

MICROVISION, INC.  
Form DEF 14A  
April 09, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

# MICROVISION, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**MICROVISION, INC.**

**NOTICE OF 2019 ANNUAL MEETING**

**May 22, 2019**

Dear MicroVision Shareholder:

The Annual Meeting of Shareholders of MicroVision, Inc. (the "Company") will be held at Courtyard Marriott Bellevue/Redmond, 14615 NE 29<sup>th</sup> Place, Bellevue, WA 98007 on May 22, 2019 at 9:00 a.m. for the following purposes:

1. To elect the seven director nominees named in the accompanying proxy statement to serve until the next annual meeting;
2. To approve an amendment to the 2013 MicroVision, Inc. Incentive Plan;
3. To ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm for the current fiscal year;
4. To hold a non-binding advisory vote on the compensation of the Company's named executive officers; and

5. To conduct any other business that may properly come before the meeting and any adjournment or postponement of the meeting. Details of the business to be conducted at the meeting are more fully described in the accompanying Proxy Statement. Please read it carefully before casting your vote.

If you were a shareholder of record on March 29, 2019 (the "Record Date"), you will be entitled to vote on the above matters. A list of shareholders as of the Record Date will be available for shareholder inspection at the headquarters of the Company, 6244 185<sup>th</sup> Avenue NE, Suite 100, Redmond, Washington 98052, during ordinary business hours, from May 10, 2019 to the date of the Annual Meeting. The list also will be available for inspection at the Annual Meeting.

**Important!**

Whether or not you plan to attend the Annual Meeting, your vote is very important.

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After reading the Proxy Statement, you are encouraged to vote by (1) toll-free telephone call, (2) the Internet or (3) completing, signing and dating the printable proxy card and returning it as soon as possible. If you are voting by telephone or the Internet, please follow the instructions on the proxy card. You may revoke your proxy at any time before it is voted by following the instructions provided below.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 22, 2019. The proxy materials and the annual report to shareholders for the fiscal year ended December 31, 2018 are available at <http://www.microvision.com/investors/proxy.html>.**

If you need assistance voting your shares, please call Investor Relations at (425) 882-6629.

The Board of Directors recommends a vote **FOR** the election of the seven nominees for director named in this proxy statement, a vote **FOR** approval of the proposed amendment to the 2013 MicroVision, Inc. Incentive Plan, a vote **FOR** ratification of the selection of Moss Adams LLP as the Company's independent registered public accounting firm and a vote **FOR** the approval, on an advisory basis, of the compensation of the Company's named executive officers, as such information is disclosed in this Proxy Statement under the heading Executive Compensation (commonly referred to as "say-on-pay").

At the Annual Meeting, you will have an opportunity to ask questions about the Company and its operations. You may attend the Annual Meeting and vote your shares in person, even if you previously voted by telephone or the Internet or returned your proxy card. Your proxy (including a proxy granted by telephone or the Internet) may be revoked by sending in another signed proxy card with a later date, sending a letter revoking your proxy to the Company's Secretary in Redmond, Washington, voting again by telephone or Internet, or attending the Annual Meeting and voting in person.

We look forward to seeing you. Thank you for your ongoing support of and interest in MicroVision, Inc.

Sincerely,

David J. Westgor  
Secretary

April 9, 2019  
Redmond, Washington

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**MICROVISION, INC.**

6244 185th Avenue NE, Suite 100

Redmond, Washington 98052

**PROXY STATEMENT FOR ANNUAL MEETING**

**OF SHAREHOLDERS**

May 22, 2019

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**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Q: Why did you send me this Notice of Internet Availability of Proxy Materials?**

**A:** We sent you the Notice of Internet Availability of Proxy Materials because the Board of Directors of the Company (the Board of Directors or the Board) is soliciting your proxy to vote at the 2019 Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held at the Courtyard Marriott Bellevue/Redmond, 14615 NE 29<sup>th</sup> Place, Bellevue, WA 98007 on May 22, 2019, at 9:00 a.m.

