securities)

**Thomas Walker  
Vice President, General Counsel  
Microvision, Inc.  
19910 North Creek Parkway  
Bothell, WA 98011-3008  
(425) 415-6847 (telephone)  
(425) 481-1625 (facsimile)**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications  
on Behalf of the Filing Person)

*Copy to:*  
**Christopher J. Voss**  
Stoel Rives LLP  
One Union Square, 36<sup>th</sup> Floor, Seattle, WA 98101-3197  
(206) 624-0900 (telephone)  
(206) 386-7500 (facsimile)

---

**CALCULATION OF FILING FEE**

---

<b>Transaction Valuation:</b>	<b>Amount of Filing Fee:</b>
\$4,426,691**	\$885.34

---

\* There is no trading market or CUSIP Number for the options. The CUSIP Number for the underlying common stock is 594960106.

\*\* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 3,854,519 shares of common stock of Microvision, Inc. having an aggregate value of \$4,426,691 as of October 28, 2002 will be exchanged pursuant to this offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model. The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals 1/50<sup>th</sup> of one percent of the value of the transaction.

Check box if any part of the fee is offset as provided by Rule 0-11a2 and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$885.34

Form or Registration No.: Schedule TO (File No. 005-50198)

applicable.

Filing Party: Microvision, Inc.

Date Filed: November 1, 2002

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

Third-party tender offer subject to Rule 14d-1.

Issuer tender offer subject to Rule 13e-4.

Going-private transaction subject to Rule 13e-3.

Amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

---

---

**Item 1. Summary Term Sheet.**

The information set forth under "Summary Term Sheet" in the Offer to Exchange, dated November 1, 2002 (the "Offer to Exchange"), previously filed as Exhibit (a)(1), is incorporated herein by reference.

**Item 2. Subject Company Information.**

(a) The name of the issuer is Microvision, Inc., a Washington corporation ("Microvision" or the "Company"). The address of its principal executive office is 19910 North Creek Parkway, Bothell, Washington 98011-3008 and the telephone number is (425) 415-6847. The information set forth in the Offer to Exchange under Section 9 ("Information Concerning Microvision") is incorporated herein by reference.

(b) This Tender Offer Statement on Schedule TO relates to an offer by the Company to exchange certain options currently outstanding under the Company's 1993 Stock Option Plan (the "1993 Plan") and 1996 Stock Option Plan (the "1996 Plan" and, collectively with the 1993 Plan, the "Plans"), and certain options granted outside the Plans (the "Non-Plan Grants"), to purchase an aggregate of 3,854,519 shares of the Company's common stock, no par value, granted to employees of the Company or its subsidiary Lumera Corporation ("Lumera") that (i) have exercise prices of greater than \$10.00 per share, but excluding options granted as part of the Company's special ongoing option grant made on October 24, 2001 with an exercise price of \$15.00 per share, or (ii) were granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003 (collectively, the "Eligible Options"), for new options that will be granted under the 1996 Plan, except that the Non-Plan Grants may be exchanged for options granted outside the 1996 Plan (collectively, the "New Options"). Holders of Eligible Options who received option grants on or after May 1, 2002, must exchange those options in full to participate in this offer and such options are included in the aggregate of 3,854,519 options eligible to be exchanged. The offer is made on the terms and subject to the conditions set forth under "The Offer" and "Summary Term Sheet" in the Offer to Exchange and in the related Option Exchange Election Form. Employees are eligible to participate in the offer if they are employees of the Company or Lumera as of November 1, 2002 and remain employees through the date on which the New Options are granted.

(c) The information set forth in the Offer to Exchange under Section 7 ("Price Range of Common Stock Underlying the Options") is incorporated herein by reference.

**Item 3. Identity and Background of Filing Person.**

(a) The filing person is the issuer. The information set forth under Item 2(a) above and in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

**Item 4. Terms of the Transaction.**

(a) The information set forth in the Offer to Exchange under "Summary Term Sheet," "Introduction," Section 1 ("Number of Options; Expiration Date"), Section 3 ("Procedures for Electing to Exchange Options"), Section 4 ("Withdrawal Rights"), Section 5 ("Acceptance of Options for Exchange and Issuance of New Options"), Section 6 ("Conditions of the Offer"), Section 8 ("Source and Amount of Consideration; Terms of New Options"), Section 11 ("Status of Options Acquired by us in the Offer; Accounting Consequences of the Offer"), Section 12 ("Legal Matters; Regulatory Approvals"), Section 13 ("Material Federal Income Tax Consequences") and Section 14 ("Extension of Offer; Termination; Amendment") is incorporated herein by reference.

2

---

(b) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

**Item 5. Past Contacts, Transactions, Negotiations and Arrangements.**

(e) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference. The 1993 Plan previously filed as Exhibit (d)(1), the form of option agreement under the 1993 Plan previously filed as Exhibit (d)(2), the 1996 Plan attached hereto as Exhibit (d)(3), the form of non-qualified option agreement under the 1996 Plan previously filed as Exhibit (d)(4), the form of incentive stock option agreement under the 1996 Plan previously filed as Exhibit (d)(5) and the form of option agreement for options granted outside the Plans previously filed as Exhibit (d)(6) contain information regarding the subject securities and are incorporated herein by reference.

**Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) The information set forth in the Offer to Exchange under Section 2 ("Purpose of the Offer") is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 5 ("Acceptance of Options for Exchange and Issuance of New Options") and Section 11 ("Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer") is incorporated herein by reference.

(c) The information set forth in the Offer to Exchange under Section 2 ("Purpose of the Offer") is incorporated herein by reference.

**Item 7. Source and Amount of Funds or Other Consideration.**

(a) The information set forth in the Offer to Exchange under Section 8 ("Source and Amount of Consideration; Terms of New Options") and Section 15 ("Fees and Expenses") is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 6 ("Conditions of the Offer") is incorporated herein by reference.

(d) Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

(a) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

**Item 9. Person/Assets, Retained, Employed, Compensated**

(a) Not applicable.

3

**Item 10. Financial Statements.**

(a) The information set forth in the Offer to Exchange under Section 9 ("Information Concerning Microvision") and Section 16 ("Additional Information"), and in the Company's (i) Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Securities and Exchange Commission on April 1, 2002; (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed with the Securities and Exchange Commission on May 13, 2002 and amended on May 13, 2002; (iii) Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed with the Securities and Exchange Commission on August 14, 2002; and (iv) Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, filed with the Securities and Exchange Commission on November 14, 2002, which contain the Company's financial statements, are incorporated herein by reference. A copy of the Annual Report on Form 10-K and the Quarterly Reports on Form 10-Q can be accessed electronically on the Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov).

(b) Not applicable.

**Item 11. Additional Information.**

(a) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") and Section 12 ("Legal Matters; Regulatory Approvals") is incorporated herein by reference.

(b) Not applicable.

4

**Item 12. Exhibits.**

Exhibit Number	Description
(a)(1)	Offer to Exchange, dated November 27, 2002.
(a)(2)	Form of Option Exchange Election Form.
(a)(3)	The Company's annual report on Form 10-K for the year ended December 31, 2001, filed with the Securities and Exchange Commission on April 1, 2002 and incorporated herein by reference.
(a)(4)	The Company's quarterly report on Form 10-Q for the quarter ended June 30, 2002, filed with the Securities and Exchange Commission on August 14, 2002 and incorporated herein by reference.
(a)(5)	The Company's quarterly report on Form 10-Q for the quarter ended March 31, 2002, filed with the Securities and Exchange Commission on May 13, 2002 and amended on May 13, 2002 and incorporated herein by reference.
(a)(6)	Press Release dated November 1, 2002.*
(a)(7)	Form of Letter to Eligible Option Holders.*
(a)(8)	Form of Option Exchange Worksheet.
(a)(9)	Powerpoint presentation to eligible option holders.
(a)(10)	Form of Acceptance to Optionees Electing to Participate.
(a)(11)	Form of Letter to Eligible Option Holders.
(a)(12)	Form of Notice of Invalid Election.
(a)(13)	The Company's quarterly report on Form 10-Q for the quarter ended September 30, 2002, filed with the Securities and Exchange Commission on November 14, 2002 and incorporated herein by reference.
(b)	Not applicable.
(d)(1)	Microvision, Inc. 1993 Stock Option Plan, as amended, previously filed as an exhibit to the Company's Registration Statement on Form SB-2, Registration No. 333-5276-LA and incorporated herein by reference.
(d)(2)	Form of Option Agreement issued pursuant to the Microvision, Inc. 1993 Stock Option Plan.*
(d)(3)	Microvision, Inc. 1996 Stock Option Plan, as amended.
(d)(4)	Form of Non-Qualified Option Agreement issued pursuant to the Microvision, Inc. 1996 Stock Option Plan.*
(d)(5)	Form of Incentive Stock Option Agreement issued pursuant to the Microvision, Inc. 1996 Stock Option Plan.*

- (d)(6) Form of Option Agreement for options granted outside of the Plans. \*
- (g) Not applicable.
- (h) Not applicable.

\* Filed previously.

**Item 13. Information Required by Schedule 13E-3.**

- (a) Not applicable.

5

**SIGNATURE**

After due 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: November 27, 2002

MICROVISION, INC.

By /s/ RICHARD F. RUTKOWSKI

Richard F. Rutkowski  
Chief Executive Officer

6

**EXHIBIT INDEX**

Exhibit Number	Description
(a)(1)	Offer to Exchange, dated November 27, 2002.
(a)(2)	Form of Option Exchange Election Form.
(a)(3)	The Company's annual report on Form 10-K for the year ended December 31, 2001, filed with the Securities and Exchange Commission on April 1, 2002 and incorporated herein by reference.
(a)(4)	The Company's quarterly report on Form 10-Q for the quarter ended June 30, 2002, filed with the Securities and Exchange Commission on August 14, 2002 and incorporated herein by reference.
(a)(5)	The Company's quarterly report on Form 10-Q for the quarter ended March 31, 2002, filed with the Securities and Exchange Commission on May 13, 2002 and amended on May 13, 2002 and incorporated herein by reference.
(a)(6)	Press Release dated November 1, 2002.*
(a)(7)	Form of Letter to Eligible Option Holders.*
(a)(8)	Form of Option Exchange Worksheet.
(a)(9)	Powerpoint presentation to eligible option holders.
(a)(10)	Form of Acceptance to Optionees Electing to Participate.
(a)(11)	Form of Letter to Eligible Option Holders.
(a)(12)	Form of Notice of Invalid Election.
(a)(13)	The Company's quarterly report on Form 10-Q for the quarter ended September 30, 2002, filed with the Securities and Exchange Commission on November 14, 2002 and incorporated herein by reference.
(d)(1)	Microvision, Inc. 1993 Stock Option Plan, as amended, previously filed as an exhibit to the Company's Registration Statement on Form SB-2, Registration No. 333-5276-LA and incorporated herein by reference.
(d)(2)	Form of Option Agreement issued pursuant to the Microvision, Inc., 1993 Stock Option Plan.*
(d)(3)	Microvision, Inc. 1996 Stock Option Plan, as amended.
(d)(4)	Form of Non-Qualified Option Agreement issued pursuant to the Microvision, Inc. 1996 Stock Option Plan.*
(d)(5)	Form of Incentive Stock Option Agreement issued pursuant to the Microvision, Inc. 1996 Stock Option Plan.*
(d)(6)	Form of Option Agreement for options granted outside of the Plans.*

\* Filed previously.

QuickLinks

[SIGNATURE](#)  
[EXHIBIT INDEX](#)

**MICROVISION, INC.**

**OFFER TO EXCHANGE CERTAIN OUTSTANDING OPTIONS TO PURCHASE  
COMMON STOCK GRANTED BY MICROVISION, INC. HAVING AN EXERCISE PRICE PER SHARE GREATER THAN \$10.00 OR EXPIRING ON OR  
BEFORE MAY 30, 2003 FOR NEW OPTIONS TO BE GRANTED NO SOONER THAN SIX MONTHS AND ONE DAY FROM THE CANCELLATION OF  
TENDERED OPTIONS (THE "OFFER TO EXCHANGE")**

**THIS OFFER TO EXCHANGE AND THE WITHDRAWAL RIGHTS DESCRIBED HEREIN EXPIRE AT 5:00 P.M., PACIFIC TIME, ON DECEMBER 9, 2002,  
UNLESS THE OFFER IS EXTENDED.**

Microvision, Inc. ("Microvision" or the "Company") is offering option holders who are current employees or employees of its subsidiary, Lumera Corporation ("Lumera"), the opportunity to exchange all or a portion of each "eligible option" granted by Microvision under its 1993 Stock Option Plan (the "1993 Plan") or 1996 Stock Option Plan (the "1996 Plan" and, collectively with the 1993 Plan, the "Plans"), or granted outside the Plans (the "Non-Plan Grants"), for "new options" to purchase shares of our common stock that we will grant under the 1996 Plan, except that the Non-Plan Grants may be exchanged for options granted outside the 1996 Plan. An "eligible option" is an option to purchase common stock of Microvision granted under either of the Plans or in the Non-Plan Grants that (i) has an exercise price greater than \$10.00 per share, excluding options granted as part of the Company's special ongoing option grant made on October 24, 2001 with an exercise price of \$15.00 per share, or (ii) was granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003 ("Expiring Options"). We are making this offer upon the terms and subject to the conditions set forth in this Offer to Exchange and in the Option Exchange Election Form attached hereto (which together, as they may be amended or supplemented from time to time, constitute the "Offer").

If you elect to exchange options as described in the Offer and if your tender of options is accepted by the Company, we will grant you new options pursuant to a new option agreement. We will grant the new options not sooner than six months and one day after the date we cancel the options accepted for exchange. We expect that the grant date of the new options will be on or about June 11, 2003. For each eligible option or portion of an eligible option tendered by you and accepted and cancelled by us, we will grant to you a new option exercisable for the number of shares equal to the number of shares that were subject to the cancelled option multiplied by an exchange ratio, determined according to the exercise price of the cancelled option, as follows:

Exercise Price Ranges*	Exchange Ratio	
	CEO, President and CFO	All Other Employees
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\* All Expiring Options will have an exchange ratio of 1.00.

The exercise price of the new options will be equal to the greater of (i) the closing price of our common stock on the Nasdaq National Market on the day of the grant date of the new options or (ii) \$7.00 per share. We cannot assure you as to the price of our common stock on the grant date for

the new options or at any time in the future because the market price for our stock may fluctuate significantly.

Each new option issued upon exchange of an Expiring Option will be fully vested upon grant. All other new options will vest such that two-thirds of the option will vest on the same schedule as the cancelled option and one-sixth will vest on each of the first and second anniversary of the grant date; provided, however, that (i) no shares issuable under a new option will vest earlier than they would have vested under the cancelled option and (ii) no shares issuable under a new option granted to a non-exempt employee will vest earlier than six months after the grant of the new options.

Each tendered option or portion of an option accepted by us through the Offer will be cancelled promptly after 5:00 p.m., Pacific Time, on the date the Offer ends. The Offer is currently scheduled to expire on December 9, 2002 and we expect to cancel options on December 10, 2002.

The Offer is subject to conditions that we describe in Section 6 of this Offer to Exchange. The Offer is not conditioned on a minimum number of options being tendered. You may participate in the Offer if you are an eligible employee of Microvision or Lumera and participation is completely voluntary. If you participate in the Offer, however, you must tender for exchange in full any option granted to you on or after May 1, 2002. In order to receive a new option pursuant to this Offer, you must continue to be an employee of Microvision or Lumera as of the date on which the new options are granted, which will be not sooner than six months and one day after the date the options are cancelled.

IF YOUR EMPLOYMENT WITH US OR LUMERA TERMINATES FOR ANY REASON, INCLUDING DEATH OR DISABILITY, PRIOR TO THE GRANT OF A NEW OPTION, YOU WILL RECEIVE NEITHER A NEW OPTION NOR THE RETURN OF YOUR CANCELLED OPTION.

ALTHOUGH OUR BOARD OF DIRECTORS HAS APPROVED THIS OFFER, WE MAKE NO RECOMMENDATION AS TO WHETHER YOU SHOULD EXCHANGE OR REFRAIN FROM EXCHANGING YOUR OPTIONS. YOU MUST MAKE YOUR OWN DECISION WHETHER TO ELECT TO EXCHANGE YOUR OPTIONS BASED ON YOUR INDIVIDUAL SITUATION.

NOTHING IN THIS DOCUMENT SHALL BE CONSTRUED TO GIVE ANY PERSON THE RIGHT TO REMAIN EMPLOYED BY MICROVISION OR LUMERA OR TO AFFECT OUR RIGHT OR LUMERA'S RIGHT TO TERMINATE THE EMPLOYMENT OF ANY PERSON AT ANY TIME WITH OR WITHOUT CAUSE TO THE EXTENT PERMITTED UNDER LAW. NOTHING IN THIS DOCUMENT SHOULD BE CONSIDERED A CONTRACT OR GUARANTEE OF WAGES OR COMPENSATION. IF YOU ARE EMPLOYED ON AN "AT-WILL" BASIS, THIS OFFER DOES NOT CHANGE THE "AT-WILL" NATURE OF YOUR EMPLOYMENT, AND YOUR EMPLOYMENT MAY BE TERMINATED BY US, LUMERA OR YOU AT ANY TIME, INCLUDING PRIOR TO THE GRANT DATE OF THE NEW OPTIONS, FOR ANY REASON, WITH OR WITHOUT CAUSE.