This Proxy Statement summarizes the information regarding the matters to be voted upon at the Annual Meeting. You do not need to attend the Annual Meeting, however, to vote your shares. You may simply vote your shares by telephone or over the Internet in accordance with the instructions contained on the proxy card. You may also print, complete, sign, and return the proxy card to the address in the instructions.

On March 29, 2019 (the Record Date) there were 102,104,593 shares of common stock of the Company outstanding. If you owned shares of our common stock at the close of business on the Record Date, you are entitled to one vote for each share of common stock you owned as of that date. We made this Proxy Statement available on or about April 9, 2019 to all shareholders entitled to vote their shares at the Annual Meeting.

**Q: How many votes do I have?**

**A:** You have one vote for each share of common stock that you owned on the Record Date. The proxy card will indicate the number of shares.

**Q: How do I vote by proxy?**

**A:** If you properly cast your vote by either voting your proxy by telephone or via the Internet or executing and returning the proxy card, and your vote is not subsequently revoked by you, your vote will be voted in accordance with your instructions. If you sign the proxy card but do not make specific choices, your proxy will vote your shares as recommended by the Board as follows:

**FOR** the election of each of the nominees for director named in this proxy statement;

**FOR** approval of the proposed amendment to the 2013 MicroVision, Inc. Incentive Plan;

**FOR** ratification of the selection of Moss Adams LLP as the Company's independent registered public accounting firm; and

**FOR** the approval, on an advisory basis, of the compensation of the Company's named executive officers, as such information is disclosed in this Proxy Statement under the heading Executive Compensation (commonly referred to as say-on-pay).

If any other matter is presented, your proxy will vote in accordance with his or her best judgment. At the time we printed this Proxy Statement, we knew of no matters that needed to be acted on at the Annual Meeting other than those discussed in this Proxy Statement.

**Q: May my broker vote for me?**



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**A:** Under the rules of the Financial Industry Regulatory Authority, if your broker holds your shares in its street name, the broker may vote your shares on routine matters even if it does not receive instructions from you. At the Annual Meeting your broker may, without instructions from you, vote on Proposal 3, but not on any of the other proposals.

**Q:** **What are abstentions and broker non-votes?**

**A:** An abstention represents the action by a shareholder to refrain from voting for or against a proposal. Broker non-votes represent votes that could have been cast on a particular matter by a broker, as a

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shareholder of record, but that were not cast because the broker (i) lacked discretionary voting authority on the matter and did not receive voting instructions from the beneficial owner of the shares or (ii) had discretionary voting authority but nevertheless refrained from voting on the matter.

### **Q: May I revoke my proxy?**

**A:** Yes. You may change your mind after you send in your proxy card or vote your shares by telephone or via the Internet by following these procedures. To revoke your proxy:

Vote again by telephone or Internet;

Send in another signed proxy card with a later date;

Send a letter revoking your proxy to MicroVision's Secretary at the Company's offices in Redmond, Washington; or

Attend the Annual Meeting and vote in person.

### **Q: How do I vote in person?**

**A:** If you plan to attend the Annual Meeting and vote in person, we will give you a ballot when you arrive. If your shares are held in a brokerage account or by another nominee, the Notice of Internet Availability of Proxy Materials is being forwarded to you. Follow the instructions on the Notice of Internet Availability of Proxy Materials in order to vote your shares by proxy or in person. Alternatively, you may contact the person in whose name your shares are registered or brokerage if shares are held in street name and obtain a proxy from that person or brokerage and bring it to the Annual Meeting.

### **Q: What is the quorum requirement for the meeting?**

**A:** The quorum requirement for holding the meeting and transacting business is one-third of the outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

### **Q: What vote is required to approve the election of directors (Proposal 1)?**

**A:** The seven nominees for director who receive the most votes at the 2019 Annual Meeting will be elected. So, if you do not vote for a nominee, or you withhold authority to vote for a nominee, your vote will not count either for or against the nominee. Abstentions and broker non-votes will have no effect on the outcome of voting for directors.

### **Q: What vote is required to approve the proposed amendment to the 2013 MicroVision, Inc. Incentive Plan (Proposal 2)?**

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**A:** The affirmative vote of a majority of the votes properly cast on the proposal at the 2019 Annual Meeting is required to approve the amendment to the 2013 MicroVision, Inc. Incentive Plan. Abstentions and broker non-votes will not be counted for or against the proposal and will have no effect on the outcome of the vote.

**Q:** **What vote is required to ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm (Proposal 3)?**

**A:** The affirmative vote of a majority of the votes properly cast on the proposal at the 2019 Annual Meeting is required to ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm. Abstentions and broker non-votes will have no effect on the outcome of the vote.

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**Q: What vote is required to approve the vote on the compensation of the Company's named executive officers (Proposal 4)?**

**A:** For Proposal 4, you may vote **FOR**, **AGAINST**, or **ABSTAIN**. Because Proposal 4 is an advisory vote, there is technically no minimum vote requirement for that Proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote.

**Q: Is voting confidential?**

**A:** We keep all the proxies and ballots private as a matter of practice.

**Q: Who pays the costs of soliciting these proxies?**

**A:** The Company will pay all the costs of soliciting these proxies. In addition to the solicitation of proxies by mail, our officers, employees or proxy solicitor also may solicit proxies by telephone, fax or other electronic means of communication, or in person. The Company will also reimburse banks, brokers, nominees, fiduciaries and solicitors, for the expenses they incur in forwarding the proxy materials to you.

**Q: Who should I call if I have any questions?**

**A:** If you have any questions about the Annual Meeting, voting or your ownership of MicroVision common stock, please call us at (425) 882-6629 or send an e-mail to [ir@microvision.com](mailto:ir@microvision.com).

**Table of Contents****DISCUSSION OF PROPOSALS RECOMMENDED BY THE BOARD****Proposal One Election of Directors**

The Board oversees the Company's business affairs and monitors the performance of management. In accordance with corporate governance principles, the Board does not directly involve itself in day-to-day operations of the Company. The directors keep themselves informed through discussions with the Chief Executive Officer, other key executives, and the Company's principal advisers by reading the reports and other materials that the Company sends them regularly and by participating in Board and committee meetings. The Company's directors hold office until their successors have been elected and duly qualified unless the director resigns or by reason of death or other cause is unable to serve. Until any vacancy is filled, the Board will consist of the members who are elected at the Annual Meeting. Proxies cannot be voted for a greater number of persons than the number of nominees named.

If any nominee is unable to stand for election, the shares represented by all valid proxies will be voted for the election of such substitute nominee as the Board may recommend. All of the nominees are currently directors of the Company. The Company is not aware that any nominee is or will be unable to stand for election.

Proxies received from shareholders, unless directed otherwise, will be voted FOR the election of the nominees listed below.

**THE BOARD RECOMMENDS A VOTE FOR ALL OF THE NOMINEES NAMED BELOW AS DIRECTORS OF THE COMPANY.**

We seek individuals to serve as directors with established strong professional reputations, sophistication and experience in strategic planning, leadership, business management, innovation and in substantive areas that affect our business such as: technology development; sourcing, manufacturing and operations; financing; finance and accounting; business operations; government contracts; intellectual property strategy and licensing; legal and regulatory; and sales and marketing. We believe that each of our current directors possesses the professional and personal qualifications necessary for Board service and have highlighted particularly noteworthy attributes for each director in the individual biographies below.

Set forth below are the name, position held and age of each director and of the nominees for director of the Company. The principal occupation and recent employment history of each nominee is described below, and the number of shares of common stock beneficially owned by each director and nominee as of March 29, 2019 is set forth on page 26 of this Proxy Statement.

| <b>Name</b>                        | <b>Age</b> | <b>Position</b>                                     |
|------------------------------------|------------|---|
| Simon Biddiscombe*                 | 51         | Director  |
| Robert P. Carlile (1) (2)*         | 63         | Director  |
| Yalon Farhi                        | 57         | Director  |
| Perry M. Mulligan                  | 61         | Director and Chief Executive Officer                |
| Berne D.L. Strom (1) (3)*          | 71         | Director  |
| Brian Turner (2) (3)*              | 59         | Chairman of the Board and Lead Independent Director |
| Thomas M. Walker (2)*              | 54         | Director  |
| Slade Gorton (1) (3)* <sup>R</sup> | 91         | Director  |

\* Independent Director

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

(3) Member of the Nominating Committee

<sup>R</sup> Mr. Gorton is not standing for election and will retire from the Board when his term expires at the Annual Meeting.