Shares of our common stock are quoted on the Nasdaq National Market under the symbol MVIS. On October 28, 2002, the closing price of our common stock on the Nasdaq National Market was \$4.60 per share and at the time of this offer, all eligible options, including the Expiring Options, had exercise prices greater than the market price of our common stock. We recommend that you obtain current and historical market quotations for our common stock before deciding whether to elect to exchange your options. We make no prediction as to the likely stock price on the day on which new options will be granted.

You should direct questions about this Offer or requests for assistance or for additional copies of the Offer to Exchange or the Option Exchange Election Form to Thomas Walker, Vice President, General Counsel, Microvision, Inc., by e-mail at [Tom\\_Walker@mvis.com](mailto:Tom_Walker@mvis.com), or by telephone at (425) 415-6847.

2

---

### IMPORTANT

To elect to exchange your options pursuant to the Offer, you must properly complete, duly execute and deliver to us the Option Exchange Election Form, or a facsimile thereof, in accordance with the terms of the Election Form. We must receive the Option Exchange Election Form before 5:00 p.m. Pacific Time on December 9, 2002. You must deliver your Option Exchange Election Form by personal delivery, by fax at (425) 481-1625 or by mail to the Microvision Options Desk, Microvision, Inc., 19910 North Creek Parkway, Bothell, WA 98011-3008.

We are not aware of any jurisdiction where the making of the Offer violates applicable law. If we become aware of any jurisdiction where the making of the Offer violates applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the Offer will not be made to, nor will elections to exchange options be accepted from or on behalf of, the option holders residing in such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should elect to exchange or refrain from exchanging your options pursuant to the Offer. You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the Offer other than the information and representations contained in this document or in the accompanying Option Exchange Election Form. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us.

3

---

### TABLE OF CONTENTS

	Page
SUMMARY TERM SHEET	5
INTRODUCTION	16
THE OFFER	16
1. Number of Options; Expiration Date	16
2. Purpose of the Offer	17
3. Procedures for Electing to Exchange Options	19
4. Withdrawal Rights	19
5. Acceptance of Options for Exchange and Issuance of New Options	20
6. Conditions of the Offer	22
7. Price Range of Common Stock Underlying the Options	23
8. Source and Amount of Consideration; Terms of New Options	24
9. Information Concerning Microvision	25
10. Interests of Directors and Officers; Transactions and Arrangements Concerning the Options	26
11. Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer	27
12. Legal Matters; Regulatory Approvals	28
13. Material U.S. Federal Income Tax Consequences	29
14. Extension of Offer; Termination; Amendment	30
15. Fees and Expenses	31
16. Additional Information	32
17. Miscellaneous	33

4

---

### SUMMARY TERM SHEET

The following section answers some of the questions that you may have about this Offer. However, it is only a summary, and you should read carefully the remainder of this Offer to Exchange and the accompanying Option Exchange Election Form because the information in this summary is not complete and because additional important information is contained in the remainder of this Offer to Exchange and the Option Exchange Election Form.

#### *General Questions About the Offer*

#### **1. WHAT SECURITIES ARE WE OFFERING TO EXCHANGE?**

We are offering to exchange all eligible options. An "eligible option" is an option granted under either of the Plans or in the Non-Plan Grants that (i) has an exercise price greater than \$10.00 per share, excluding those options granted as part of the Company's special ongoing option grant made on October 24, 2001 with an exercise price of \$15.00 per share, or (ii) was granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003. If you choose to participate by exchanging all or a portion of an eligible option, you also must exchange in full any stock option granted to you on or after May 1, 2002. The eligible options, including all options granted on or after May 1, 2002 to eligible participants, cover a total of 3,854,519 shares of our common stock, were granted from October 1, 1995 to May 7, 2002, have exercise prices ranging from \$6.40 to \$61.13, and are held by approximately 170 Microvision and Lumera employees. If you choose to participate, you will be ineligible to receive additional stock option grants from us until, at the earliest, June 11, 2003.

#### **2. WHY ARE WE MAKING THE OFFER TO EXCHANGE?**

We are undertaking this Offer because a considerable number of our employees and Lumera's employees have stock options, whether or not currently exercisable, with

exercise prices that are significantly greater than the current and recent trading prices for our common stock. These options were originally granted to attract, motivate and retain capable employees and we believe shareholder value is most effectively enhanced by aligning the interests of employees with those of shareholders. As a result of the extreme volatility of the stock market and a steep decline in our stock price during the past two years, we have many stock options outstanding with exercise prices significantly greater than the current market price for our common stock. Consequently, a significant number of our options are no longer effectively providing the employee motivation and retention benefits that they were intended to provide. By making this Offer to Exchange outstanding options for new options, we intend to provide you with the benefit of holding options that over time may have a greater potential to increase in value. In addition, we hope to create better performance incentives for our and Lumera's employees and thereby maximize our shareholder value.

**3. WHAT IF MY EMPLOYMENT AT MICROVISION OR LUMERA ENDS BETWEEN THE DATE MY OPTIONS ARE CANCELLED AND THE GRANT DATE OF THE NEW OPTIONS?**

Except for Richard Rutkowski, Stephen Willey, William Sydnes and Richard Raisig, each of whom has an employment agreement with us, your employment with Microvision or Lumera is on an at-will basis and nothing in this Offer modifies that. You cannot revoke your Option Exchange Election Form after 5:00 p.m. Pacific Time on December 9, 2002. Therefore, if your employment with Microvision or Lumera is terminated by you, the Company or Lumera voluntarily, involuntarily, or for any reason or for no reason, including death or disability, before your new options are granted, you will not have a right to any stock option that was previously cancelled and you will not have a right to the grant that you would have received on the grant date of the new options had you remained employed by us or Lumera. Therefore, if you are not employed by us or Lumera from the date you elect to exchange

5

---

options through the grant date of the new options, you will not receive new options in exchange for your options that have been accepted for exchange. You also will not receive any other consideration for the options that you have elected to exchange if you are not an employee of Microvision or Lumera from the date you elect to exchange the options through the grant date of the new options.

**4. WHY CAN'T MICROVISION JUST REPRICE MY OPTIONS, AS I HAVE SEEN DONE AT OTHER COMPANIES?**

In 1998, the Financial Accounting Standards Board adopted rules that have unfavorable accounting consequences for companies that reprice options. If we were to simply reprice options, we would need to record a compensation charge against earnings. The amount of this charge would be measured by the future appreciation of the stock subject to the repriced option.

**5. WHY MUST I EXCHANGE OTHER OPTIONS GRANTED TO ME IN THE LAST SIX MONTHS IF I WISH TO PARTICIPATE IN THE EXCHANGE?**

Under the applicable accounting rules, any option granted within six months prior to the cancellation of an eligible option will be subject to unfavorable accounting treatment. Accordingly, to avoid the unfavorable accounting treatment, we must require that, as a condition to participation in the exchange of eligible options, a participant must exchange in full any options granted on or after May 1, 2002. All new options will have a vesting schedule and term based on the grant date of the new options, which is expected to be on or about June 11, 2003. If you do not want to exchange and cancel an option granted in the last six months, you should not elect to participate in the Offer to Exchange.

**6. AS A NON-EXEMPT EMPLOYEE, WHY DO I HAVE TO WAIT UNTIL SIX MONTHS AFTER THE GRANT DATE TO EXERCISE MY NEW OPTIONS?**

Pursuant to recent changes to the Fair Labor Standards Act and its implementing regulations, if options granted to a non-exempt employee are not exercisable within six months of the grant date, then any income resulting from such exercise need not be included in the employee's regular rate of pay for purposes of calculating overtime payments. Under recent administrative interpretations to the Fair Labor Standards Act, granting options to non-exempt employees that are exercisable within six months could result in the obligation to make overtime payments that significantly exceed budgeted forecasts. Accordingly, we have implemented this restriction so that we may properly forecast and prudently manage our general and administrative costs. Non-exempt employees should be aware that the practical effect of the six month restriction on the exercise of the employee's new options is that the employee will not be able to exercise the new options for at least one year after the expiration of the Offer.

**7. AM I ELIGIBLE TO RECEIVE FUTURE GRANTS DURING THE FOLLOWING SIX-MONTH PERIOD IF I PARTICIPATE IN THIS EXCHANGE?**

No. Because of unfavorable accounting consequences to the Company, participants in this Offer to Exchange are ineligible to receive any additional stock option grants until after the grant date of the new options.

**8. WOULDN'T IT BE EASIER TO JUST QUIT MICROVISION OR LUMERA AND THEN GET REHIRED?**

This is not an available alternative because, under the applicable accounting rules, a rehire and resulting re-grant within six months of the option cancellation date would be treated the same as a repricing. Such a repricing would be subject to an unfavorable accounting charge against our earnings.

6

---

**9. WHO IS ELIGIBLE TO PARTICIPATE?**

Employees are eligible to participate if they are employees of Microvision or Lumera as of the date the Offer commences and the date on which the tendered options are cancelled. In order to receive a new option, you must remain an employee of Microvision or Lumera through the date the new options are granted, which will be not sooner than six months and one day after the cancellation date of the tendered options. If the Offer is not extended, we expect to grant the new options on or about June 11, 2003.

**10. DOES THE OFFER TO EXCHANGE EXTEND TO ALL OF MICROVISION'S OUTSTANDING OPTIONS?**

No. The Offer to Exchange extends only to current employees of Microvision or Lumera who were granted options under either of the Plans or in the Non-Plan Grants which (i) have an exercise price greater than \$10.00, excluding those options granted as part of the Company's special ongoing option grant on October 24, 2001 with an exercise price of \$15.00 per share or (ii) were granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003.

**11. HOW DOES THE EXCHANGE WORK?**

The Offer to Exchange will require an eligible option holder of an eligible option to make a voluntary election to cancel all or a portion of the eligible option prior to 5:00 p.m. December 9, 2002 (unless the Offer is extended) in exchange for a new option. Each new option will be exercisable for the number of shares equal to the number of shares underlying the cancelled option multiplied by an exchange ratio, determined according to the cancelled option's exercise price (as described and illustrated in the response to question 24 below). If you choose to participate by exchanging all or a portion of an eligible option, you also must exchange in full any other stock option granted to you on

or after May 1, 2002. The new options will be granted not sooner than six months plus one day following the cancellation date of all options accepted for exchange. Also, if you choose to participate, you will not be eligible to receive additional stock options until, at the earliest, June 11, 2003.

## **12. WHAT DO I NEED TO DO TO PARTICIPATE IN THE OFFER TO EXCHANGE?**

To elect to exchange your options pursuant to the Offer, you must properly complete, duly execute and deliver to us the Option Exchange Election Form, or a facsimile thereof, in accordance with the terms of the Election Form. We must receive the Option Exchange Election Form before 5:00 p.m. Pacific Time on December 9, 2002. You must deliver your Option Exchange Election Form by personal delivery, by fax at (425) 481-1625 or by mail to the Microvision Options Desk, Microvision, Inc., 19910 North Creek Parkway, Bothell, WA 98011-3008.

## **13. WHAT IS THE DEADLINE TO ELECT TO EXCHANGE AND HOW DO I MAKE AN EXCHANGE ELECTION?**

The deadline to participate in this program is 5:00 p.m. Pacific Time on December 9, 2002, unless we extend the Offer. This means that we must receive your Option Exchange Election Form before that time. We may, in our discretion, extend the Offer at any time, but we cannot assure you that the Offer will be extended or, if it is extended, for how long. If we extend the Offer, we will make an announcement of the extension no later than 6:00 a.m. Pacific Time on the next business day following the previously scheduled expiration of the Offer period. If we extend the Offer beyond that time, you must deliver the Option Exchange Election Form before the extended expiration of the Offer to participate in the exchange.

We reserve the right to reject any or all options elected for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. Otherwise, we will accept properly and

7

---

timely elected options that are not validly withdrawn. Subject to our rights to extend, terminate, and amend the Offer, we currently expect that we will accept all such properly elected options promptly after the expiration of the Offer.

## **14. WHAT WILL HAPPEN IF I DO NOT TURN IN MY ELECTION FORM BY THE DEADLINE?**

If you do not turn in your properly completed Option Exchange Election Form by the deadline, then you will not participate in the option exchange, and all stock options currently held by you will remain unchanged at their original exercise price and other terms.

## **15. MAY I WITHDRAW OPTIONS THAT I PREVIOUSLY HAVE ELECTED FOR EXCHANGE?**

You may withdraw options elected for exchange at any time before 5:00 p.m., Pacific Time, on December 9, 2002. If we extend the Offer beyond that time, you may withdraw your options elected for exchange at any time until the extended expiration of the Offer. In addition, if we have not accepted your tendered options for exchange by 9:00 p.m. Pacific Time on January 2, 2003, you may withdraw your tendered options at any time after 9:00 p.m. Pacific Time on January 2, 2003. To withdraw options elected for exchange, you must deliver a written notice of withdrawal, or a facsimile thereof, with the required information, to the Microvision Options Desk, while you still have the right to withdraw the options elected for exchange. Once you have withdrawn options, you may re-elect to exchange options only by again following the election procedures described above.

## **16. IS THERE ANY TAX CONSEQUENCE TO MY PARTICIPATION IN THIS EXCHANGE?**

If you exchange your eligible options for new options, we believe you will not be required under current law to recognize income for U.S. federal income tax purposes at the time of the exchange. Further, at the grant date of the new options, you will not be required under current law to recognize income for U.S. federal income tax purposes. The grant of non-publicly traded stock options does not result in the recognition of taxable income.

We recommend that you consult with your own tax advisor to determine the state and local, federal and foreign tax consequences of electing to exchange options pursuant to the Offer.

## **17. HOW SHOULD I DECIDE WHETHER OR NOT TO PARTICIPATE?**

We understand that this will be a challenging decision for many option holders. Participation in the option exchange does carry considerable risk, and there are no guarantees of our future stock performance. So, the decision to participate must be each individual option holder's personal decision, and it will depend largely on each option holder's assumptions about the future overall economic environment, the performance of the overall market and companies in our sector, and our own business and stock price.

## **18. WHAT DOES THE COMPANY'S BOARD OF DIRECTORS RECOMMEND?**

Although our board of directors has approved this Offer, our board of directors is not making any recommendation as to whether you should elect to exchange or refrain from exchanging your option.

## **19. ARE THERE RISKS ASSOCIATED WITH PARTICIPATING IN THIS OFFER?**

Participation in the option exchange does carry considerable risk, and there are no guarantees of our future stock performance. The decision to participate must be each individual option holder's personal decision, and it will depend largely on each option holder's assumptions about the future overall economic environment, the performance of the overall market and companies in our sector, and our own business and stock price. It is possible, for example, that the stock price could increase after

8

---

the date your tendered options are cancelled, in which case your cancelled options might have been worth more than the new options you will receive in exchange for them. Another risk is that if your employment with us or Lumera terminates for any reason, including death or disability, prior to the grant of the new options, then you will receive neither a new option nor the return of your cancelled option. These examples are by no means the only risks associated with participating in the offer and you should carefully consider these and other risks before you decide to participate.

## **20. WHAT ARE THE CONDITIONS TO THE OFFER?**

The Offer is subject to a number of conditions, which are described in Section 6 of this Offer to Exchange. The Offer is not conditioned upon a minimum number of options being tendered for exchange. Participation in the Offer is completely voluntary.

### Specific Questions About the Cancelled Options

#### 21. WHICH OPTIONS CAN BE CANCELLED?

Employees of Microvision and Lumera can elect to cancel all or a portion of any options granted under either of the Plans or in the Non-Plan Grants that (i) have exercise prices greater than \$10.00, excluding those options granted as part of the Company's special ongoing option grant made on October 24, 2001 with an exercise price of \$15.00 per share, or (ii) were granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003. If you choose to participate by exchanging all or a portion of an eligible option, you also must exchange in full any other stock option granted to you on or after May 1, 2002.

#### 22. CAN I SELECT ONE PART OF AN OPTION TO CANCEL, OR CANCEL AN OPTION ONLY AS TO CERTAIN SHARES?

Except for options granted to you on or after May 1, 2002, you may elect to cancel all or any portion of an eligible option. For example, if you have an option for 4,000 shares which vests equally on January 1, 2000, 2001, 2002 and 2003, that portion of your option which vests as of each vesting date is considered a tranche. You may elect to cancel any or all these tranches in the Offer while keeping the remaining uncanceled tranches. You may also cancel only a portion of a specific tranche, while keeping the uncanceled portion. If you participate in the Offer, any options granted to you on or after May 1, 2002 must be cancelled in full.

#### 23. IF I CHOOSE TO PARTICIPATE, WHAT WILL HAPPEN TO MY OPTION THAT WILL BE CANCELLED?

If you elect to participate in the option exchange, then promptly after December 9, 2002 at 5:00 p.m. Pacific Time, or such later time to which the Offer may be extended, we will cancel each option or portion of an option that you have tendered for exchange.

### Specific Questions About the New Options

#### 24. FOR HOW MANY SHARES WILL MY NEW OPTION BE EXERCISABLE?

The number of shares for which each new option will be exercisable will be equal to the number of shares issuable upon exercise of the cancelled option multiplied by an exchange ratio, determined according to the cancelled option's exercise price as shown on the table below. In addition, the Company's Chief Executive Officer, President and Chief Financial Officer will, with respect to certain

9

options, have a lower exchange ratio than other employees. This means that the new options that they receive will be exercisable for fewer shares than a comparable option held by any other employee.