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Perry M. Mulligan has served as a director of the Company since January 2010 and Chief Executive Officer of the Company since November 2017. Mr. Mulligan has over 30 years of experience in operations and supply chain management. Mr. Mulligan was formerly Senior Vice President of Operations for Emulex Corporation where he oversaw Emulex operations, including supplier management, test engineering, logistics, IT and facilities from July 2013 to June 2015. Mr. Mulligan served as Senior Vice President, Operations for QLogic from October 2007 to June 2013, where he was responsible for all aspects of the manufacturing and delivery of products to the customer in addition to overall supply chain design and manufacturing strategy. Prior to QLogic, Mr. Mulligan was at Solectron from May 2004 to September 2007, where he held the position of Senior Vice President Supply Chain Management and Chief Procurement Officer and was responsible for establishing the overall materials and supply chain strategy. Mr. Mulligan brings extensive experience and knowledge in developing and setting up worldwide manufacturing and sourcing operations and overall supply chain strategy. Mr. Mulligan has an MBA from the University of Western Ontario.

Simon Biddiscombe joined the Company's board in December 2018. Mr. Biddiscombe is Chief Executive Officer and a board member at MobileIron, the security backbone for the digital enterprise protecting corporate data across apps, networks, and clouds. Since October 2017 he has led MobileIron's overall business strategy and is responsible for MobileIron's day-to-day-operations. Simon has over 20 years of management and financial experience. He began his career at PricewaterhouseCoopers LLP where he spent nine years, including the firm's Silicon Valley technology accounting and audit practice. He previously has served in several executive leadership roles including Chief Financial Officer and Chief Executive Officer at QLogic, Chief Financial Officer at Mindspeed Technologies, and Chief Financial Officer at Wyle Electronics. Mr. Biddiscombe holds a BA in business studies from the University of Glamorgan and is a Fellow of the Institute of Chartered Accountants in England and Wales. Mr. Biddiscombe brings expertise in finance, accounting, operations, business strategy and leadership.

Robert P. Carlile, a retired partner at KPMG LLP, joined the Company's board in February 2017. In his 39-year career in public accounting at KPMG and Arthur Andersen, Mr. Carlile served as the lead audit partner on numerous public company engagements operating across different industries including technology, retail, transportation, bio-science, and manufacturing. He worked directly with boards of directors and audit committees of these companies on audits of financial statements and internal controls, registration statements and assistance with mergers, acquisitions and dispositions. In addition to his experience as a lead audit partner Mr. Carlile held a variety of operating leadership positions at KPMG and Arthur Andersen in the Pacific Northwest. In these roles he was responsible for establishing market strategy, fostering community relationships and accomplishing operating results. Mr. Carlile brings expertise to the board in the areas of auditing, accounting and financial reporting, internal controls and corporate governance.

Yalon Farhi joined the Company's board in September 2016. Since 1998, Mr. Farhi, a Colonel in the Israeli Defense Forces (reserves), has served as a motivational lecturer and educator at Bnei-David Institutions, a pre-army and post-army educational program in Israel. From 1998 to January 2016, Mr. Farhi worked as an administrative manager for El-Ami, a non-governmental organization in Israel. Mr. Farhi also serves on the board of directors of DarioHealth Corp., a provider of digital health services and dynaCERT, Inc. a Canadian company that provides carbon reduction technology for internal combustion engines. In addition, for the past thirty years, Mr. Farhi has been the owner of a private gardening and land development services company based in Israel. Mr. Farhi received a degree in Education Studies and holds a Teaching Certificate from the Moreshet Yaacov College in Jerusalem. Mr. Farhi brings expertise to the board in international business.

Berne D.L. Strom has served as a director of the Company since October 2017. Ms. Strom has over 25 years of experience in executive management, marked by advisory roles and board memberships at Polaroid Corporation, Hughes Electronics/DirecTV, Benchmark Electronics and other public and privately held companies. Since April 2015, Ms. Strom has served as a Senior Advisor to Seattle-based investment bank Cascadia Capital and SkyLIFE Technologies. From 2008 to 2014 Ms. Strom was Chairman and CEO of WebTuner Corp., continuing as Chairman until 2015. Ms. Strom has also served as Chairman and CEO of Strom

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Group, an investment, management consulting, and business advisory firm focused on high technology companies. Prior to that, Ms. Strom founded or ran Gemstar/TV Guide International (now part of TIVO), Priceline.com, and USA Digital Radio (now HD Radio). Further, she was a founding partner of Revitalization Partners, a Seattle-based business advisory firm. Ms. Strom was named one of the leading business women of the State of Washington with its Lead Where You Land award and is the recipient of many other awards and recognition for her mentorship, entrepreneurship and leadership in both commercial and civic organizations. Ms. Strom brings business management and leadership expertise and knowledge to the Board.

Brian Turner has served as a director of the Company since July 2006 and currently serves as Chairman of the Board and Lead Independent Director. Mr. Turner was the Chief Financial Officer of Coinstar Inc. from 2003 until June 2009. Prior to Coinstar, from 2001 to 2003, he served as Senior Vice President of Operations, Chief Financial Officer and Treasurer of Real Networks, Inc., a digital media and technology company. Prior to Real Networks, from 1999 to 2001, Mr. Turner was employed by BSquare Corp., a software company, where he initially served as Senior Vice President of Operations, Chief Financial Officer and Secretary, before being promoted to President and Chief Operating Officer. From 1995 to 1999, Mr. Turner was Chief Financial Officer and Vice President of Administration of Radisys Corp., an embedded software company. Mr. Turner's experience also includes 13 years at PricewaterhouseCoopers LLP where he held several positions including Director, Corporate Finance. Mr. Turner sits on various private company boards and is a member of the Board, audit and compensation committee of Cray, Inc., a public company. Mr. Turner also served on Symetra Material Fund ( SMF ) from 2012 to 2015 where he was Lead Director and on the Audit and Compensation Committee. SMF was a registered Investment Company. Mr. Turner brings financing expertise and knowledge of operational finance and accounting to the Board.

Thomas M. Walker has served as a director of the Company since November 2013. Mr. Walker served as Executive Vice President of the Company from December 2012 through November 2013. Mr. Walker served as Vice President, General Counsel and Secretary of the Company from May 2002 to December 2012. Prior to joining MicroVision, Mr. Walker served as Senior Vice President, General Counsel and Secretary of Advanced Radio Telecom Corp., a publicly held telecommunications company where he managed domestic and international legal affairs from April 1996 to April 2002. Prior to that, Mr. Walker advised publicly and privately held businesses while practicing in the Los Angeles offices of the law firms of Pillsbury Winthrop and Buchalter Nemer Fields and Younger. Mr. Walker holds a B.A. from Claremont McKenna College and a J.D. from the University of Oregon. Mr. Walker has an in depth knowledge of the Company's business from his time spent as an executive of the Company and also brings an understanding of corporate governance and relevant legal topics to the Board.

Slade Gorton has served as a director of the Company since September 2003. Mr. Gorton is Of Counsel at the law firm of K&L Gates, LLP. Prior to joining the firm, he represented Washington State in the United States Senate for 18 years. Mr. Gorton began his political career in 1958 as a Washington State Representative and went on to serve as State House Majority Leader. Mr. Gorton served as Attorney General of Washington from 1969-1981, and during that time, he argued 14 cases before the United States Supreme Court. After leaving the Senate, Mr. Gorton served as a Commissioner on the National Commission on Terrorist Attacks Upon the United States ( 9-11 Commission ); as a member of the National War Powers Commission and is Co-Chairman of the National Transportation Policy Project. Mr. Gorton also served in the U.S. Army, U.S. Air Force, and the U.S. Air Force Reserves. Mr. Gorton is a former Director of Clearwire, Inc. From his positions as an attorney, in business and government, and prior history as a director of the Company, Mr. Gorton brings expertise in legal matters, corporate governance, general leadership and the Company's business and technology evolution. Mr. Gorton is not standing for election at our Annual Meeting.