Exercise Price Ranges*	Exchange Ratio	
	CEO, President and CFO	All Other Employees
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\* All Expiring Options will have an exchange ratio of 1.00.

We will not issue any new options exercisable for fractional shares. Instead, if the exchange conversion yields a fractional number of shares, we will round up (.50 or over) or down (.49 or under) to the nearest whole number of shares with respect to each option.

To illustrate how the exchange ratios work, we will assume that you have three eligible options for 1,000 shares each. The exercise prices of these three current options are: \$13.00; \$17.00 and \$35.00 per share. Under these facts, the table below shows the number of shares subject to each new option an employee other than the Company's CEO, President or CFO would receive were they to participate in the exchange offer:

Exercise Price of Cancelled Option	Shares of Common Stock Subject to Cancelled Option	Exchange Ratio	Shares of Common Stock Subject to New Option
\$13.00	1,000	1.00	1,000
\$17.00	1,000	0.80	800
\$35.00	1,000	0.60	600
TOTAL	3,000		2,400

#### 25. WHAT WILL BE MY NEW OPTION EXERCISE PRICE?

The exercise price for the new options will be the greater of (i) the closing price of our common stock on the Nasdaq National Market on the day of the grant date of the new option or (ii) \$7.00 per share. Because we will grant new options not sooner than six months and one day after the date we cancel the options accepted for exchange, the new options may have a higher exercise price than the options you exchange. We can not assure you as to the price of our common stock on the grant date of the new options or at any time in the future as the stock price may fluctuate significantly. We recommend that you obtain current and historical market quotations for our common stock before deciding whether to elect to exchange your options.

#### 26. WILL MY NEW OPTION BE AN INCENTIVE STOCK OPTION OR NON-STATUTORY STOCK OPTION?

If you participate in this Offer, your new options will be granted as non-statutory stock options. A non-statutory stock option is an option that does not qualify as an incentive stock option under current federal income tax laws. Some differences between incentive stock options and non-statutory stock options are discussed below in Section 13 of the Offer. We recommend, however, that you consult with your own tax advisor regarding the particular tax consequences to you of receiving non-statutory stock options under the Offer.

## 27. WHAT WILL BE THE VESTING SCHEDULE OF MY NEW OPTION?

Each new option issued upon exchange of an Expiring Option will be fully vested. All other new options will vest such that two-thirds of the shares of common stock issuable upon exercise thereof will vest on the same schedule as the cancelled option, one-sixth of the shares will vest one year after the grant date of the new option and one-sixth will vest two years after the grant date of the new option; provided, however, that (i) no shares issuable under a new option will vest earlier than they would have vested under the cancelled option and (ii) no shares issuable under a new option granted to a non-exempt employee will vest earlier than six months after the grant of the new options. Some examples of the vesting schedule for new options:

### Example #1

Cancelled option: 4,000 shares, with an exercise price of \$17.00.

New option: 3,200 shares (based on an exchange ratio of 0.80 as described above).

Old vesting schedule: Cancelled option was granted on January 1, 1999 and vests so that each tranche of 1,000 shares will vest on the anniversary of the grant date over a four-year period.

January 1, 2000	1,000 shares
January 1, 2001	1,000 shares
January 1, 2002	1,000 shares
January 1, 2003	1,000 shares

Therefore, assuming that the grant date of the new option is June 11, 2003, the cancelled option would have been fully vested on the grant date.

New vesting schedule: Assuming that the grant date is June 11, 2003:

Old Option Shares	Original Vest Date	New Option Shares	Shares Vest at Grant	Shares Vest on Original Vest Date	Shares Vest One Year After Grant	Shares Vest Two Years After Grant
1,000	1/1/00	800	534	N/A	133	133
1,000	1/1/01	800	534	N/A	133	133
1,000	1/1/02	800	534	N/A	133	133
1,000	1/1/03	800	534	N/A	133	133

In this example, the cancelled option would have been fully vested, therefore two-thirds of the new option will be vested upon grant and one-sixth would vest on each of the first and second anniversary of the grant date.

Note: If the option holder in example #1 was a non-exempt employee, then the 2,136 shares which would vest on the grant date will be deferred and not vest until six months after grant. The remaining vesting schedules would be unchanged.

### Example #2

Cancelled option: 3,000 shares, with an exercise price of \$25.00.

New option: 2,100 shares (based on an exchange ratio of 0.70, as described above).

11

Old vesting schedule: Cancelled option was granted on January 1, 2002 and vests so that each tranche of 750 shares will vest on the anniversary of the grant date over a four-year period.

January 1, 2003	750 shares
January 1, 2004	750 shares
January 1, 2005	750 shares
January 1, 2006	750 shares

Therefore, assuming the grant date of the new option is June 11, 2003, 750 shares of the cancelled option would have been vested by the grant date.

New vesting schedule: Assuming that the grant date is June 11, 2003:

Old Option Shares	Original Vest Date	New Option Shares	Shares Vest at Grant	Shares Vest on Original Vest Date	Shares Vest One Year After Grant	Shares Vest Two Years After Grant
750	1/1/03	525	350	N/A	87	88
750	1/1/04	525	0	350	87	88
750	1/1/05	525	0	437	0	88
750	1/1/06	525	0	525	0	0

In this example, the first tranche had already vested, therefore two-thirds of the first tranche of the new option would vest on the grant date of the new option and one-sixth of the first tranche would vest on each of the first and second anniversary of the grant date. The remaining tranches of the cancelled option had not vested, therefore, no portion of these tranches of the new option will be vested on the grant date. Instead, for the second tranche, two-thirds will vest as originally scheduled with one-sixth vesting on each of the first and second anniversary of the grant date. For the third tranche, the two-thirds portion to be vested on the grant of the new option plus the one-sixth portion to be vested on the first anniversary of the grant date will be deferred and vest as originally scheduled under the cancelled option with the final one-sixth to vest on the second anniversary of the grant date. For the fourth tranche the vesting is deferred on the entire tranche, which will vest as originally scheduled

on January 1, 2006.

Note: If the option holder in example #2 was a non-exempt employee, then the 350 shares scheduled to vest on the grant date will be deferred and not vest until six months after grant. The vesting of the remaining shares would be unchanged.

**Example #3**

Cancelled option: 4,000 shares, with exercise price of \$13.00; however holder elects to cancel only one-half of each of the last two tranches which vest on April 1, 2005 and April 1, 2006 (each tranche is 1,000 shares).

New option: 1,000 shares (based on an exchange ratio of 1.00, as described above, with holder electing to cancel only one-half of each of the last two tranches). The holder still retains the uncanceled portion for 3,000 shares.

Old vesting schedule: Cancelled option was granted on April 1, 2002 and vests so that each tranche of 1,000 shares will vest on the anniversary of the grant date over a four-year period.

April 1, 2003	1,000 shares
April 1, 2004	1,000 shares
April 1, 2005	1,000 shares
April 1, 2006	1,000 shares

Therefore, assuming the grant date of the new option is June 11, 2003, none of the shares under the third and fourth tranches of the cancelled option will have vested by the grant date.

New vesting schedule: Assuming that the grant date is June 11, 2003:

Old Option Shares	Original Vest Date	New Option Shares	Shares Vest at Grant	Shares Vest on Original Vest Date	Shares Vest One Year After Grant	Shares Vest Two Years After Grant
1,000	4/1/03			This tranche was not cancelled		
1,000	4/1/04			This tranche was not cancelled		
500(1)	4/1/05	500	0	416	0	84
500(1)				Not cancelled		
500(2)	4/1/06	500	0	500	0	0
500(2)				Not cancelled		

- (1) Of 1,000 shares in third tranche, 500 shares are cancelled for exchange and 500 shares remain uncanceled.
- (2) Of 1,000 shares in fourth tranche, 500 shares are cancelled for exchange and 500 shares remain uncanceled.

In this example, the holder elected to keep the first two tranches and one-half of each of the third and fourth tranche, which will vest under the terms of the original grant and cancel one-half of each of the third and fourth tranche. For the cancelled half of the third tranche, the two-thirds portion to be vested on the grant of the new option plus the one-sixth portion to be vested on the first anniversary of the grant date will be deferred and vest as originally scheduled and one-sixth will vest on the second anniversary of the grant date. The vesting of the cancelled half of the fourth tranche will be deferred and vest as originally scheduled on April 1, 2006.

Note: If the option holder in example #3 was a non-exempt employee, the vesting schedule would be unchanged.

**28. WHAT WILL BE THE TERM OF MY NEW OPTION?**

The term of all new options will be ten years from the date of grant of the new options, except that all new options issued in exchange for Expiring Options will have a term of five years from the date of grant. All new options will be granted not sooner than six months and one day after the cancellation date of the exchanged options.

**29. WHAT WILL BE THE TERMS AND CONDITIONS OF MY NEW OPTION?**

Except for the exercise price, the option term, and the vesting schedule, the terms and conditions of the new options will be substantially the same as the cancelled options.

**30. WHEN WILL I RECEIVE MY NEW OPTION?**

If we cancel options elected for exchange on December 10, 2002, we expect the grant date of the new options to be on or about June 11, 2003.

**31. WHY WON'T I RECEIVE MY NEW OPTION IMMEDIATELY AFTER THE EXPIRATION DATE OF THE OFFER?**

If we were to grant the new options on any date which is earlier than six months and one day after the date we cancel the options accepted for exchange, we would be subject to unfavorable accounting treatment. We would need to record a compensation charge against earnings. The amount of this charge would be measured by the future appreciation of the stock subject to the repriced option, and would increase our net loss or decrease our net income, if any, until the option was exercised, forfeited or terminated. By deferring the grant of the new options for at least six months and one day, we believe we will avoid this unfavorable accounting treatment.

**32. HOW CAN I VIEW A SUMMARY OF MY OPTIONS?**

All employees of Microvision and Lumera will receive a summary of their eligible options and any other option granted since May 1, 2002 attached to the enclosed Option Exchange Election Form. For additional information about existing option status, employees should contact the Microvision Options Desk at (425) 415-6755 or 6629.

### **33. WHAT HAPPENS IF MICROVISION IS SUBJECT TO MERGER, ACQUISITION OR SIMILAR TRANSACTION BEFORE THE NEW OPTIONS ARE GRANTED OR VESTED?**

In the event of a merger, consolidation or plan of exchange to which the Company is a party or a sale of all or substantially all of the Company's assets, the board of directors may elect one of the following alternatives with respect to the new options: (i) outstanding options shall remain in effect in accordance with their terms; (ii) outstanding options may be converted into options to purchase stock in the surviving or acquiring corporation in the transaction; (iii) outstanding options may be exercised prior to the consummation of the transaction, at which time they will automatically expire, and the Board may accelerate the vesting of such options so that they are exercisable in full during such period; or (iv) the Board may take any other action with respect to outstanding options as it deems to be in the best interest on the Company. If such a transaction occurs, the board of directors is not obligated or required to take any of the above actions with respect to the new options.

It is possible that, prior to the grant of new options or prior to any of the new options vesting, we might effect or enter into an agreement such as a merger or other similar transaction. We reserve the right, in the event of a merger or similar transaction, to take any actions we deem necessary or appropriate to complete a transaction that our board of directors believes is in the best interest of our Company and our shareholders. This could include terminating your right to receive new options under this Offer if the merger occurs prior to the grant of such options. If we were to terminate your right to receive new options under this Offer in connection with such a transaction, eligible employees of Microvision or Lumera who have tendered options for cancellation pursuant to this Offer would not receive options to purchase securities of the acquiror or any other consideration for their tendered options. If a merger or similar agreement becomes effective after the grant of the new options but prior to the date on which they are exercisable, you will not be able to exercise any of the new options prior to the merger unless the board of directors elects to accelerate the vesting of the new options.

Additionally, a merger or a similar transaction could have substantial effects on our stock price, including potentially substantial appreciation in the price of our common stock. Depending on the structure of such a transaction, tendering option holders might be deprived of any further price appreciation in the common stock associated with the new options. For example, if our stock was acquired in a cash merger, the fair market value of our stock, and hence the price at which we grant the new options, would likely be a price at or near the cash price being paid for the common stock in the transaction. As a result of such a transaction, it is possible that the exercise price of the new options may be more than you might otherwise anticipate. In addition, in the event of an acquisition of

14

---

our company for stock, tendering option holders might receive options to purchase shares of a different company.

### **34. AFTER THE GRANT OF MY NEW OPTIONS, WHAT HAPPENS IF I AGAIN END UP "UNDERWATER"?**

We are conducting this Offer only at this time, considering the unusual stock market conditions that have affected many companies throughout the country. We do not have any plans to conduct another option exchange or similar action and this is therefore considered a one-time offer. As most of the Company's stock options are valid for ten years from the date of initial grant, subject to continued employment with us or Lumera, the price of our common stock may appreciate over the long term even if your options are underwater for some period of time after the grant date of the new options. However, we can provide no assurance as to the price of our common stock on the grant date and at any time in the future as the stock price may fluctuate significantly, and your options could again be underwater.

15

---

## **INTRODUCTION**

The Company is offering option holders who are current employees of the Company or Lumera the opportunity to exchange all or a portion of each eligible stock option for new options that we will grant in the future. An eligible option is an option granted under either of the Plans or in the Non-Plan Grants that either (i) has an exercise price greater than \$10.00 per share, excluding options granted as part of the Company's special ongoing option grant made on October 24, 2001 with an exercise price of \$15.00 per share or (ii) was granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003. If you choose to participate by exchanging all or a portion of an eligible option, you also must exchange in full any other stock option granted to you on or after May 1, 2002. If you accept the Offer, we cannot grant you any additional stock options until, at the earliest, June 11, 2003. If you are a non-exempt employee, then any new options granted to you pursuant to this Offer will not vest until, at the earliest, six months after grant.

Only eligible employees may participate in the Offer. Employees are "eligible" if they are employees of Microvision or Lumera as of the date the offer commences and the date on which the tendered options are cancelled. The Company's non-employee directors are not eligible to participate in this Offer.

In order to receive a new option pursuant to this Offer, you must remain an employee of Microvision or Lumera until the new options are granted. If Microvision does not extend the offer, we expect to grant the new options on or about June 11, 2003.

The Offer is subject to conditions that we describe in Section 6 of this Offer to Exchange. The Offer is not conditioned on a minimum number of options being tendered. Participation in the Offer is completely voluntary.

On October 28, 2002, the last reported sale price of our common stock, as reported by the Nasdaq National Market, was \$4.60 per share, and at the time of the Offer, all eligible options, including the Expiring Options, had exercise prices greater than the market price of our common stock.

## **THE OFFER**

### **1. NUMBER OF OPTIONS; EXPIRATION DATE.**

If you elect to exchange options as described in the Offer and if your tender of options is accepted by the Company, we will grant you new options not sooner than six months and one day after the date we cancel the options accepted for exchange. We expect that the grant date of the new options will be on or about June 11, 2003. For each eligible option or portion thereof tendered by you and cancelled by us, we will grant to you a new option exercisable for the number of shares equal to the number of shares that were subject to the cancelled option multiplied by an exchange ratio, determined according to the exercise price of the cancelled option, as shown on the table below. The Company's Chief Executive Officer, President and Chief Financial Officer will, with respect to certain options, have a

16

---

lower exchange ratio than other employees. This means that the new options that they receive will be exercisable for fewer shares than a comparable option held by any other employee.

Exercise Price Ranges*	Exchange Ratio	
	CEO, President and CFO	All Other Employees
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\* All Expiring Options will have an exchange ratio of 1.00.

We will not issue any new options exercisable for fractional shares. Instead, if the exchange conversion yields a fractional number of shares, we will round up (.50 or over) or down (.49 or under) to the nearest whole number of shares with respect to each option.

The Offer expires at 5:00 p.m., Pacific Time, on December 9, 2002, unless we, in our discretion, have extended the period of time during which the Offer will remain open. See Section 14 of this Offer to Exchange for a description of our rights to extend, delay, terminate, and amend the Offer.

As of October 28, 2002, options to purchase 5,265,687 shares of our common stock were issued and outstanding under the Plans and the Non-Plan Grants. These options had exercise prices ranging from \$3.25 to \$61.13 per share. As of October 28, 2002, there were eligible options outstanding to purchase a total of 3,854,519 shares of our common stock, including all options granted on or after May 1, 2002 to eligible participants. The eligible options were granted from October 1, 1995 to May 7, 2002, have exercise prices ranging from \$6.40 to \$61.13, and are held by approximately 170 employees of Microvision and Lumera. The shares of common stock issuable upon exercise of eligible options represent, upon exercise, approximately 25.4% of the total shares of our common stock outstanding as of October 28, 2002.

If we decide to take any of the following actions, we will notify you of such action and extend the Offer for a period of ten business days after the date of such notice:

- (a)
  - (i) we increase or decrease the amount of consideration offered for eligible options;
  - (ii) we decrease the number of options eligible to be elected for exchange in the Offer; or
  - (iii) we increase the number of options eligible to be elected for exchange in the Offer by an amount that exceeds two percent of the shares of common stock issuable upon exercise of the options that are subject to the Offer immediately prior to the increase; and
- (b) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified in Section 14 of this Offer to Exchange.

For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday, or federal holiday and consists of the time period 12:01 a.m. through 12:00 midnight, Eastern Time.