**Board Meetings and Committees**

Our Board of Directors met six times during 2018. All directors attended at least 75% of the meetings of the Board and meetings of the Board committees on which they served. We have adopted a policy that each of our

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continuing directors be requested to attend our annual meeting each year. All directors then in office attended our annual meeting in 2018.

### ***Independence Determination***

No director will be deemed to be independent unless the Board affirmatively determines that the director has no material relationship with the Company, directly or as an officer, share owner, or partner of an organization that has a relationship with the Company. The Board observes all criteria for independence set forth in the Nasdaq listing standards and other governing laws and regulations.

In its annual review of director independence, the Board considers all commercial, banking, consulting, legal, accounting, charitable, or other business relationships any director may have with us. As a result of its annual review, the Board has determined that all of the directors, with the exception of Mr. Mulligan and Mr. Farhi, are independent (the Independent Directors). The Independent Directors are identified by an asterisk in the table above.

The Nasdaq listing standards have both objective tests and a subjective test for determining who is an independent director. The objective tests state, for example, that a director is not considered independent if he or she is our employee or is a partner in or executive officer of an entity to which we made, or from which we received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year. The subjective test states that an independent director must be a person who lacks a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. None of the non-employee directors were disqualified from independent status under the objective tests. In assessing independence under the subjective test, the Board took into account the standards in the objective tests, and reviewed and discussed additional information provided by the directors and us with regard to each director's business and personal activities as they may relate to us and our management. Based on all of the foregoing, as required by Nasdaq rules, the Board made a subjective determination as to each Independent Director that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has not established categorical standards or guidelines to make these subjective determinations, but considers all relevant facts and circumstances.

In addition to the Board-level standards for director independence, the directors who serve on the Audit Committee each satisfy standards established by the Securities and Exchange Commission (the SEC) providing that to qualify as independent for purposes of membership on that Committee, members of audit committees may not accept, directly or indirectly any consulting, advisory, or other compensatory fee from us other than their director compensation.

### ***Board's Role in Risk Oversight***

It is management's responsibility to manage risk and bring to the Board's attention risks that are material to the Company. The Board has oversight responsibility of the processes established to report and monitor systems for the most significant risks applicable to the Company. The Board administers its risk oversight role directly and through its committee structure and the committees' regular reports to the Board at Board meetings. The Board reviews strategic, financial and execution risks and exposures associated with the annual plan and multi-year plans, major litigation and other matters that may present material risk to our operations, plans, prospects or reputation; acquisitions and divestitures and senior management succession planning.

### ***Board Expertise and Diversity***

The Nominating Committee seeks to have a Board that represents diversity as to experience, gender, race and ethnicity, but does not have a formal policy with respect to diversity. We seek a Board that reflects a range of



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talents, ages, skills, viewpoints, professional experience, educational background and expertise to provide sound and prudent guidance with respect to our operations and interests. All of our directors are financially literate, and two members of our Audit Committee are audit committee financial experts.

### ***Board Leadership Structure***

Our Board annually elects a Chairman of the Board. The Board has chosen to separate the roles of Chairman and Chief Executive Officer. Mr. Turner currently serves as Chairman and Lead Independent Director. In this role, among other duties, Mr. Turner meets with our Chief Executive Officer and with senior officers as necessary, schedules and presides at meetings of the Board, including meetings of the Independent Directors, serves as a liaison between the Board and our management, approves meeting schedules and agendas, and undertakes other responsibilities designated by the Board. The Board believes that the separate roles of Mr. Mulligan as Chief Executive Officer and Mr. Turner as Chairman and Lead Independent Director currently well serve the interests of us and our shareholders. Mr. Mulligan can devote his attention to leading the Company and focus on our business strategy. The Board believes that Mr. Turner provides an appropriate level of independence in the Company's leadership through his review and approval of meeting agendas and his leadership of the Board.

### ***Committees***

The Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating Committee. The Board of Directors has adopted a written charter for each of the Audit Committee, Compensation Committee and Nominating Committee. The full text of each charter is available on our website located at [www.microvision.com](http://www.microvision.com).

### ***The Audit Committee***

The Board has an Audit Committee which assists the Board by monitoring and overseeing: (1) our accounting and financial reporting processes and the audits of our financial statements, (2) the integrity of our financial statements, (3) our compliance with legal and regulatory requirements, and (4) the performance of our internal finance and accounting personnel and our independent auditors. The Audit Committee conducts discussions related to our earnings announcements and periodic filings, as well as numerous other informal meetings and communications among the Chair, various Audit Committee members, the independent auditors and/or members of our management. Robert P. Carlile, Brian Turner and Thomas M. Walker currently serve on the Audit Committee, with Mr. Carlile serving as Chairman. The Audit Committee met four times during 2018.

Among other matters, the Audit Committee monitors the activities and performance of our external auditors, including the audit scope, external audit fees, auditor independence matters and the extent to which the independent auditor may be retained to perform non-audit services. The Audit Committee and the Board of Directors have ultimate authority and responsibility to select, evaluate and, when appropriate, replace our independent auditor. The Audit Committee also reviews the results of the external audit work with regard to the adequacy and appropriateness of our financial accounting and internal controls. Management and independent auditor presentations to and discussions with the Audit Committee also cover various topics and events that may have significant financial impact or are the subject of discussions between management and the independent auditor. In addition, the Audit Committee generally oversees our internal financial controls and financial disclosure procedures.

The audit committee financial experts designated by the Board are Robert P. Carlile and Brian Turner, each an independent director. Mr. Carlile has thirty-nine years of experience in various roles in Public Accounting at KPMG and Arthur Andersen. Mr. Turner has thirteen years of experience as a chief financial officer of four public companies and has thirteen years of experience in various roles at PricewaterhouseCoopers LLP, including Director, Corporate Finance.

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### ***The Compensation Committee***

The Compensation Committee makes decisions on behalf of, and recommendations to, the Board regarding salaries, incentives and other forms of compensation for directors, officers, and other key employees, and administers policies relating to compensation and benefits. The Compensation Committee's charter provides the Compensation Committee with the authority to retain a compensation consulting firm in its discretion. In 2018 the Compensation Committee retained Meridian Compensation Partners, LLC ( Meridian ) to provide independent compensation consulting services after assessing the independence and determining that there was no conflict of interest. Meridian advised the Compensation Committee on a variety of matters including executive and director compensation, pay philosophy, compensation peer group, competitive market information, incentive plan design for annual and long-term incentive compensation, emerging best practices in compensation matters and alignment of executive and director compensation with shareholder interests.

The Compensation Committee also serves as the Plan Administrator for our stock option plans pursuant to authority delegated by the Board. Slade Gorton, Bernee D.L. Strom, and Robert P. Carlile currently serve as members of the Compensation Committee, with Ms. Strom serving as Chairperson. Mr. Gorton will not be continuing as a director following the Annual Meeting. The Compensation Committee met four times during 2018.

### ***The Nominating Committee***

The Nominating Committee counsels the Board of Directors with respect to Board and committee structure and membership. In fulfilling its duties, the Nominating Committee, among other things, will:

establish criteria for nomination to the Board and its committees, taking into account the composition of the Board as a whole;

identify, review, and recommend director candidates for the Board;

recommend directors for election at the annual meeting of shareholders and to fill new or vacant positions;

establish policies with respect to the process by which our shareholders may recommend candidates to the Nominating Committee for consideration for nomination as a director;

assess and monitor, with Board involvement, the performance of the Board; and

recommend directors for membership on Board Committees.