## 2. PURPOSE OF THE OFFER.

We are undertaking this Offer because a considerable number of eligible employees of Microvision and Lumera have stock options, whether or not they are currently exercisable, with exercise prices that are significantly above the current and recent trading prices for our common stock. These options were

originally granted to attract, motivate and retain capable employees and we believe our shareholder value is most effectively enhanced by aligning the interests of employees of Microvision and Lumera with those of our shareholders. As a result of the extreme volatility in our industry and a steep decline in our stock price, we have many stock options outstanding with exercise prices significantly higher than the current stock price. As a result, a significant number of our options are no longer effectively providing the employee motivation and retention benefits that they were intended to provide. By making this Offer to exchange outstanding options for new options we intend to provide you with the benefit of holding options that over time may have a greater potential to increase in value. In addition, we hope to create better performance incentives for eligible Microvision and Lumera employees and thereby maximize our shareholder value.

Considering the ever-present risks associated with a volatile and unpredictable stock market, particularly for micro-cap stocks, there is no guarantee that the exercise price of your new options will be less than or equal to the exercise price of your existing options, or that your new options will increase in value over time.

Subject to the foregoing, and except as otherwise disclosed in this Offer to Exchange or in our filings with the Securities and Exchange Commission (the "SEC"), we have no current plans or proposals that relate to or would result in:

- (a) an extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries, other than possible future acquisition transactions that are not of a size and/or likelihood at this time to be material to your consideration of this Offer;
- (b) any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;
- (c) any material change in our present dividend policy, or our indebtedness or capitalization;
- (d) any material change in our present board of directors or management, including a change in the number or term of directors, except that on August 12, 2002, we announced that Richard Raisig resigned as a director and we may fill his vacant seat on our board of directors;
- (e) any other material change in our corporate structure or business;
- (f) our common stock not being authorized for quotation in an automated quotation system operated by a national securities association;

- (g) our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act");
- (h) the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act;
- (i) the acquisition by any person of any of our securities or the disposition of any of our securities, other than sales by us pursuant to the exercise of outstanding stock options; or
- (j) any changes in our articles of incorporation, bylaws, other governing instruments or any actions that could impede the acquisition of control of us by any person.

Our board of directors makes no recommendation as to whether you should elect to exchange your options, nor have we authorized any person to make any such recommendation. You are urged to evaluate carefully all of the information in this Offer to Exchange and to consult your own investment and tax advisors. You must make your own decision whether to elect to exchange your options.

18

---

### 3. PROCEDURES FOR ELECTING TO EXCHANGE OPTIONS.

*PROPER EXCHANGE OF OPTIONS.* To elect to exchange your options pursuant to the Offer, you must properly complete, duly execute and deliver to us the Option Exchange Election Form, or a facsimile thereof in accordance with the terms of the Option Exchange Election Form. We must receive the Option Exchange Election Form before 5:00 p.m. Pacific Time on December 9, 2002. You must deliver your Option Exchange Election Form by personal delivery, by fax at (425) 481-1625 or by mail to the Microvision Options Desk, Microvision, Inc., 19910 North Creek Parkway, Bothell, WA 98011-3008.

If you do not turn in your Option Exchange Election Form by the deadline, then you will not participate in the option exchange, and all stock options currently held by you will remain unchanged at their original price and terms.

The method of delivery of the Option Exchange Election Form is at the election and risk of the electing option holder. You should allow sufficient time to ensure timely delivery.

*DETERMINATION OF VALIDITY; REJECTION OF OPTIONS; WAIVER OF DEFECTS; NO OBLIGATION TO GIVE NOTICE OF DEFECTS.* We will determine, in our discretion, all questions as to form of documents and the validity, form, eligibility, including time of receipt, and acceptance of any election to exchange options. Our determination of these matters will be final and binding. We reserve the right to reject any or all elections to exchange options that we determine are not in appropriate form or that we determine are unlawful to accept. Otherwise, we will accept properly and timely elections to exchange options that are not validly withdrawn. We also reserve the right to waive any of the conditions of the Offer for all tendering option holders or any defect or irregularity in any election with respect to any particular option or option holder. No election to exchange an option will be valid until all defects or irregularities have been cured by the electing option holder or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in elections, nor will anyone incur any liability for failure to give any such notice.

*OUR ACCEPTANCE CONSTITUTES AN AGREEMENT.* Your election to exchange options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Offer. Our acceptance for exchange of your options elected by you pursuant to the Offer will constitute a binding agreement between us and you upon the terms and subject to the conditions of the Offer.

Subject to our rights to extend, terminate, and amend the Offer, we currently expect that we will accept promptly after the expiration of the Offer all properly elected options that have not been validly withdrawn.

### 4. WITHDRAWAL RIGHTS.

You may withdraw the options you have elected to exchange only if you comply with the provisions of this Section 4.

You have the right to withdraw options that you have elected to exchange at any time before 5:00 p.m., Pacific Time, on December 9, 2002. If we extend the Offer beyond that time, you have the right to withdraw options that you have elected to exchange at any time until the extended expiration of the Offer. In addition, if we have not accepted your tendered options for exchange by 9:00 p.m. Pacific Time on January 2, 2003, you may withdraw your tendered options at any time after 9:00 p.m. Pacific Time on January 2, 2003.

To validly withdraw your options, you must deliver to us a written notice of withdrawal, or a facsimile thereof, with the required information, while you still have the right to withdraw the election to exchange options. The notice of withdrawal must include your name, the grant date, exercise price,

19

---

and the total number of shares included in the options. The written notice of withdrawal may be delivered personally or sent via U.S. mail or facsimile to the Microvision Options Desk, Microvision, Inc., 19910 North Creek Parkway, Bothell, WA 98011-3008. The fax number is (425) 481-1625. Except as described in the following sentence, the notice of withdrawal must be executed by the option holder who elected to exchange the options to be withdrawn exactly as such option holder's name appears on the option agreement evidencing such options. If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be indicated on the notice of withdrawal.

You may not rescind any withdrawal, and the options you withdraw will thereafter be deemed not properly elected for exchange for purposes of the Offer, unless you properly re-elect those options before the expiration of the Offer by following the procedures described in Section 3 of this Offer to Exchange.

Neither Microvision nor any other person is obligated to give notice of any defects or irregularities in any notice of withdrawal, nor will anyone incur any liability for failure to give any such notice. We will determine, in our discretion, all questions as to the form and validity, including time of receipt, of notices of withdrawal. Our determination of these matters will be final and binding.

### 5. ACCEPTANCE OF OPTIONS FOR EXCHANGE AND ISSUANCE OF NEW OPTIONS.

Upon the terms and subject to the conditions of this Offer and promptly following the expiration of the Offer, we will accept for exchange and cancel each option or portion of an option properly elected for exchange and not validly withdrawn. Once the options are cancelled, you will no longer have any rights with respect to those options. If your options are properly elected for exchange and accepted for exchange on December 9, 2002, you will be granted new options not sooner than six months and one day after the

date on which the options have been cancelled. We expect the grant date of the new options to be on or about June 11, 2003. If we extend the date by which we must accept and cancel options properly elected for exchange, you will be granted new options on a date not sooner than six months and one day after the extended date.

Except for options granted to you on or after May 1, 2002, you may elect to cancel all or any portion of an eligible option. For example, if you have an option for 4,000 shares which vests equally on January 1, 2000, 2001, 2002 and 2003, that portion of your option that vests as of each vesting date is considered a tranche. You may elect to cancel any or all these tranches in the Offer while keeping the remaining uncanceled tranches. You may also cancel only a portion of a specific tranche, while keeping the uncanceled portion.

If we accept an option or portion of an option that you elect to exchange in the Offer, you will be ineligible until after the grant date of the new options for any additional stock option grants for which you otherwise may have been eligible before the grant date of the new options. Also, if you choose to participate by exchanging all or a portion of an eligible option, you must also exchange in full any other stock option granted to you on or after May 1, 2002. This prevents us from incurring compensation expense against our earnings because of accounting rules that could apply to these option grants as a result of the Offer.

If we accept the options that you elected to exchange, we will promptly after the expiration of the Offer send you a confirmation indicating the number of shares of common stock subject to the options that we have accepted for exchange and the corresponding number of shares of common stock that will be subject to the new options that will be granted to you subject to the terms and conditions of this Offer. All new options will be granted under the 1996 Plan, except for options granted in exchange for the Non-Plan Grants, which may be granted outside the 1996 Plan on terms substantially similar to those of your existing options.

20

For purposes of the Offer, we will be deemed to have accepted for exchange options that are validly elected for exchange and not properly withdrawn as, if and when we give oral or written notice to the option holders of our acceptance for exchange of such options. Subject to our rights to extend, terminate and amend the Offer, we currently expect that we will deliver your new option agreement to you within four to six weeks after the new option grant date.

The number of shares under each new option will equal the number of shares under the cancelled option multiplied by an exchange ratio, determined according to the cancelled option's exercise price as shown on the table below. In addition, the Company's Chief Executive Officer, President and Chief Financial Officer will, with respect to certain options, have a lower exchange ratio than other employees. This means that the new options that they receive will be exercisable for fewer shares than a comparable option held by any other employee.

Exercise Price Ranges*	Exchange Ratio	
	CEO, President and CFO	All Other Employees
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\* All Expiring Options will have an exchange ratio of 1.00.

We will not issue any new options exercisable for fractional shares. Instead, if the exchange conversion yields a fractional amount of shares, we will round up (.50 or over) or down (.49 or under) to the nearest whole number of shares with respect to each option.

**EFFECT OF TERMINATION OF EMPLOYMENT ON GRANT OF NEW OPTIONS.** Except for Richard Rutkowski, Stephen Willey, William Sydnes and Richard Raisig, each of whom has an employment agreement with us, your employment with Microvision or Lumera is on an at-will basis and nothing in this Offer modifies that. You cannot revoke your Option Exchange Election Form after 5:00 p.m. Pacific Time on December 9, 2002. Therefore, if your employment is terminated by you, us or Lumera voluntarily, involuntarily, for any reason or for no reason, including death or disability, before the new options are granted, you will not have a right to any stock option that was previously cancelled, and you will not have a right to the grant that you would have been issued on the grant date of the new options had you remained employed by us or Lumera. Therefore, if you are not an employee of Microvision or Lumera from the date you elect to exchange your option through the grant date of the new options, you will not receive a new option in exchange for your option that has been accepted for exchange. You also will not receive any other consideration for the option elected to be exchanged if you are not an employee of Microvision or Lumera from the date you elect to exchange your option through the grant date of the new options.

**EFFECT OF MERGER, ACQUISITION OR SIMILAR TRANSACTION ON GRANT OF NEW OPTIONS.** In the event of a merger, consolidation or plan of exchange to which the Company is a party or a sale of all or substantially all of the Company's assets, the board of directors may elect one of the following alternatives with respect to the new options: (i) outstanding options shall remain in effect in accordance with their terms; (ii) outstanding options may be converted into options to purchase stock in the surviving or acquiring corporation in the transaction; (iii) outstanding options may be exercised prior to the consummation of the transaction, at which time they will automatically expire, and the Board may accelerate the vesting of such options so that they are exercisable in full during such period; or (iv) the Board may take any other action with respect to outstanding options as

21

it deems to be in the best interest on the Company. If such a transaction occurs, the board of directors is not obligated or required to take any of the above actions with respect to the new options.

It is possible that, prior to the grant of new options or prior to any of the new options vesting, we might effect or enter into an agreement such as a merger or other similar transaction. We reserve the right, in the event of a merger or similar transaction, to take any actions we deem necessary or appropriate to complete a transaction that our board of directors believes is in the best interest of our Company and our shareholders. This could include terminating your right to receive new options under this Offer if the merger occurs prior to the grant of such options. If we were to terminate your right to receive new options under this Offer in connection with such a transaction, eligible employees of Microvision or Lumera who have tendered options for cancellation pursuant to this Offer would not receive options to purchase securities of the acquirer or any other consideration for their tendered options. If a merger or similar agreement becomes effective after the grant of the new options but prior to the date on which they are exercisable, you will not be able to exercise any of the new options prior to the merger unless the board of directors elects to accelerate the vesting of the new options.

Additionally, a merger or a similar transaction could have substantial effects on our stock price, including potentially substantial appreciation in the price of our common stock. Depending on the structure of such a transaction, tendering option holders might be deprived of any further price appreciation in the common stock associated with the new options. For example, if our stock was acquired in a cash merger, the fair market value of our stock, and hence the price at which we grant the new options, would likely be

a price at or near the cash price being paid for the common stock in the transaction. As a result of such a transaction, it is possible that the exercise price of the new options may be more than you might otherwise anticipate. In addition, in the event of an acquisition of our company for stock, tendering option holders might receive options to purchase shares of a different company.

## 6. CONDITIONS OF THE OFFER.

Notwithstanding any other provision of the Offer, we will not be required to accept any options elected for exchange, and we may terminate or amend the Offer, or postpone our acceptance and cancellation of any options elected for exchange, in each case, subject to certain limitations, if at any time on or after November 1, 2002 and prior to the expiration of the Offer any of the following events has occurred, or has been determined by us to have occurred, and, in our reasonable judgment in any such case, the occurrence of such event or events makes it inadvisable for us to proceed with the Offer or with such acceptance and cancellation of options elected for exchange:

- (a) there has been threatened or instituted or is pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of the Offer, the acquisition of some or all of the options elected for exchange pursuant to the Offer, the issuance of new options, or otherwise relates in any manner to the Offer or that, in our reasonable judgment, could materially impair the contemplated benefits of the Offer to us. Such benefits include but are not limited to (i) providing eligible employees with a valuable incentive to remain with us, (ii) creating better performance incentives for eligible employees to maximize shareholder value, and (iii) providing eligible employees the opportunity to participate in this exchange offer without incurring adverse accounting treatment;
- (b) there has been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or us or any of

22

our subsidiaries, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might directly or indirectly:

- (i) make the acceptance for exchange of, or issuance of new options for, some or all of the options elected for exchange illegal or otherwise restrict or prohibit consummation of the Offer or otherwise relates in any manner to the Offer;
  - (ii) delay or restrict our ability, or render us unable, to accept for exchange, or issue new options for, some or all of the options elected for exchange; or
  - (iii) materially and adversely affect our business, condition, income, operations or materially impair the contemplated benefits of the Offer to us; or
- (c) there has occurred any change in generally accepted accounting standards that could or would require us for financial reporting purposes to record compensation expense against our earnings in connection with the Offer.

The conditions to the Offer are for our benefit. We may assert them at our discretion regardless of the circumstances giving rise to them prior to the expiration of the Offer. We may waive them, in whole or in part, at any time and from time to time prior to the expiration of the Offer, in our discretion, whether or not we waive any other condition to the Offer. The waiver of one of these rights with respect to particular facts and circumstances will not be deemed to be a waiver with respect to any other rights. Any determination we make concerning the events described in this section will be final and binding.

## 7. PRICE RANGE OF COMMON STOCK UNDERLYING THE OPTIONS.

The options to be exchanged for new options pursuant to this Offer are not publicly traded. However, upon exercise of an option, the option holder becomes an owner of our common stock. Our common stock is quoted on the Nasdaq National Market under the symbol MVIS. The following table sets forth, for the periods indicated, the high and low sale prices per share of our common stock as reported on the Nasdaq National Market:

Quarter Ended	March 31	June 30	September 30	December 31
<b>2002</b>				
High	\$ 15.45	\$ 12.85	\$ 5.45	\$ 5.15*
Low	\$ 9.60	\$ 4.55	\$ 2.64	\$ 3.23*
<b>2001</b>				
High	\$ 29.00	\$ 27.50	\$ 22.00	\$ 16.32
Low	\$ 13.00	\$ 12.88	\$ 9.00	\$ 10.92
<b>2000</b>				
High	\$ 68.50	\$ 56.50	\$ 55.13	\$ 39.00
Low	\$ 25.38	\$ 21.75	\$ 29.19	\$ 13.63

\* Through October 28, 2002.

As of October 28, 2002, the last reported sale price of our common stock, as reported by the Nasdaq National Market, was \$4.60 per share.

Our stock price has been, and in the future may be, highly volatile and could decline. Our stock price also could rise prior to the grant of the new options and thereafter fall. The trading price of our common stock has fluctuated widely in the past and is expected to continue to do so in the future, as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many technology and emerging growth companies and that have often been unrelated or disproportionate to

23

the operating performance of these companies. The new options will be granted not sooner than six months and one day after the date the exchanged options are accepted for exchange and cancelled. The exercise price of the new options will be equal to the greater of (i) the closing price of our common stock reported on the Nasdaq National Market

on the day of the date they are granted or (ii) \$7.00 per share. The exercise price of the new options may be higher than the exercise price of the options you submitted for exchange. In addition, our common stock may thereafter trade at prices below the exercise price of the new options. Depending on the exercise price of the options you submitted for exchange and other factors, your new option may be less valuable than your existing options.

WE RECOMMEND THAT YOU OBTAIN CURRENT AND HISTORICAL MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO ELECT TO EXCHANGE YOUR OPTION. AT THE SAME TIME, YOU SHOULD CONSIDER THAT THE CURRENT MARKET PRICE OF OUR COMMON STOCK MAY PROVIDE LITTLE OR NO BASIS FOR PREDICTING WHAT THE MARKET PRICE OF OUR COMMON STOCK WILL BE ON THE GRANT DATE OF THE NEW OPTIONS OR AT ANY TIME IN THE FUTURE.

## 8. SOURCE AND AMOUNT OF CONSIDERATION; TERMS OF NEW OPTIONS.

**CONSIDERATION.** If you elect to exchange options as described in the Offer and if your tender of options is accepted by the Company, we will grant you new options pursuant to a new option agreement. Your new options will entitle you to purchase the number of shares equal to the number of shares that were subject to the option that was tendered to us for exchange multiplied by an exchange ratio, determined according to the cancelled option's exercise price as follows:

Exercise Price Ranges	Exchange Ratio	
	CEO, President and CFO	All Other Employees
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\* All Expiring Options will have an exchange ratio of 1.00.

We will not issue any new options exercisable for fractional shares. Instead, if the exchange conversion yields a fractional amount of shares, we will round up (.50 or over) or down (.49 or under) to the nearest whole number of shares with respect to each option.

**TERMS OF NEW OPTIONS.** The exercise price of the new options will be equal to the greater of (i) the closing price of our common stock on the Nasdaq National Market on the day of the grant date of the new options or (ii) \$7.00 per share. However, we can provide no assurance as to the price of our common stock at any time in the future as the stock price may fluctuate significantly.

Each new option issued upon exchange of an Expiring Option will be fully vested. All other new options will vest such that two-thirds will vest on the same schedule as the cancelled option and one-sixth will vest on each of the first and second anniversary of the grant date; provided, however, that (i) no shares issuable under a new option will vest earlier than they would have vested under the cancelled option and (ii) no shares issuable under a new option granted to a non-exempt employee will vest earlier than six months after the grant of the new options.

All new options will be granted under the 1996 Plan, except for options granted in exchange for the Non-Plan Grants, which may be granted outside the 1996 Plan on terms substantially similar to those of your existing options. We will issue a new option agreement to each option holder who has

elected to exchange an option in the Offer. Except for the exercise price, option term, and the vesting schedule, the terms and conditions of the new options will be substantially similar to the terms and conditions of the options elected for exchange.

You may obtain copies of the 1993 Plan, the 1996 Plan and the documents that constitute the prospectus covering the shares of common stock issuable upon exercise of options granted under the 1993 Plan, 1996 Plan or in the Non-Plan Grants as indicated below.

**U.S. FEDERAL INCOME TAX CONSEQUENCES OF OPTIONS.** You should refer to Section 13 of this offer for a discussion of the U.S. federal income tax consequences of the new options and the options tendered for exchange, as well as the consequences of accepting or rejecting the new options under this offer to exchange. We recommend that you consult with your own tax advisor to determine the particular state, local federal and foreign tax consequences of this transaction to you.

**Important Note:** The statements in this Offer concerning the 1993 Plan, 1996 Plan or the Non-Plan Grants and the new options are merely summaries and do not purport to be complete. The statements are subject to, and are qualified in their entirety by reference to, all provisions of the 1993 Plan, 1996 Plan and your stock option agreements. Please contact Thomas Walker, Vice President, General Counsel, at [Tom.Walker@mvis.com](mailto:Tom.Walker@mvis.com) or (425) 415-6847 to receive a copy of the 1993 Plan, the 1996 Plan, the prospectus covering the shares of common stock issuable upon exercise of options granted under the 1993 Plan, the 1996 Plan or in the Non-Plan Grants or copies of your stock option agreements. Upon request, we will promptly furnish you copies of these documents at our expense.

## 9. INFORMATION CONCERNING MICROVISION.

Microvision develops information display and capture devices and related technologies. The Company is developing and seeks to commercialize technologies and products in three business platforms relating to the delivery of images and information:

- Retinal scanning displays, which use retinal scanning display technology to display information on the retina of the viewer's eye. These displays are currently being refined and developed for defense, medical, industrial and consumer applications.
- Image capture devices which use proprietary scanning technology to capture images and information in applications such as bar code readers or cameras. These devices include bar code readers and miniature high-resolution cameras.
- Electro-optical materials technology which use a new class of organic non-linear materials technology that interact with, and can be used to change the properties of, light waves to transmit information. These materials can be used for fiber-optic telecommunications and data communications system phased array antennas, optical computing and other photonics applications.

The Company was incorporated in Washington in 1993 and its common stock is traded on the Nasdaq National Market under the symbol MVIS. The Company's executive offices are located at 19910 North Creek Parkway, Bothell, WA 98011-3008. The telephone number at that address is (425) 415-6847. The Company website address is [www.mvis.com](http://www.mvis.com).

The following table summarizes certain of our financial information:

	Nine months ended September 30,		Year ended December 31,	
	2002	2001	2001	2000
In thousands, except earnings per share data				
<b>Statement of Operations Data</b>				
Revenue	\$ 12,724	\$ 6,511	\$ 10,762	\$ 8,121
Research and development expense	18,762	24,489	31,899	19,520
Operating loss	(26,112)	(34,648)	(44,135)	(29,542)
Net loss	(20,275)	(26,984)	(34,794)	(26,601)
Gross margin percent	53%	39%	43%	25%
Operating loss as a percent of revenue	--205%	--532%	--410%	--364%
<b>Per Share Data</b>				
Net loss per share—basic and diluted	\$ (1.48)	\$ (2.25)	\$ (2.85)	\$ (2.33)
Weighted-average shares outstanding—basic and diluted	13,700	11,967	12,200	11,421
<b>Balance Sheet Data</b>				
Cash, cash equivalents and investment securities	\$ 20,482	\$ 33,874	\$ 33,652	\$ 40,717
Working capital	21,761	31,693	33,098	40,551
Property and equipment, net	8,027	8,949	8,960	7,516
Total assets	41,277	53,096	54,055	56,172
Long-term liabilities	553	602	552	714
Shareholders equity	24,226	29,477	32,326	50,042

The book value per share of our common stock as of September 30, 2002 (the date of our most recent balance sheet presented) was \$1.60.

Additional information about us is available from the documents described in Section 16. The financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2001 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002 are incorporated herein by reference.

#### 10. INTERESTS OF DIRECTORS AND OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING THE OPTIONS.

The Company's non-employee directors are not eligible to participate in this Offer.

The following table sets forth information, as of October 28, 2002, with respect to (a) the beneficial ownership of our common stock and (b) the ownership of options, vested and unvested, to purchase our common stock, by each director, each executive officer, and all of the directors and executive officers of the Company as a group. The percentages in the table below are based on a total

15,154,373 outstanding shares of common stock and 5,265,687 outstanding stock options as of October 28, 2002.

Name	Shares of Common Stock Beneficially Owned(1)	Percent of Total Outstanding Shares(2)	Total Outstanding Options	Percent of Total Outstanding Options
Jacqueline Brandwynne +	145,569(3)	*	39,030	*
Jacob Brouwer +	40,867(4)	*	48,867	*
Richard A. Cowell +	40,067(4)	*	48,867	*
Richard A. James	13,910(5)	*	46,524	*
Walter J. Lack +	360,971(4)	2.4%	48,867	*
Andrew U. Lee	108,148(6)	*	142,865	2.6%
Todd R. McIntyre	131,851(7)	*	162,615	2.9%
William A. Owens +	39,867(4)	*	48,867	*
Richard A. Raisig	482,760(8)	3.1%	517,943	9.2%
Robert A. Ratliffe +	47,517(4)	*	48,867	*

Dennis J. Reimer +	37,167(4)	*	48,867	*
Richard F. Rutkowski	814,132(9)	5.1%	959,891	17.1%
Thomas E. Sanko	62,277(10)	*	159,036	2.8%
William L. Sydnes	147,500(11)	1.0%	285,000	5.1%
Clarence T. Tegreene	73,195(12)	*	179,719	3.2%
Vilakkudi G. Veeraraghavan	92,090(13)	*	234,454	4.2%
Thomas M. Walker	—	*	120,000	2.1%
Stephen R. Willey	597,488(14)	3.8%	514,253	9.2%
Jeff T. Wilson	55,266(15)	*	183,689	3.3%
All executive officers and directors of the Company as a group (19 persons)	3,290,692(16)	18.6%	3,838,221	68.5%

\* Less than 1% of the outstanding shares or options.

+ Not eligible to participate in the Offer.

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants that are currently exercisable or convertible or may be exercised or converted within sixty days are deemed to be outstanding and to be beneficially owned by the person holding these options or warrants for the purpose of computing the number of shares beneficially owned and the percentage of ownership of the person holding these securities, but are not outstanding for the purpose of computing the percentage ownership of any other person or entity. Subject to community property laws where applicable, the Company believes that each shareholder named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned thereby.
- (2) Percentage of common stock is based on 15,154,373 shares of common stock outstanding as of October 28, 2002.
- (3) Includes 112,269 shares issuable upon exercise of options and warrants.
- (4) Includes 33,867 shares issuable upon exercise of options.
- (5) Includes 13,910 shares issuable upon exercise of options.
- (6) Includes 107,148 shares issuable upon exercise of options.
- (7) Includes 126,851 shares issuable upon exercise of options.

- (8) Includes 432,943 shares issuable upon exercise of options.
- (9) Includes 734,891 shares issuable upon exercise of options.
- (10) Includes 59,277 shares issuable upon exercise of options.
- (11) Includes 147,500 shares issuable upon exercise of options.
- (12) Includes 73,195 shares issuable upon exercise of options.
- (13) Includes 92,090 shares issuable upon exercise of options.
- (14) Includes 428,253 shares issuable upon exercise of options.
- (15) Includes 55,266 shares issuable upon exercise of options.
- (16) Includes 2,498,556 shares issuable upon exercise of options and 88,239 shares issuable upon exercise of warrants.

**TRANSACTIONS AND AGREEMENTS.** In the 60 days prior to and including November 1, 2002, neither we, nor, to the best of our knowledge, any of our directors or executive officers, nor any affiliates of ours, engaged in transactions involving options to purchase our common stock or in transactions involving our common stock during the past 60 days. As of the date of this Offer to Exchange, none of the officers or employee directors of the Company had indicated their intention to tender their options in this Offer.

In addition, neither Microvision nor, to our knowledge, any of our executive officers or directors are a party to any agreement, arrangement or understanding with respect to any of our securities (including, but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations).

#### 11. STATUS OF OPTIONS ACQUIRED BY US IN THE OFFER; ACCOUNTING CONSEQUENCES OF THE OFFER.

Options we acquire pursuant to the Offer will be cancelled, and the shares of common stock subject to those options under the 1996 Plan will be returned to the pool of shares available for grants of options under the 1996 Plan and for issuance upon the exercise of such options. To the extent such shares are not fully reserved for issuance upon exercise of the new options to be granted in connection with the Offer, the shares will be available for future awards to employees and other eligible plan participants.

We believe that Microvision will not incur any compensation expense solely as a result of the transactions contemplated by the Offer because we will not grant any new options to an option holder who participates in this Offer until a business day that is not sooner than six months and one day after the date that we accept and cancel options elected for exchange; and the exercise price of all new options will equal the greater of (i) the closing price of the common stock on the date we grant the new option or (ii) \$7.00 per share.

If we were to grant any option to any option holder who participates in this Offer with a price determined on any date that is earlier than six months and one day after the date we cancel the options accepted for exchange, our grant of that option to the electing option holder would be treated for financial reporting purposes as a variable award to the extent that the number of shares subject to the newly granted option is equal to or less than the number of the option holder's option shares elected for exchange. In this event, we would be required to record as compensation expense the amount by which the market value of the shares subject to the newly granted option exceeds the exercise

to our earnings over the period when the newly granted option is outstanding. We would have to adjust this compensation expense periodically during the option term based on increases or decreases in the market value of the shares subject to the newly granted options.

## 12. LEGAL MATTERS; REGULATORY APPROVALS.

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of options and issuance of new options as contemplated by the Offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of our options as contemplated herein. Should any such approval or other action be required, we presently contemplate that we will seek such approval or take such other action. We are unable to predict whether we may determine that we are required to delay the acceptance of options for exchange pending the outcome of any such matter. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under the Offer to accept options elected for exchange and to issue new options for options elected for exchange is subject to conditions, including the conditions described in Section 6.

## 13. MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES.

The following is a general summary of certain material U.S. federal income tax consequences of the exchange of options pursuant to the Offer. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. In addition, this summary does not discuss the effect of any state, local or foreign taxes on the exchange of options. This discussion is based on the Internal Revenue Code of 1986, as amended, the Treasury Department regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date of the Offer and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the Internal Revenue Service ("IRS"), with respect to the statements made and the conclusions reached in this summary, and we cannot assure you that the IRS will agree with those statements and conclusions.

Our statements in this Offer concerning the Offer and the taxation of stock options issued under the Offer are merely summaries and do not purport to be complete. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO YOU OF PARTICIPATING IN THE OFFER EXCHANGE.

*TAX CONSEQUENCES OF ELECTING TO EXCHANGE OPTIONS.* The exchange of tendered options for the commitment to grant new options is a non-taxable event for U.S. federal income tax purposes. Accordingly, we believe that option holders who exchange eligible options for the commitment to grant new options will not recognize income for U.S. federal tax purposes at the time of the exchange.

The grant of non-publicly traded stock options does not result in the recognition of taxable income. Therefore, we believe that an option holder will not recognize taxable income for U.S. federal income tax purposes at the time his or her new stock option is granted.

*TAX CONSEQUENCES OF EXERCISING OPTIONS.* Tax consequences of exercising stock options depends on whether the options are incentive stock options ("ISOs") or non-statutory stock options ("NSOs"). Some of the eligible options are ISOs. Option holders who chose to participate in this Offer will receive NSOs in exchange for their eligible options.

An ISO holder will generally not recognize taxable income upon exercise of the ISO, although the amount if any, by which the fair market value at the time of exercise exceeds the exercise price increases alternative minimum taxable income and may give rise to alternative minimum tax liability. If an ISO holder holds the stock acquired upon exercise of an ISO (the "ISO Shares") for more than one year after the date the ISO was exercised and for more than two years after the date the ISO was granted, the option holder generally will realize long-term capital gain or loss (rather than ordinary income or loss) upon disposition of the ISO Shares. This gain or loss generally will be equal to the difference between the amount realized upon such disposition and the amount paid for the ISO Shares upon exercise. There are several statutory requirements that must be met for an option to be an ISO, including a requirement that the option price may not be less than the fair market value of the underlying stock at the time of the grant. In addition, the value of shares subject to options that first become exercisable by the option holder in any calendar year cannot exceed \$100,000, as determined using the option exercise price. The excess value is deemed to be an NSO.

If the option holder disposes of ISO Shares before expiration of either the one-year holding period or the two-year waiting period (a "disqualifying disposition"), the option holder generally will recognize ordinary income equal to the amount, if any, by which the fair market value of the ISO Shares on the date of exercise exceeds the ISO exercise price. Any additional gain generally will be long-term or short-term capital gain, depending upon whether the ISO Shares were held for more than one year following the date of exercise by the option holder. A disposition of ISO Shares for this purpose includes not only a sale or exchange, but also a gift or other transfer of legal title (with certain exceptions).

Upon exercise of a NSO, an option holder generally must include in income as compensation an amount equal to the amount, if any, by which the fair market value of the shares on the date of exercise exceeds the option holder's exercise price. The included amount is treated as ordinary income by the option holder and may be subject to wage withholding and employment taxes and withholding. On sale of the shares by the option holder, any appreciation or depreciation in the value of shares will be treated as short-term or long-term capital gain or loss depending on whether the option holder holds the shares for more than one year following exercise of the stock option.

Option holders who are officers or directors of Microvision subject to Section 16(b) of the Securities Exchange Act may be subject to special federal income tax treatment upon exercise of their non-statutory stock options. In general, such option holders will be subject to tax with respect to income recognized upon exercise of their options upon the later to occur of (1) the date such income normally would be recognized under the principles described above or (2) the expiration of the six-month forfeiture period under Section 16(b), unless such option holders make the election under Section 83(b) of the Code to be taxed as of the date specified in (1) above. The amount of income will be measured by reference to the value of the shares acquired upon exercise as of the applicable date. If you are subject to this special treatment, we recommend that you consult your own tax advisor for further information.

*TAX CONSEQUENCES OF NOT EXCHANGING OPTIONS.* Eligible options that an option holder does not tender for exchange or that we do not accept for exchange will remain outstanding in accordance with their terms. To the extent that such options qualify as ISOs, there is some risk that ISO treatment for such options may be affected even if an option holder declines to participate in the exchange. If the Offer constitutes a "modification" of an existing ISO, the modification will be treated as a regrant of the option. The option would be treated as an ISO if the statutory ISO conditions are met at the time of the modification and regrant. Among other requirements, the option price may not be less than the fair market value of the underlying stock at the time of the regrant. Even if the option qualifies as an ISO on regrant, the regrant would start the two-year waiting period anew, and in some circumstances the \$100,000 limitation could cause a portion of the ISO to be treated as an NSO. We

---

recommend that you consult your own tax advisor regarding the particular tax consequences to you of not exchanging your options.

#### **14. EXTENSION OF OFFER; TERMINATION; AMENDMENT.**

We reserve the right, in our discretion, at any time and from time to time, and regardless of whether or not any event set forth in Section 6 has occurred or is deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay the acceptance for exchange of any options by giving oral, written, or electronic notice of such extension to the option holders.

We also reserve the right, in our reasonable judgment, prior to the expiration of the Offer, to terminate, or amend the Offer and to postpone our acceptance and cancellation of any options elected for exchange upon the occurrence of any of the conditions specified in Section 6, by giving oral, written, or electronic notice of such termination or postponement to the option holders. Notwithstanding the foregoing, we will return the options elected for exchange promptly after termination or withdrawal of the Offer to Exchange.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 has occurred or is deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the Offer to option holders or by decreasing or increasing the number of options solicited for exchange in the Offer.