Bernee D.L. Strom, Slade Gorton and Brian Turner currently serve as members of the Nominating Committee, with Mr. Turner serving as Chairman. Mr. Gorton will not be continuing as a director following the Annual Meeting. The Nominating Committee met twice during 2018.

The Nominating Committee will consider recommendations for directorships submitted by shareholders, or groups of shareholders, that have beneficially owned at least 5% of our outstanding shares of common stock for at least one year prior to the date the nominating shareholder submits a candidate for nomination as a director. A nominating shareholder or group of nominating shareholders may submit only one candidate for consideration. Shareholders who wish the Nominating Committee to consider their recommendations for nominees for the position of director should submit their request in writing no later than the 120th calendar day before the anniversary of the date of the prior year's annual meeting proxy statement was released to shareholders. Such written requests should be submitted to the Nominating Committee care of the Corporate Secretary, MicroVision, Inc., 6244 185th Avenue NE, Suite 100, Redmond, Washington 98052, and must contain the following information:

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The name, address, and number of shares of common stock beneficially owned by the nominating shareholder and each participant in a nominating shareholder group (including the name and address of all beneficial owners of more than 5% of the equity interests of a nominating shareholder or participant in a nominating shareholder group);

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A representation that the nominating shareholder, or nominating shareholder group, has been the beneficial owner of more than 5% of our outstanding shares of common stock for at least one year and will continue to beneficially own at least 5% of our outstanding shares of common stock through the date of the annual meeting;

A description of all relationships, arrangements, or understandings between or among the nominating shareholder (or any participant in a nominating shareholder group) and the candidate or any other person or entity regarding the candidate, including the name of such person or entity;

All information regarding the candidate that we would be required to disclose in a proxy statement filed pursuant to the rules and regulations of the SEC with respect to a meeting at which the candidate would stand for election;

Confirmation that the candidate is independent, with respect to the Company, under the independence requirements established by us, the SEC, and Nasdaq listing requirements, or, if the candidate is not independent with respect to the Company under all such criteria, a description of the reasons why the candidate is not independent;

The consent of the candidate to be named as a nominee and to serve as a member of the Board if nominated and elected;

A representation signed by the candidate that if elected he or she will: (1) represent all shareholders of the Company in accordance with applicable laws, and our certificate of incorporation, by-laws, and other policies; (2) comply with all rules, policies, or requirements generally applicable to non-employee directors; and (3) upon request, complete and sign customary Directors and Officers Questionnaires.

In its assessment of each potential candidate, the Nominating Committee will review the nominee's judgment, experience, independence, understanding of our or other related industries and such other factors the Nominating Committee determines are pertinent in light of the current needs of the Board. The Nominating Committee will also take into account the ability of a director to devote the time and effort necessary to fulfill his or her responsibilities.

Nominees may be suggested by directors, members of management, and, as described above, by shareholders. In identifying and considering candidates for nomination to the Board, the Nominating Committee considers, in addition to the requirements set out in the Nominating Committee charter, quality of experience, our needs and the range of talent and experience represented on the Board.

**Shareholder Communication with the Board of Directors**

We have adopted written procedures establishing a process by which our shareholders can communicate with the Board of Directors regarding various topics related to the Company. A shareholder desiring to communicate with the Board, or any individual director, should send his or her written message to the Board of Directors (or the applicable director or directors) care of the Corporate Secretary, MicroVision, Inc., 6244 185th Avenue NE, Suite 100, Redmond, Washington 98052. Each submission will be forwarded, without editing or alteration, by the Secretary of the Company to the Board, or the applicable director or directors, on or prior to the next scheduled meeting of the Board. The Board will determine the method by which such submission will be reviewed and considered. The Board may also request the submitting shareholder to furnish additional information it may reasonably require or deem necessary to sufficiently review and consider the submission of such shareholder.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our directors, executive officers, and greater-than 10% shareholders file reports with the SEC relating to their initial beneficial ownership of our securities and any subsequent changes. They must also provide us with copies of the reports.

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