Amendments to the Offer may be made at any time and from time to time. In the case of an extension, the amendment must be issued no later than 6:00 a.m., Pacific Time, on the next business day after the last previously scheduled or announced expiration date of the Offer. Any amendment of the Offer will be disseminated promptly to option holders in a manner reasonably designated to inform option holders of such change. Without limiting the manner in which we may choose to disseminate any amendment of this Offer, except as required by law, we have no obligation to publish, advertise, or otherwise communicate any such dissemination.

If we materially change the terms of the Offer or the information concerning the Offer, or if we waive a material condition of the Offer, we will extend the Offer. Except for a change in price, the amount of time by which we will extend the Offer following a material change in the term of the Offer or information concerning the Offer will depend on the facts and circumstances, including the relative materiality of such terms or information. If we decide to take any of the following actions, we will notify you of such action and extend the Offer for a period of ten business days after the date of such notice:

- (a)
  - (i) we increase or decrease the amount of consideration offered for the options;
  - (ii) we decrease the number of options eligible to be elected for exchange in the Offer; or
  - (iii) we increase the number of options eligible to be elected for exchange in the Offer by an amount that exceeds two percent of the shares of common stock issuable upon exercise of the options that are subject to the Offer immediately prior to the increase; and
- (b) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of such increase or decrease is first given.

#### **15. FEES AND EXPENSES.**

We will not pay any fees or commissions to any broker, dealer or other person for soliciting elections to exchange options pursuant to this Offer to Exchange.

#### **16. ADDITIONAL INFORMATION.**

We recommend that, in addition to this Offer to Exchange and the Option Exchange Election Form, you review the following materials, which we have filed with the SEC, before making a decision on whether to elect to exchange your options:

- (a) our annual report on Form 10-K for our fiscal year ended December 31, 2001, as filed with the SEC on April 1, 2002;
- (b) our quarterly report on Form 10-Q for the quarter ended September 30, 2002, as filed with the SEC on November 14, 2002;
- (c) our quarterly report on Form 10-Q for the quarter ended June 30, 2002, as filed with the SEC on August 14, 2002;
- (d) our quarterly report on Form 10-Q for the quarter ended March 31, 2002, as filed with the SEC on May 13, 2002 and as amended on May 13, 2002;
- (e) our definitive proxy statement for our May 20, 2002 annual meeting of shareholders, as filed with the SEC on April 16, 2002;
- (f) our current report on Form 8-K for the event of August 23, 2002, as filed with the SEC on August 27, 2002;
- (g) our current report on Form 8-K for the event of August 12, 2002, as filed with the SEC on August 12, 2002;
- (h) our current report on Form 8-K for the event of July 22, 2002, as filed with the SEC on July 23, 2002; and
- (i) our current report on Form 8-K for the event of March 7, 2002, as filed with the SEC on March 26, 2002.

The Securities and Exchange Commission file number for all of these filings is 000-21221. These filings, our other annual, quarterly and current reports, our proxy statements and our other SEC filings may be examined, and copies may be obtained, at the SEC public reference room located at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-732-0330. Our SEC filings are also available to the public on the SEC's Internet site at <http://www.sec.gov>.

Our common stock is quoted on the Nasdaq National Market under the symbol MVIS, and our SEC filings can be read at the following Nasdaq address:

Nasdaq Operations  
1735 K Street, N.W.  
Washington, D.C. 20006

We will also provide without charge to each person to whom a copy of this Offer to Exchange is delivered, upon the written or oral request of any such person, a copy of any or all of the documents to

32

---

which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to:

Microvision, Inc.  
Attention: Thomas Walker  
19910 North Creek Parkway  
Bothell, WA 98011-3008

or by telephoning Thomas Walker at (425) 415-6847 between the hours of 9:00 a.m. and 5:00 p.m., Pacific Time, Monday through Friday.

As you read the foregoing documents, you may find some inconsistencies in information from one document to another. If you find inconsistencies between the documents, or between a document and this Offer to Exchange, you should rely on the statements made in the most recent document.

The information contained in this Offer to Exchange about Microvision should be read together with the information contained in the documents to which we have referred you.

#### 17. MISCELLANEOUS.

We are not aware of any jurisdiction where the making of the Offer violates applicable law. If we become aware of any jurisdiction where the making of the Offer violates applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the Offer will not be made to, nor will elections to exchange options be accepted from or on behalf of, the option holders residing in such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should elect to exchange or refrain from exchanging your option pursuant to the Offer. You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the Offer other than the information and representations contained in this document or in the accompanying Option Exchange Election Form. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us.

*Microvision, Inc., November 1, 2002, as amended on November 27, 2002*

33

---

#### QuickLinks

[OFFER TO EXCHANGE CERTAIN OUTSTANDING OPTIONS TO PURCHASE COMMON STOCK GRANTED BY MICROVISION, INC. HAVING AN EXERCISE PRICE PER SHARE GREATER THAN \\$10.00 OR EXPIRING ON OR BEFORE MAY 30, 2003 FOR NEW OPTIONS TO BE GRANTED NO SOONER THAN SIX MONTHS AND ONE DAY FROM THE CANCELLATION OF TENDERED OPTIONS \(THE "OFFER TO EXCHANGE"\)](#)  
[IMPORTANT](#)

**MICROVISION, INC.  
OPTION EXCHANGE ELECTION FORM**

**Instructions:** Complete this form, sign it, and fax it to the Microvision Options Desk at (425) 481-1625 or deliver it to Microvision, Inc., 19910 North Creek Parkway, Bothell, WA 98011-3008, as soon as possible, but in any event, BEFORE 5:00 P.M., PACIFIC TIME, ON DECEMBER 9, 2002.

Name of Optionee (please print) : \_\_\_\_\_

I am an employee of Microvision, Inc. ("Microvision" or the "Company") or Lumera Corporation ("Lumera"). I have received the Offer to Exchange dated November 1, 2002, which is incorporated herein by reference. I acknowledge that I may cancel any eligible options or portion of an eligible option that were granted to me with under the Microvision, Inc. 1993 Stock Option Plan (the "1993 Plan") or 1996 Stock Option Plan (the "1996 Plan" and, collectively with the 1993 Plan, the "Plans") or granted outside the Plans (the "Non-Plan Grants"). An "eligible option" is an option to purchase common stock of Microvision granted under the Plans or in the Non-Plan Grants that (i) has an exercise price greater than \$10.00 per share, excluding options granted as part of the Company's special ongoing option grant made on October 24, 2001 with an exercise price of \$15.00 per share or (ii) was granted under a prior options policy with expiring terms less than eight years and expiring on or before May 30, 2003 ("Expiring Options"). Except for options granted on or after May 1, 2002, I may cancel specific tranches of an option or portions of a specific tranche and not the entire option, where a tranche is defined as a grant or subgrant of options with a specific vesting date.

**I ALSO ACKNOWLEDGE THAT IF I CHOOSE TO PARTICIPATE IN THIS OFFER, I MUST ALSO EXCHANGE IN FULL ANY STOCK OPTION GRANTED TO ME ON OR AFTER MAY 1, 2002, IF I RECEIVED ANY SUCH OPTION.**

For each eligible option accepted and cancelled, the Company will grant a "new option" exercisable for the number of shares, subject to adjustments for stock splits, stock dividends and other similar events, equal to the number of shares that were subject to the cancelled option multiplied by an exchange ratio, determined according to the cancelled option's exercise price as shown on the table below. In addition, the Company's Chief Executive Officer, President and Chief Financial Officer will, with respect to certain options, have a lower exchange ratio than other employees. This means that the new options that they receive will be exercisable for fewer shares than a comparable option held by any other employee.

Exercise Price Ranges*	Exchange Ratio	
	CEO, President and CFO	All Other Employees
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\* All Expiring Options will have an exchange ratio of 1.00.

The Company will not issue any new options exercisable for fractional shares. Instead, if the exchange conversion yields a fractional number of shares, the Company will round up (.50 or over) or down (.49 or under) to the nearest whole number of shares with respect to each option.

Subject to the terms and conditions of the Offer to Exchange, I will be granted my new option on the date that is not sooner than six months and one day following the date the Company cancels the option(s) I tendered for exchange, provided that I am still employed by the Company or Lumera on

that date. The new option will have a 10-year term, except that new options issued in exchange for Expiring Options will have a five-year term, which will start on the grant date of the new option(s).

The exercise price of the new options will be equal to the greater of (i) the closing price of our common stock on the Nasdaq National Market on the day of the grant date of the new options or (ii) \$7.00 per share. I acknowledge that the Company can not provide any assurance as to the price of our common stock on the grant date or at any time in the future as the market price for our stock may fluctuate significantly.

Each new option issued upon exchange of an Expiring Option will be fully vested. All other new options will vest such that two-thirds will vest on the same schedule as the cancelled option and one-sixth will vest on each of the first and second anniversary of the grant date; provided, however, that (i) no shares issuable under a new option will vest earlier than they would have vested under the cancelled option and (ii) no shares issuable under a new option granted to a non-exempt employee will vest earlier than six months after the grant of the new options.

I acknowledge that, unless I have an employment agreement with the Company or Lumera, my employment with Microvision or Lumera is on an at-will basis and that nothing in the Offer to Exchange modifies or changes that, and that if my employment with Microvision or Lumera is terminated by me, Microvision or Lumera voluntarily, involuntarily, or for any reason or no reason, before the new options are granted, I will not have a right to any stock option that was previously cancelled, and I will not have a right to the grant that would have been issued on the new option grant date.

I also acknowledge that except for the exercise price, option term, and the vesting period, the terms and conditions of my new option(s) will be substantially similar as those of any cancelled options.

**I FURTHER ACKNOWLEDGE THAT I WILL NOT BE ELIGIBLE TO RECEIVE ADDITIONAL MICROVISION STOCK OPTIONS UNTIL THE GRANT DATE OF THE NEW OPTIONS.**

I acknowledge that participating in the Offer does carry considerable risk, and there are no guarantees of our future stock performance. I acknowledge that the stock price could increase after the date my tendered options are cancelled, in which case my cancelled options might have been worth more than the replacement options received in exchange for them. I acknowledge that if my employment with Microvision or Lumera terminates for any reason, including death or disability, prior to the grant of the replacement option, I will receive neither a replacement option nor the return of my cancelled option.

I recognize that, under certain circumstances stated in the Offer to Exchange, the Company may terminate or amend the Offer and postpone its acceptance and cancellation of any options elected for exchange.

I have reviewed the attached summary of my options. I hereby give up my entire ownership interest in each option or tranche of an option listed on the attached option summary, and I acknowledge that they will become null and void on the date the Company accepts my options for exchange. I acknowledge that this election is entirely voluntary. **I ALSO ACKNOWLEDGE THAT I WILL BE UNABLE TO REVOKE THIS OPTION EXCHANGE ELECTION FORM AFTER 5:00 P.M., PACIFIC TIME, ON DECEMBER 9, 2002 EXCEPT THAT IF THE COMPANY HAS NOT ACCEPTED MY TENDERED OPTIONS FOR EXCHANGE BY 9:00 P.M. PACIFIC TIME ON JANUARY 2, 2003, I MAY WITHDRAW MY TENDERED OPTIONS AT ANY TIME AFTER 9:00 P.M. PACIFIC TIME ON JANUARY 2, 2003.**

---

**I HEREBY ELECT TO CANCEL THE OPTIONS OR PORTIONS OF AN OPTION LISTED ON THE ATTACHED SUMMARY.**

---

Signature of Optionee

---

Date

---

Name of Optionee (please print)

Yes, I wish to tender for exchange each of the options specified below (and on any additional sheets which I have attached to this form):

<u>Grant Number</u>	<u>Grant Date</u>	<u>Vest Date</u>	<u>Exercise Price</u>	<u>Total Number of Options Eligible</u>	<u>Number of Options to Cancel</u>
-------------------------	-----------------------	----------------------	---------------------------	---	--

I have attached an additional sheet listing my name and any additional grants I wish to cancel.

I acknowledge that all of these options will be irrevocably cancelled on December 10, 2002, if the Company (i) accepts the options tendered by me or (ii) does not extend the offer.

Employee Signature \_\_\_\_\_

Employee Name (Please Print) \_\_\_\_\_

Date and Time: \_\_\_\_\_, 2002 \_\_\_\_\_:\_\_\_\_\_.m., Pacific Time

RETURN TO THE MICROVISION OPTIONS DESK NO LATER THAN 5:00 P.M., PACIFIC TIME, ON DECEMBER 9, 2002 VIA FACSIMILE AT (425) 481-1625 OR HAND DELIVERY. MICROVISION WILL CONFIRM RECEIPT.

CONFIRMATION OF RECEIPT BY OPTIONS DESK:

---

Signature

---

Date and Time

---

QuickLinks

[MICROVISION, INC. OPTION EXCHANGE ELECTION FORM](#)



---

---

*This worksheet may be printed and used hardcopy, or used electronically.*

QuickLinks

[Microvision Stock Option Exchange Worksheet](#)

**Microvision, Inc.**  
**Stock Option Exchange**  
**November 8, 2002**



**Information Only—Not Advice**

These sessions are designed for informational purposes only and are not to advise you whether to participate or, if you decide to, in what manner to participate.

2

---

**Agenda**

- Highlights of Exchange Offer (EO)
- Eligible Options That May Be Exchanged
- Exchange Ratio
- Exchange Considerations
- Vesting of Exchanged Options
- New Terminology—"Tranche"
- Process
- Key Dates
- Forms
- Questions

3

---

**Highlights of Exchange Offer (EO)**

- Opportunity to cancel old options with high strike price & receive new options with *potentially* lower strike price
- Regulations call for 6 month look-back from communication date and 6 month look-forward from cancellation date
- Cancel all grants back to 5/01/02, and receive no new options until 6/11/03 (est.), (six months + one day from cancellation)
- New option strike price = closing price on grant date, or \$7.00, whichever is greater
- Term of most new grants = 10 years from grant date

4

---

- The Exchange Offer Document
  - Summary of EO (pp. 1 - 3)
  - Summary Term Sheet—Q&A and examples (pp. 5 - 14)
  - The Offer—details (pp. 15 - 30)
  - Election Form—IMPORTANT

5

### Options That May Be Exchanged

- Page 1 of EO
  - Grants with exercise price >\$10.00 and those "Expiring Options"—defined in paragraph 1:(ii)
  - Excludes October 24, 2001 grants @ \$15.00/share ("Special on-going grants")
  - Grants on or after 5/01/02 must be cancelled in full if you wish to exchange any options
  - Eligibility—those employed at beginning and end of Exchange period
  - Grant date of new options 6/11/03 (est.)

6

### Exchange Ratio

Existing option price:	Exchange ratio*:	
	CEO, Pres. & CFO	All Other EE's
>\$40.00	x 0.25	x 0.25
\$30.01 - \$40.00	x 0.47	x 0.60
\$20.01 - \$30.00	x 0.65	x 0.70
\$15.01 - \$20.00	x 0.75	x 0.80
\$10.01 - \$15.00	x 1.00	x 1.00

\* See EO if one has options expiring before 5/30/03

7

### Exchange Considerations

- RISK = New grant price could go UP from where it is trading now or be higher than the strike price of your current options
- RISK = If death or disability occurs, or your employment terminates for any reason, during exchange period, no reinstatement of options or new options
  - (If death or disability under current plan, all vested and unvested options which were not cancelled may be exercised within twelve months)
- RISK = If a merger or acquisition occurs within the exchange period, exchange offer could be cancelled and you may not receive any new options (pp. 13 - 14, #33)

8

### Vesting of Exchanged Options

- Most new options:

- 2/3 vest on same schedule as old option
  - 1/6 vest one year after new grant
  - 1/6 vest two years after new grant
  - Provided that no new options will vest sooner than old options would have
- 
- A few "Expiring Options" will be fully vested upon new grant
  - Nonexempt (overtime-eligible) employees will not have any new options vest earlier than 6 months after new grant
  - Three examples in EO on pp. 10 - 12

**New Terminology—"Tranche"**

- Tranche is a set of options with a specific grant number and vesting date
- With 4-year annual vesting, each grant has 4 tranches
- Some older grants have quarterly vesting so total number of tranches higher
- You may elect to exchange whole tranche or a portion of a tranche
- See EO pp. 10 - 12 for tranches and vesting examples

**Worksheet**

**Microvision  
Stock Option Exchange  
Worksheet**

This worksheet is provided for your convenience. It is not a recommendation to participate in the exchange or to exclude other considerations or calculations in determining whether or how to participate.

Original Grant Price Range	Exchange Ratio**	
	CEO, Pres, CFO	All Other EE's
>\$40.00	0.25	0.25
\$30.01 - \$40.00	0.47	0.60
\$20.01 - \$30.00	0.65	0.70
\$15.01 - \$20.00	0.75	0.80
\$10.01 - \$15.00	1.00	1.00

\*\* If you have options expiring on or before May 30, 2003, see the EO for the ratio.

**Primary Criteria for Eligibility**

- \* Generally, only existing grants priced at >\$10.00 are eligible for exchange
- \* Does not include shares from the 10/24/01 "special on-going grant" @ \$15.00
- \* Any existing options granted after 5/01/02 must be surrendered in full to participate in the exchange offer
- \* New grant shares will be whole numbers; no fractional shares
- \* Employees must be employed on the new grant date to receive new grant
- \* Target grant date for new options is June 11, 2003 or shortly thereafter



- **12/09/02**—Must submit Election Form by 5:00 p.m.
- 12/10/02—Target date for cancellation of Exchange Options
- 6/11/03—Target grant date for new options
- 12/11/03—Earliest target vesting date for an "Overtime (non-exempt) Employee"

14

---

#### **Forms**

- Worksheet offered to assist you in calculating exchange numbers and vesting
- Use Option Exchange Election Form at back of EO
- Deliver Election Form to Options Desk
- Confirmation of receipt—not conformance—will be a photocopy of the Election Form, signed by the Options Desk

15

---

#### **Questions?**

16

---

#### **QuickLinks**

[Microvision, Inc. Stock Option Exchange November 8, 2002](#)

[Information Only—Not Advice](#)

[Agenda](#)

[Highlights of Exchange Offer \(EO\)](#)

[Highlights of Exchange Offer](#)

[Options That May Be Exchanged](#)

[Exchange Ratio](#)

[Exchange Considerations](#)

[Vesting of Exchanged Options](#)

[New Terminology—"Tranche"](#)

[Worksheet](#)

[Microvision Stock Option Exchange Worksheet](#)

[Process](#)

[Key Dates \(est.\)](#)

[Forms](#)

[Questions?](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit (a)(10)

**FORM OF ACCEPTANCE TO OPTIONEES ELECTING  
TO PARTICIPATE IN THE OFFER TO EXCHANGE**

TO [OPTION HOLDER]

This acceptance confirms that on December , 2002, Microvision, Inc. cancelled options to purchase a total of [NUMBER] shares, as set forth below, which you submitted for exchange under your Option Exchange Election Form. Microvision, Inc. will grant you new options to purchase a total of [NUMBER] shares, with the terms and conditions described in the Offer to Exchange, distributed on November 1, 2002, as amended, subject to your continued employment at Microvision, Inc. or Lumera Corporation and the other terms set forth in the Offer to Exchange.

If you have any questions about this confirmation, please contact the Options Desk at (425) 415-6755 or 6629.

<u>Grant Number</u>	<u>Grant Date</u>	<u>Vest Date</u>	<u>Exercise Price</u>	<u>Total Number of Options Eligible</u>	<u>Number of Options to Cancel</u>
-------------------------	-----------------------	----------------------	---------------------------	---	--

Thank you,

Options Desk

---

QuickLinks

[FORM OF ACCEPTANCE TO OPTIONEES ELECTING TO PARTICIPATE IN THE OFFER TO EXCHANGE](#)

November 27, 2002

All Employees:

On November 1, 2002, we commenced an offer to exchange certain existing stock options for new options and provided each of you with an Offer to Exchange and Option Exchange Election Form (the "offering documents") describing the terms and conditions of the offer.

The Securities and Exchange Commission (the "SEC") has reviewed and commented on the Company's offering documents and we have amended them to reflect the SEC's comments. The revised offering documents are being provided to you with this memo. Summarized below are some of the changes that we have made to the offering documents. You are encouraged, however, to review the revised offering documents in their entirety.

- An aggregate of 3,854,519 options are eligible to be exchanged in this offer, including all options granted on or after May 1, 2002 to eligible participants. If you elect to participate in this offer, all options granted to you on or after May 1, 2002 must be exchanged in full;
- If options that you tender to us in this exchange are not accepted by us by 9:00 p.m. on January 2, 2003, then you may withdraw your tendered options at any time after that;
- We will confirm acceptance of options tendered for exchange promptly after the expiration of the offer currently scheduled for 5:00 p.m. December 9, 2002 (this confirmation of acceptance is different from and in addition to the acknowledgement of receipt of your Election Form);
- You do not have to confirm in the Option Exchange Election Form that you have read the Offer to Exchange. A new Option Exchange Election Form is attached reflecting this. If you have already submitted your Election Form, you may but do not need to submit a new Election Form due to this change.

Generally all other terms of the offer, including the price and the calculation of the number of options to be granted in exchange for options tendered in the exchange offer, remain unchanged from the offering documents provided to you on November 1, 2002, and subsequently discussed in the question and answer sessions during the week of November 4, 2002. The offer will still expire at 5:00 p.m. on December 9, 2002, unless we extend the offer period.

The following documents are attached for your information and use.

1. Offer to Exchange
2. Election Form (revised as noted above)
3. Form of Option Exchange Worksheet (slightly revised for dates stated)
4. Copies of the presentation shown during the week of November 4, 2002.

Several employees have asked questions regarding the terms and mechanics of the offer. Reprinted below are the questions and our answers.

**Question: Will the Company be granting "on-going" options in the Spring of 2003?**

**Answer:** As stated in the response to Question 7 on page six of the Offer to Exchange, participants in the offer will be ineligible to receive any additional stock option grants until after the grant date of the new options due to unfavorable accounting consequences to the Company. Because of this, the Company is unlikely to grant options to any current employees during this period. The Company has not yet made a determination regarding granting on-going options after this period.

**Question: What would the effect of a stock split or reverse stock split have upon our non-exchanged options? What would the effect be upon our newly granted options?**

**Answer:** The number of shares covered by each outstanding option and the exercise price per share thereof (but not the total exercise price) would be proportionately adjusted for any increase or decrease in the number of outstanding shares of Common Stock of the Company resulting from a stock split, stock dividend or consolidation of shares or any like capital stock adjustment. The Company currently has no plans to undertake any such action.

**Question: Under the current plan, what can the Board do with the option program should Microvision be acquired or merge with another company?**

**Answer:** Please see the response to Question 33 beginning on page 13 of the Offer to Exchange for the answer to this question. The first paragraph of the response to that Question restates the Board's current authority for existing options under the 1996 Plan.

**Question: Who should I talk to if I have questions about the Exchange Offer?**

**Answer:** As stated in the Offer to Exchange, you should direct questions about the Offer or requests for assistance or for additional copies of the Offer to Exchange or the Option Exchange Election Form to Thomas Walker, Vice President, General Counsel, Microvision, Inc., by e-mail at Tom\_Walker@mvis.com, or by telephone at (425) 415-6847.

**Question: To whom should I give my election form?**

**Answer:** As stated in the Exchange Offer, including response to Question 12 on page 7, to elect to exchange your options pursuant to the Offer, you must properly complete, duly execute and deliver to us the Option Exchange Election Form, or a facsimile thereof, in accordance with the terms of the Election Form. We must receive the Option Exchange Election Form before 5:00 p.m. Pacific Time on December 9, 2002. You must deliver your Option Exchange Election Form by personal delivery, by fax at (425) 481-1625 or by mail to the Microvision Options Desk, Microvision, Inc., 19910 North Creek Parkway, Bothell, WA 98011-3008.

If you have any other questions regarding the offering, please contact me at (425) 415-6847.

**Microvision, Inc.  
Notice Of Invalid Option Exchange Election Form**

**The attached Form has not been processed.**

Name: \_\_\_\_\_ Today's Date: \_\_\_\_\_

RE: Option Exchange Election Form Dated: \_\_\_\_\_

\*\*\*\*\*

**You submitted an Option Exchange Election Form that has been rejected for one or more of the following reasons. You must submit a new form free of errors if you wish to participate in the Exchange Offer.**

\*\*\*\*\*

- Unable to match one or more tranches (A tranche is identified by a three-way match of Grant No.—Grant Date—Vest Date).
- Number of shares in the "Number of Share to Cancel" column exceeds shares eligible for that tranche.
- Form has not been properly authorized by you.
- Other:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**If you have questions or would like further explanation, please contact the Options Desk at (425) 415-6755 or 6629.**

QuickLinks

[Microvision, Inc. Notice Of Invalid Option Exchange Election Form](#)

## MICROVISION, INC.

1996 STOCK OPTION PLAN,  
AS AMENDED

1. *Purpose.* The purpose of the 1996 Stock Option Plan (the "Plan") is to provide a means by which Microvision, Inc. (the "Company"), may attract, reward, and retain the services or advice of current or future employees, officers, consultants or independent contractors of, and other advisors to, the Company and to provide added incentives to them by encouraging stock ownership in the Company.

2. *Administration.* This Plan shall be administered by the Board of Directors of the Company (the "Board") or, if the Board shall authorize a committee to administer this Plan, by such committee to the extent so authorized; provided, however, that only the Board of Directors may suspend, amend or terminate this Plan as provided in Section 13, and provided further that a committee that includes officers of the Company shall not be permitted to grant options to persons who are officers of the Company. The administrator of this Plan is referred to as the "Plan Administrator."

2.1 *Procedures.* The Board of Directors shall designate one member of the Plan Administrator as chairman. The Plan Administrator may hold meetings at such times and places as it shall determine. The acts of a majority of the members of the Plan Administrator present at meetings at which a quorum exists, or acts approved in writing by all Plan Administrator members, shall constitute valid acts of the Plan Administrator.

2.2 *Powers.* Subject to the specific provisions of this Plan, the Plan Administrator shall have the authority, in its discretion: (a) to grant the stock options described in Section 5, including Incentive Stock Options and Non-Qualified Stock Options, and to designate each option granted as an Incentive Stock Option or a Non-Qualified Stock Option; (b) to determine, in accordance with Section 5.1(f) of this Plan, the fair market value of the shares of Common Stock subject to options; (c) to determine the exercise price per share of options; (d) to determine the Optionees to whom, and the time or times at which, options shall be granted and the number of shares of Common Stock to be represented by each option; (e) to interpret this Plan; (f) to prescribe, amend and rescind rules and regulations relating to this Plan; (g) to determine the terms and provisions of each option granted (which need not be identical) and, with the consent of the Optionee, modify or amend each option; (h) to reduce the exercise price per share of outstanding and unexercised options; (i) to defer, with the consent of the Optionee, or to accelerate the exercise date of any option; (j) to waive or modify any term or provision contained in any option applicable to the underlying shares of Common Stock; (k) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an option previously granted by the Plan Administrator; and (l) to make all other determinations deemed necessary or advisable for the administration of this Plan. The interpretation and construction by the Plan Administrator of any terms or provisions of this Plan, any option issued hereunder or of any rule or regulation promulgated in connection herewith and all actions taken by the Plan Administrator shall be conclusive and binding on all interested parties. The Plan Administrator may delegate administrative functions to individuals who are officers or employees of the Company.

2.3 *Limited Liability.* No member of the Board of Directors or the Plan Administrator or officer of the Company shall be liable for any action or inaction of the entity or body, or another person or, except in circumstances involving bad faith, of himself or herself. Subject only to compliance with the explicit provisions hereof, the Board of Directors and Plan Administrator may act in their absolute discretion in all matters related to the Plan.

2.4 *Securities Exchange Act of 1934.* At any time that the Company has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Plan shall be administered in accordance with Rule 16b-3 adopted under the Exchange Act

and Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations, proposed and final, thereunder, as all may be amended from time to time, and each member of the Plan Administrator shall be a "disinterested director" and an "outside director" within the meaning of such Rule 16b-3 and Section 162(m), respectively.

3. *Stock Subject to This Plan.* Subject to adjustment as provided below and in Section 11 hereof, the stock subject to this Plan shall be the Company's common stock (the "Common Stock"), and the total number of shares of Common Stock to be delivered on the exercise of all options granted under this Plan shall not exceed 8,000,000 shares, as such Common Stock was constituted on the date on which this Plan was last amended by the Board as set forth on the last page hereof. If any option granted under this Plan expires, is surrendered, exchanged for another option, canceled or terminated for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for purposes of this Plan, including for replacement options that may be granted in exchange for such surrendered, canceled or terminated options. Shares issued on exercise of options granted under this Plan may be subject to restrictions on transfer, repurchase rights or other restrictions as determined by the Plan Administrator.

#### 4. *Eligibility.*

4.1 *Optionees.* The Plan Administrator may award options to any current or future employee, officer, consultant or independent contractor of, or other advisor to, the Company or its subsidiaries. Non-employee directors of the Company shall not be eligible to participate in the Plan. Any party to whom an option is granted under this Plan is referred to as an "Optionee."

4.2 *Subsidiaries.* As used in this Plan, the term "subsidiary" of a company shall include any corporation in which such company owns, directly or indirectly, at the time of the grant of an option hereunder, stock having 50% or more of the total combined voting power of all classes of stock thereof.

5. *Awards.* The Plan Administrator, from time to time, may take the following actions, separately or in combination, under this Plan: (a) grant Incentive Stock Options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), to any employee of the Company or its subsidiaries, as provided in Section 5.1 of this Plan; (b) grant options other than Incentive Stock Options ("Non-Qualified Stock Options"), as provided in Section 5.2 of this Plan; (c) grant options to officers, employees and others in foreign jurisdictions, as provided in Section 7 of this Plan; and (d) grant options in certain acquisition transactions, as provided in Section 8 of this Plan. No employee may be granted in any fiscal year of the Company options to acquire more than 2,000,000 shares of Common Stock.

#### 5.1 *Incentive Stock Options.* Incentive Stock Options shall be subject to the following terms and conditions:

(a) Incentive Stock Options may be granted under this Plan only to employees of the Company or its subsidiaries, including employees who are directors.

(b) No employee may be granted Incentive Stock Options under this Plan to the extent that the aggregate fair market value, on the date of grant, of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by that employee during any calendar year, under this Plan and under any other incentive stock option plan (within the meaning of Section 422 of the Code) of the Company or any subsidiary, exceeds \$100,000. To the extent that any option designated as an Incentive Stock Option exceeds the \$100,000 limit, such option shall be treated as a Non-Qualified Stock Option. In making this determination, options shall be taken into account in the order in which they were granted, and the fair market value of the shares of Common Stock shall be determined as of the time that the option with respect to such shares was granted.

(c) An Incentive Stock Option may be granted under this Plan to an employee possessing more than 10% of the total combined voting power of all classes of stock of the Company (as determined pursuant to the attribution rules contained in Section 424(d) of the Code) only if the exercise price is at least 110% of the fair market value of the Common Stock subject to the option on the date the option is granted, as described in Section 5.1(f) of this Plan, and only if the option by its terms is not exercisable after the expiration of five years from the date it is granted.

(d) Except as provided in Section 5.5 of this Plan, no Incentive Stock Option granted under this Plan may be exercised unless at the time of such exercise the Optionee is employed by the Company or any subsidiary of the Company and the Optionee has been so employed continuously since the date such option was granted.

(e) Subject to Sections 5.1.(c) and 5.1.(d) of this Plan, Incentive Stock Options granted under this Plan shall continue in effect for the period fixed by the Plan Administrator, except that no Incentive Stock Option shall be exercisable after ten years from the date it is granted.

(f) The exercise price shall not be less than 100% of the fair market value of the shares of Common Stock covered by the Incentive Stock Option at the date the option is granted. The fair market value of shares shall be the closing price per share of the Common Stock on the date of grant as reported on a securities quotation system or stock exchange. If such shares are not so reported or listed, the Plan Administrator shall determine the fair market value of the shares of Common Stock in its discretion.

(g) The provisions of clauses (b) and (c) of this Section shall not apply if either the applicable sections of the Code or the regulations thereunder are amended so as to change or eliminate such limitations or to permit appropriate modifications of those requirements by the Plan Administrator.

5.2 *Non-Qualified Stock Options.* Non-Qualified Stock Options shall be subject to the following terms and conditions:

(a) The exercise price may be more or less than or equal to the fair market value of the shares of Common Stock covered by the Non-Qualified Stock Option on the date the option is granted, and the exercise price may fluctuate based on criteria determined by the Plan Administrator. The fair market value of shares of Common Stock covered by a Non-Qualified Stock Option shall be determined by the Plan Administrator, as described in Section 5.1(f).

(b) Unless otherwise established by the Plan Administrator, any Non-Qualified Stock Option shall terminate ten years after the date it is granted.

5.3 *Vesting.* To ensure that the Company will achieve the purposes of and receive the benefits contemplated in this Plan, any option granted to any Optionee hereunder shall be exercisable according to the vesting schedule, if any, established by the Plan Administrator and set forth in the Option Agreement issued to each Optionee.

5.4 *Nontransferability.* Options granted under this Plan and the rights and privileges conferred hereby may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution, shall not be subject to execution, attachment or similar process, and shall be exercisable during the Optionee's lifetime only by the Optionee. Any purported transfer or assignment in violation of this provision shall be void.

5.5 *Termination of Options.*

(a) *Generally.* Unless otherwise determined by the Plan Administrator or specified in the Optionee's Option Agreement, if the Optionee's employment or service with the Company

terminates for any reason other than for cause, resignation in lieu of dismissal, retirement, disability or death, and unless by its terms the option sooner terminates or expires, then the Optionee may exercise, for a three-month period, that portion of the Optionee's option that was exercisable at the time of such termination of employment or service (provided the conditions of Section 6.4 and any other conditions specified in the Option Agreement shall have been met by the date of exercise of such option).

(b) *For Cause; Resignation.* Unless otherwise determined by the Plan Administrator or specified in the Optionee's Option Agreement:

(i) If an Optionee is terminated for cause or resigns in lieu of dismissal, any option granted hereunder shall be deemed to have terminated as of the time of the first act that led or would have led to the termination for cause or resignation in lieu of dismissal, and such Optionee shall thereupon have no right to purchase any shares of Common Stock pursuant to the exercise of such option, and any such exercise shall be null and void. Termination for "cause" shall include (i) the violation by the Optionee of any reasonable rule or policy of the Company; (ii) any willful misconduct or gross negligence by the Optionee in the responsibilities assigned to him or her; (iii) any willful failure to perform his or her job as required to meet the objectives of the Company; (iv) any wrongful conduct of an Optionee that has an adverse impact on the Company or that constitutes a misappropriation of the assets of the Company; (v) unauthorized disclosure of confidential information; or (vi) the Optionee's performing services for any other company or person that competes with the Company while he or she is employed by or provides services to the Company, without the written approval of the chief executive officer of the Company. "Resignation in lieu of dismissal" shall mean a resignation by an Optionee of employment with or service to the Company if (i) the Company has given prior notice to such Optionee of its intent to dismiss the Optionee for circumstances that constitute cause, or (ii) within two months of the Optionee's resignation, the chief operating officer or the chief executive officer of the Company or the Board of Directors determines, which determination shall be final and binding, that such resignation was related to an act that would have led to a termination for cause.

(ii) If an Optionee resigns from the Company, the right of the Optionee to exercise his or her option shall be suspended for a period of two months from the date of resignation, unless the chief executive officer of the Company or the Board of Directors determines otherwise in writing. Thereafter, unless there is a determination that the Optionee resigned in lieu of dismissal, the option may be exercised at any time before the earlier of (i) the expiration date of the option (which shall have been similarly suspended) or (ii) the expiration of three months after the date of resignation, for that portion of the Optionee's option that was exercisable at the time of such resignation (provided the conditions of Section 6.4 and any other conditions specified in the Option Agreement shall have been met at the date of exercise of such option).

(c) *Retirement.* Unless otherwise determined by the Plan Administrator or specified in the Optionee's Option Agreement, if an Optionee's employment or service with the Company is terminated with the Company's approval for reasons of age, the Option may be exercised at any time before the earlier of (a) the expiration date of the option or (b) the expiration of three months after the date of such termination of employment or service, for that portion of the Optionee's option that was exercisable at the time of such termination of employment or service (provided the conditions of Section 6.4 and any other conditions specified in the Option Agreement shall have been met at the date of exercise of such option).

(d) *Disability.* Unless otherwise determined by the Plan Administrator or specified in the Optionee's Option Agreement, if an Optionee's employment or relationship with the Company terminates because of a permanent and total disability (as defined in Section 22(e)(3) of the Code), the option may be exercised at any time before the earlier of (a) the expiration date of the option or (b) the expiration of 12 months after the date of such termination, for up to the full number of shares of Common Stock covered thereby, including any portion not yet vested (provided the conditions of Section 6.4 and any other conditions specified in the Option Agreement shall have been met by the date of exercise of such option).

(e) *Death.* Unless otherwise determined by the Plan Administrator or specified in the Optionee's Option Agreement, in the event of the death of an Optionee while employed by or providing service to the Company, the option may be exercised at any time before the earlier of (a) the expiration date of the option or (b) the expiration of 12 months after the date of death by the person or persons to whom such Optionee's rights under the option shall pass by the Optionee's will or by the applicable laws of descent and distribution, for up to the full number of shares of Common Stock covered thereby, including any portion not yet vested (provided the conditions of Section 6.4 and any other conditions specified in the Option Agreement shall have been met by the date of exercise of such option).

(f) *Extension of Exercise Period Applicable to Termination.* The Plan Administrator, at the time of grant or at any time thereafter, may extend the one-month, three-month and 12-month exercise periods to any length of time not longer than the original expiration date of the option, and may increase the portion of an option that is exercisable, subject to such terms and conditions as the Plan Administrator may determine; provided, that any extension of the exercise period or other modification of an Incentive Stock Option shall be subject to the written agreement and acknowledgment by the Optionee that the extension or modification disqualifies the option as an Incentive Stock Option.

(g) *Failure to Exercise Option.* To the extent that the option of any deceased Optionee or of any Optionee whose employment or service terminates is not exercised within the applicable period, all rights to purchase shares of Common Stock pursuant to such options shall cease and terminate.

(h) *Transfers; Leaves.* For purposes of this Section 5.5, a transfer of employment or other relationship between or among the Company and/or any subsidiaries shall not be deemed to constitute a termination of employment or other cessation of relationship with the Company or any of its subsidiaries. For purposes of this Section 5.5, with respect to Incentive Stock Options, employment shall be deemed to continue while the Optionee is on military leave, sick leave or other bona fide leave of absence (as determined by the Plan Administrator) in accordance with the policies of the Company.

## 6. Exercise.

6.1 *Procedure.* Subject to the provisions of Section 5.3 above, each option may be exercised in whole or in part; provided, however, that no fewer than 100 shares (or the remaining shares then purchasable under the option, if less than 100 shares) may be purchased on any exercise of any option granted hereunder and that only whole shares will be issued pursuant to the exercise of any option (the number of 100 shares shall not be changed by any transaction or action described in Section 8 or Section 11 unless the Plan Administrator determines that such a change is appropriate). Options shall be exercised by delivery to the Secretary of the Company or his or her designated agent of notice of the number of shares with respect to which the option is exercised, together with payment in full of the exercise price and any applicable withholding taxes.

## 5

6.2 *Payment.* Payment of the option exercise price shall be made in full when the notice of exercise of the option is delivered to the Secretary of the Company or his or her designated agent and shall be in cash or bank certified or cashier's check or through irrevocable instructions to a stock broker to deliver the amount of sales proceeds necessary to pay the appropriate exercise price and withholding tax obligations, all in accordance with applicable governmental regulations, for the shares of Common Stock being purchased. The Plan Administrator may determine at the time the option is granted for Incentive Stock Options, or at any time before exercise for Non-Qualified Stock Options, that additional forms of payment will be permitted.

6.3 *Withholding.* Before the issuance of shares of Common Stock on the exercise of an option, the Optionee shall pay to the Company the amount of any applicable federal, state or local tax withholding obligations. The Company may withhold any distribution in whole or in part until the Company is so paid. The Company shall have the right to withhold such amount from any other amounts due or to become due from the Company to the Optionee, including salary (subject to applicable law) or to retain and withhold a number of shares having a market value not less than the amount of such taxes required to be withheld by the Company to reimburse it for any such taxes and cancel (in whole or in part) any such shares so withheld.

6.4 *Conditions Precedent to Exercise.* The Plan Administrator may establish conditions precedent to the exercise of any option, which shall be described in the relevant Option Agreement.

7. *Foreign Qualified Grants.* Options under this Plan may be granted to officers and employees of the Company and other persons described in Section 4 who reside in foreign jurisdictions as the Plan Administrator may determine from time to time. The Board of Directors may adopt supplements to the Plan as needed to comply with the applicable laws of such foreign jurisdictions and to give Optionees favorable treatment under such laws; provided, however, that no award shall be granted under any such supplement on terms more beneficial to such Optionees than those permitted by this Plan.

8. *Corporate Mergers, Acquisitions, Etc.* The Plan Administrator may also grant options under this Plan having terms, conditions and provisions that vary from those specified in this Plan provided that such options are granted in substitution for, or in connection with the assumption of, existing options granted, awarded or issued by another corporation and assumed or otherwise agreed to be provided for by the Company pursuant to or by reason of a transaction involving a corporate merger, consolidation, acquisition of property or stock, reorganization or liquidation to which the Company is a party.

9. *Holding Period.* Unless otherwise determined by the Plan Administrator, if a person subject to Section 16 of the Exchange Act exercises an option within six months of the date of grant of the option, the shares of Common Stock acquired on exercise of the option may not be sold until six months after the date of grant of the option.

10. *Option Agreements.* Options granted under this Plan shall be evidenced by written stock option agreements (the "Option Agreements") that shall contain such terms, conditions, limitations and restrictions as the Plan Administrator shall deem advisable and that are consistent with this Plan. All Option Agreements shall include or incorporate by reference the applicable terms and conditions contained in this Plan.

## 11. Adjustments On Changes in Capitalization.

11.1 *Stock Splits, Capital Stock Adjustments.* The aggregate number and class of shares for which options may be granted under this Plan, the number and class of shares covered by each outstanding option and the exercise price per share thereof (but not the total price), and each such option, shall all be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock of the Company resulting from a stock split, stock dividend or consolidation of shares or any like capital stock adjustment.

## 11.2 *Effect of Merger, Sale of Assets, Liquidation or Dissolution.*

(a) *Mergers, Sale of Assets, Other Transactions.* In the event of a merger, consolidation or plan of exchange to which the Company is a party or a sale of all or substantially all of the Company's assets (each, a "Transaction"), the Board of Directors, in its sole discretion and to the extent possible under the structure of the Transaction, shall select one of the following alternatives for treating outstanding options under this Plan:

(i) Outstanding options shall remain in effect in accordance with their terms;

(ii) Outstanding options shall be converted into options to purchase stock in the corporation that is the surviving or acquiring corporation in the Transaction. The amount, type of securities subject thereto and exercise price of the converted options shall be determined by the Board of Directors of the Company, taking into account the relative values of the companies involved in the Transaction and the exchange rate, if any, used in determining shares of the surviving corporation to be issued to holders of shares of the Company. Unless otherwise determined by the Board of Directors, the converted options shall be vested only to the extent that the vesting requirements relating to options granted hereunder have been satisfied;

(iii) The Board of Directors provides a period before the consummation of the Transaction during which outstanding options shall be exercisable to the extent vested and, on the expiration of such period, all unexercised options shall immediately terminate. The Board of Directors, in its sole discretion, may accelerate the vesting of such options so that they are exercisable in full during such period; or

(iv) The Board of Directors shall take such other action with respect to outstanding options as the Board deems to be in the best interests of the Company.

(b) *Liquidation; Dissolution.* If the Company is liquidated or dissolved, options shall be treated in accordance with Section 11.2(a)(iii).

11.3 *Fractional Shares.* If the number of shares covered by any option is adjusted, any fractional shares resulting from such adjustment shall be disregarded and each such option shall cover only the number of full shares resulting from such adjustment.

11.4 *Determination of Board to Be Final.* All adjustments under this Section 11 shall be made by the Board of Directors, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. Unless an Optionee agrees otherwise, any change or adjustment to an Incentive Stock Option shall be made, if possible, in such a manner so as not to constitute a "modification," as defined in Section 424(h) of the Code, and so as not to cause the Optionee's Incentive Stock Option to fail to continue to qualify as an Incentive Stock Option.

## 12. *Securities Regulations.*

Shares of Common Stock shall not be issued with respect to an option granted under this Plan unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, any applicable state securities laws, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, applicable laws of foreign countries and other jurisdictions and the requirements of any quotation service or stock exchange on which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of any shares hereunder. The inability of the Company to obtain, from any regulatory body having jurisdiction, the authority deemed by the Company's counsel to be necessary for the lawful issuance and sale of any shares hereunder or the unavailability of an exemption from registration for the issuance and sale of any shares hereunder shall

relieve the Company of any liability with respect of the nonissuance or sale of such shares as to which such requisite authority shall not have been obtained.

As a condition to the exercise of an option, the Company may require the Optionee to represent and warrant at the time of any such exercise that the shares of Common Stock are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any relevant provision of the aforementioned laws. The Company may place a stop-transfer order against any shares of Common Stock on the official stock books and records of the Company, and a legend may be stamped on stock certificates to the effect that the shares of Common Stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided (concurrent in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation. The Plan Administrator may also require such other action or agreement by the Optionees as may from time to time be necessary to comply with the federal and state securities laws. THIS PROVISION SHALL NOT OBLIGATE THE COMPANY TO UNDERTAKE REGISTRATION OF THE OPTIONS OR STOCK THEREUNDER.

If any of the Company's capital stock of the same class as the Common Stock subject to options granted hereunder is listed on a national securities exchange, all shares of Common Stock issued hereunder if not previously listed on such exchange shall be authorized by that exchange for listing thereon before the issuance thereof.

## 13. *Amendment and Termination.*

13.1 *Plan.* The Board of Directors may at any time suspend, amend or terminate this Plan, provided that, except as set forth in Section 8, the approval of the Company's shareholders is necessary within twelve months before or after the adoption by the Board of Directors of any amendment that will:

(a) increase the number of shares of Common Stock to be reserved for the issuance of options under this Plan;

(b) permit the granting of stock options to a class of persons other than those now permitted to receive stock options under this Plan; or

(c) require shareholder approval under applicable law, including Section 16(b) of the Exchange Act.

13.2 *Options.* Subject to the requirements of Section 422 of the Code with respect to Incentive Stock Options and to the terms and conditions and within the limitations of this Plan, the Plan Administrator may modify or amend outstanding options granted under this Plan. The modification or amendment of an outstanding option shall not, without the consent of the Optionee, impair or diminish any of his or her rights or any of the obligations of the Company under such option. Except as otherwise provided in this Plan, no outstanding option shall be terminated without the consent of the Optionee. Unless the Optionee agrees otherwise, any changes or adjustments made to outstanding Incentive Stock Options granted under this Plan shall be made in such a manner so as not to constitute a "modification," as defined in Section 425(h) of the Code, and so as not to cause any Incentive Stock Option issued hereunder to fail to continue to qualify as an Incentive Stock Option as defined in Section 422(b) of the Code.

13.3 *Automatic Termination.* Unless sooner terminated by the Board of Directors, this Plan shall terminate ten years from the date on which this Plan is adopted by the Board. No option may be granted after such termination or during any suspension of this Plan. The amendment or termination of this Plan shall not, without the consent of the

Optionee, alter or impair any rights or obligations under any option theretofore granted under this Plan.

14. *Miscellaneous.*

14.1 *Time of Granting Options.* The date of grant of an option shall, for all purposes, be the date on which the Company completes the required corporate action relating to the grant of an option; the execution of an Option Agreement and the conditions to the exercise of an option shall not defer the date of grant.

14.2 *No Status as Shareholder.* Neither the Optionee nor any party to which the Optionee's rights and privileges under the option may pass shall be, or have any of the rights or privileges of, a shareholder of the Company with respect to any of the shares of Common Stock issuable on the exercise of any option granted under this Plan unless and until such option has been exercised and the issuance (as evidenced by the appropriate entry on the books of the Company or duly authorized transfer agent of the Company) of the stock certificate evidencing such shares.

14.3 *Status as an Employee.* Nothing in this Plan or in any option granted pursuant to this Plan shall confer on any Optionee any right to continue in the employ of the Company, or to interfere in any way with the right of the Company to terminate his or her employment or other relationship with the Company at any time for any reason.

14.4 *Reservation of Shares.* The Company, during the term of this Plan, at all times will reserve and keep available such number of shares of Common Stock as shall be sufficient to satisfy the requirements of this Plan.

15. *Effectiveness of This Plan.* This Plan shall become effective on the date on which it is adopted by the Board of Directors of the Company. No option granted under this Plan to any officer or director of the Company shall become exercisable until the Plan is approved by the shareholders, and any option granted before such approval shall be conditioned on and is subject to such approval.

**MICROVISION, INC.**  
**1996 STOCK OPTION PLAN,**  
**AS AMENDED**

*TABLE OF CONTENTS*

	<b>Page</b>
1. <i>Purpose</i>	1
2. <i>Administration</i>	1
2.1 <i>Procedures</i>	1
2.2 <i>Powers</i>	1
2.3 <i>Limited Liability</i>	1
2.4 <i>Securities Exchange Act of 1934</i>	1
3. <i>Stock Subject to This Plan</i>	2
4. <i>Eligibility</i>	2
4.1 <i>Optionees</i>	2
4.2 <i>Subsidiaries</i>	2
5. <i>Awards</i>	2
5.1 <i>Incentive Stock Options</i>	2
5.2 <i>Non-Qualified Stock Options</i>	3
5.3 <i>Vesting</i>	3
5.4 <i>Nontransferability</i>	3
5.5 <i>Termination of Options</i>	3
(a) <i>Generally</i>	3
(b) <i>For Cause; Resignation</i>	4
(c) <i>Retirement</i>	4
(d) <i>Disability</i>	5
(e) <i>Death</i>	5
(f) <i>Extension of Exercise Period Applicable to Termination</i>	5
(g) <i>Failure to Exercise Option</i>	5
(h) <i>Transfers; Leaves</i>	5
6. <i>Exercise</i>	5
6.1 <i>Procedure</i>	5
6.2 <i>Payment</i>	6
6.3 <i>Withholding</i>	6
6.4 <i>Conditions Precedent to Exercise</i>	6
7. <i>Foreign Qualified Grants</i>	6
8. <i>Corporate Mergers, Acquisitions, Etc.</i>	6
9. <i>Holding Period</i>	6

10.	<i>Option Agreements</i>	6
11.	<i>Adjustments On Changes in Capitalization</i>	6
11.1	<i>Stock Splits, Capital Stock Adjustments</i>	6
11.2	<i>Effect of Merger, Sale of Assets, Liquidation or Dissolution</i>	7
	(a) <i>Mergers, Sale of Assets, Other Transactions</i>	7
	(b) <i>Liquidation; Dissolution</i>	7
11.3	<i>Fractional Shares</i>	7
11.4	<i>Determination of Board to Be Final</i>	7
12.	<i>Securities Regulations</i>	7

13.	<i>Amendment and Termination</i>	8
13.1	<i>Plan</i>	8
13.2	<i>Options</i>	8
13.3	<i>Automatic Termination</i>	8
14.	<i>Miscellaneous</i>	9
14.1	<i>Time of Granting Options</i>	9
14.2	<i>No Status as Shareholder</i>	9
14.3	<i>Status as an Employee</i>	9
14.4	<i>Reservation of Shares</i>	9
15.	<i>Effectiveness of This Plan</i>	9